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IDAHO PUBLIC
UTILITIES COMMISSION

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December 13, 2013

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. GNR-E-11-03
PURPA SAR and IRP Methodologies – Idaho Power Company's Workshop
Comments

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of Idaho Power Company's Workshop Comments.

Very truly yours,



Julia A. Hilton

JAH:csb
Enclosures

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UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE COMMISSION'S)	
REVIEW OF PURPA QF CONTRACT)	CASE NO. GNR-E-11-03
PROVISIONS INCLUDING THE)	
SURROGATE AVOIDED RESOURCE)	IDAHO POWER COMPANY'S
(SAR) AND INTEGRATED RESOURCE)	WORKSHOP COMMENTS
PLANNING (IRP) METHODOLOGIES FOR)	
CALCULATING AVOIDED COST RATES.)	
_____)	

Idaho Power Company ("Idaho Power" or "Company") hereby respectfully submits to the Idaho Public Utilities Commission ("Commission") its comments on the Public Utility Regulatory Policies Act of 1978 ("PURPA") contracting procedures workshops ("Comments").

I. INTRODUCTION

On December 18, 2012, the Commission issued Order No. 32697 in the above-captioned case. In that Order, the Commission directed the parties to participate in workshops "to begin to form a structure for fair and reasonable contracting procedures

and rules” and submit a proposal for approval of such terms to the Commission by December 13, 2013. *Id.*

Several parties to the case participated in workshops on September 17, 2013, and November 14, 2013, to discuss PURPA contracting procedures. Following the September workshop, the utilities agreed to draft a proposal for qualifying facilities (“QF”) to evaluate prior to the November workshop. Due to differences between the utilities, the three utilities were not able to agree upon a single proposal. Idaho Power brought its own draft tariff to the November workshop while Avista and PacifiCorp brought a single draft tariff that contained some common sections and carved out sections with language proposed by each utility.

At the November 14 workshop, the parties who were present agreed to certain limited concepts regarding timing of responses between utilities and QFs and information provided by a QF prior to receiving indicative pricing and/or draft energy sales agreements. However, parties did not agree to actual language reflecting such terms, and several parties sought additional inclusions and omissions that were not agreed upon. Following the workshop, PacifiCorp drafted a tariff aimed at incorporating the agreed-upon timelines and information, which was provided to all parties on December 4, 2013 (the “PacifiCorp Draft”). The PacifiCorp Draft appears to be accurate in those timelines and lists of information discussed in the workshop, but it is not agreed upon by all parties.

Idaho Power files these Comments in order to describe the limited nature of agreement, to mention areas of concern and disagreement with the PacifiCorp Draft, and to raise issues that are necessary to resolve before implementing a PURPA

contracting process document. Idaho Power includes, as Attachment 1 to these Comments, a redlined draft of the extensive changes that the Company believes are necessary before a contract process document is implemented.

II. LIMITED AREAS OF AGREEMENT

The parties agreed in concept to some timelines and information to be exchanged between utilities and QFs. Parties agreed that certain information was required by each utility prior to providing a QF with pricing information, draft energy sales agreements, and final energy sales agreements. The agreed-upon lists of information are contained in Sections III(1), IV(1), and IV(3) of the PacifiCorp Draft and Sections I(B)(1), I(C)(1), and I(C)(3) of Idaho Power's draft. While Idaho Power agrees to these lists of information, some QFs questioned the need to include language that the proposed draft tariff only applies to sales where a QF connects directly with a utility. Idaho Power would have different requirements for the provision of required information in these sections if the process document were to also apply to off-system sales.

The parties also agreed to timelines where a utility will notify parties of incomplete information within 5 business days, provide pricing information and draft energy sales agreements within 20 business days of receiving all necessary information, and provide final, executable energy sales agreements 10 business days after parties are in full agreement on the terms of the energy sales agreement. These timelines can be found in Sections II, III(2), IV(2), V(4), and V(3) of the PacifiCorp Draft and Sections I(A), I(B)(2), I(C)(2), I(C)(4), and I(D)(3) of Idaho Power's draft.

The parties agreed to timelines and procedures for negotiations. These timelines include a requirement that a QF must respond to draft energy sales agreements within

90 calendar days of its receipt and execute a final energy sales agreement within 10 business days of its receipt. If a QF does not meet these timelines, the process outlined in the process document would begin again. These timelines and procedures can be found in Sections V(1) and V(3) of the PacifiCorp Draft and Sections I(D)(1) and I(D)(3) of Idaho Power's draft. Please note that because the parties did not all agree to the language in the PacifiCorp Draft, Idaho Power's Section I(D)(3) contains an important clarification that the timelines applicable to the utility and the QF are based upon the other party's receipt of the document.

III. IDAHO POWER'S PROPOSED PURPA CONTRACTING PROCEDURES

The parties did not agree to other important items such as language on the non-binding nature of draft contracts and reference to other processes required for a QF to deliver energy to Idaho Power.

Idaho Power believes that, especially in light of current cases, language describing the non-binding nature of a draft contract is necessary to include in a document describing PURPA contracting procedures. Idaho Power believes that without such language specifically describing the intent of a draft, the QF community will use draft contracts to attempt to create a legally enforceable obligation in a manner that is not consistent with Commission orders. Idaho Power will not agree to a tariff that does not include such language, and QFs have stated that they will not agree to a tariff that includes it.

Additionally, it is necessary for an Idaho Power contracting process document to include, at a minimum, a reference to the generation interconnection and designated network resource processes in order to put QFs on notice that these parallel tracks exist

and are required prior to a QF's interconnection and operation. The referenced generation interconnection and designated network resource processes are procedures that are required to comply with Idaho Power's Schedule 72 and other Federal Energy Regulatory Commission regulations.

IV. CONCLUSION

While the workshops were helpful and some progress was made toward developing a contracting process document, it is apparent that the parties do not agree to one unified document. There are some aspects that would necessitate each utility to complete its own utility-specific contracting procedures, and some issues that the utilities and QF representatives do not, and likely will not, agree upon. Idaho Power believes that if a process document for PURPA contracting procedures is to be implemented, it is important that, at a minimum, information about the non-binding nature of draft energy sales agreements be included, as well as information regarding the interconnection and designated network resource requirements.

Respectfully submitted this 13th day of December 2013.



JULIA A. HILTON

Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 13th day of December 2013 I served a true and correct copy of IDAHO POWER COMPANY'S WORKSHOP COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

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Christa Beary, Legal Assistant

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. GNR-E-11-03

IDAHO POWER COMPANY

ATTACHMENT 1

SCHEDULE 73
ENERGY SALES AGREEMENT PROCEDURES
FOR QUALIFYING FACILITIES

ELECTRIC SERVICE SCHEDULE NO. _____

STATE OF IDAHO

Avoided Cost Purchases from Qualifying Facilities

AVAILABILITY

Service under this schedule is available to Owners of Qualifying Facilities (QF) throughout the Company's service area within the State of Idaho.

APPLICABILITY

_____ To Owners of existing or proposed Qualified Facilities QFs ("QF's ") who desire to make energy sales to [Utility]the Company under the Public Utility Regulatory Policy Act of 1978 at published or negotiated avoided cost rates, and will deliver the output of such QFs at a point of delivery on [Utility]Idaho Power's electrical system that is located in the State of Idaho. Owners shall enter into a written power purchase energy sales agreement with [Utility]the Company pursuant to the procedures set forth below. Additional or different requirements may apply to Idaho QFs seeking to make sales to third-parties or out-of-system QFs seeking to wheel power to Idaho for sale to [Utility]Idaho Power.

I. ENERGY SALES AGREEMENTS

II. _____ A. Communications

Unless otherwise directed by [Utility]the Company, all communications shall be directed in writing, by mail or email, as follows:

_____ [Utility contact information]Idaho Power Company
ATTN: Cogeneration and Small Power Production
1221 West Idaho Street
Boise, Idaho 83702
[EMAIL]

Where [Utility]the Company is unable to respond on the basis of incomplete or missing information from the Owner, [Utility]the Company shall, within five (5) business days, notify the Owner in writing that additional information is required and identify what additional information is required. Thereafter, [Utility]the Company shall respond in a timely manner following receipt of all required information as more fully described below.

(Continued)

B. Procedures for Obtaining Indicative Pricing and a Draft ~~Power Purchase Energy Sales~~ Agreement: Standard QFs (Published Rates)

1. To obtain an indicative pricing proposal and a draft power purchase energy sales agreement with respect to a proposed Project, the Owner

shall provide to ~~Utility~~the Company all general information regarding the Project that is reasonably required for ~~Utility~~the Company to determine the applicable published rate and to draft an ~~power purchase energy sales~~ agreement. A Project is defined as an existing or proposed QF that can satisfy the applicability requirements of this Schedule ~~—73~~. General information regarding a Project shall include, but not be limited to:

SCHEDULE 73
ENERGY SALES AGREEMENT PROCEDURES
FOR QUALIFYING FACILITIES
(Continued)
ELECTRIC SERVICE SCHEDULE NO. —Continued

I. ENERGY SALES AGREEMENTS (Continued)

B. Procedures for Obtaining Indicative Pricing and a Draft ~~Power Purchase Energy~~
Sales Agreement: Standard QFs (Published Rates) (Continued)

- a) ~~p~~Project ~~e~~Owner and contact information;
 - b) generation and other related technology applicable to the site;
 - c) design capacity, station service requirements, and the net amount of power, all in kilowatts (kW), to be delivered to ~~{Utility}the Company's~~ electric system;
 - d) schedule of estimated power deliveries, in sufficient detail to determine and to calculate the applicable price;
 - e) ability, if any, to respond to dispatch orders from ~~{Utility}the Company~~;
 - f) map of site location, electrical interconnection point, and point of delivery;
 - g) anticipated commencement date for power deliveries;
 - h) list of acquired and outstanding Project permits, including a description of the status and timeline for acquisition of any outstanding permits;
 - i) demonstration of ability to obtain QF status;
 - j) fuel type(s) and source(s);
 - k) plans to obtain, or actual, fuel and transportation agreements, if applicable;
 - l) plans to obtain electricity transmission agreements, (required for any Project that interconnects electrically with the electrical system other than ~~{Utility}the Company's~~ electrical system);
 - m) proposed contract term and proposed pricing structure (levelized price or non-levelized price);
 - n) evidence of ability to obtain site control for the entire term of the power sale;
 - o) assurance of fuel supply or motive force;
 - ~~p~~) anticipated timelines for completion of key Project milestones; and
 - ~~q~~) adequate assurance that ~~p~~Project interconnection is to occur on or prior to the requested first delivery date.
2. Following satisfactory receipt of all information required in Paragraph 1, ~~{Utility}the Company~~ shall, within twenty (20) business days, provide the Owner with an indicative pricing proposal and draft ~~power purchase energy sales~~ agreement containing terms and conditions tailored to the individual characteristics of the proposed Project. The indicative draft energy sales agreement will not be final or binding on either party. Prices and other terms and conditions will be final and binding only upon the Idaho Public Utilities Commission approval of a fully executed energy sales agreement.

(Continued)

SCHEDULE 73
ENERGY SALES AGREEMENT PROCEDURES
FOR QUALIFYING FACILITIES
(Continued)
~~ELECTRIC SERVICE SCHEDULE NO. ___~~ - Continued

I. ENERGY SALES AGREEMENTS (Continued)

C. Procedures for Obtaining Indicative Pricing and a Draft ~~Power Purchase~~Energy Sales Agreement: Non-Standard QFs

1. To obtain an indicative pricing proposal with respect to a proposed Project, the Owner shall provide to ~~Utility~~the Company all general information regarding the Project that is reasonably required for ~~Utility~~the Company to calculate the avoided cost price. A Project is defined as an existing or proposed QF that can satisfy the applicability requirements of this Schedule ~~___~~73. General information regarding a Project shall include, but not be limited to:
 - a) ~~p~~Project ~~e~~Owner and contact information;
 - b) generation and other related technology applicable to the site;
 - c) design capacity, station service requirements, and the net amount of power, all in kilowatts (kW), to be delivered to ~~Utility~~the Company's electric system;
 - d) schedule of estimated power deliveries, in sufficient detail to determine and to calculate the applicable price;
 - e) ability, if any, to respond to dispatch orders from ~~Utility~~the Company;
 - f) map of site location, electrical interconnection point, and point of delivery;
 - g) anticipated commencement date for power deliveries;
 - h) list of acquired and outstanding Project permits, including a description of the status and timeline for acquisition of any outstanding permits;
 - i) demonstration of ability to obtain QF status;
 - j) fuel type(s) and source(s);
 - k) plans to obtain, or actual, fuel and transportation agreements, if applicable;
 - l) plans to obtain electricity transmission agreements, (required for any Project that interconnects electrically with the electrical system other than ~~Utility~~the Company's electrical system); and
 - m) proposed contract term and proposed pricing structure (levelized price or non-levelized price).

2. Following satisfactory receipt of all information required in Paragraph 1, ~~Utility~~the Company shall, within twenty (20) business days, provide the Owner with an indicative pricing proposal tailored to the individual characteristics of the proposed Project. The indicative pricing proposal will not be final or binding on either party. Prices and other terms and conditions will be final and binding only upon the Idaho Public Utilities Commission approval of a fully executed energy sales agreement.

(Continued)

SCHEDULE 73
ENERGY SALES AGREEMENT PROCEDURES
FOR QUALIFYING FACILITIES
(Continued)
ELECTRIC SERVICE SCHEDULE NO. ___ - Continued

~~IV. Procedures for Obtaining Indicative Pricing and a Draft Power Purchase Agreement: Non-Standard QFs (continued)~~

~~I. ENERGY SALES AGREEMENTS (Continued)~~

C. Procedures for Obtaining Indicative Pricing and a Draft Energy Sales Agreement: Non-Standard QFs (Continued)

3. If the Owner desires to proceed with the Project after reviewing ~~{Utility}the Company's~~ indicative pricing proposal, it shall request in writing that ~~{Utility}the Company~~ prepare a draft ~~power purchaseenergy sales~~ agreement to serve as the basis for negotiations between the parties. In connection with such request, the Owner shall provide ~~{Utility}the Company~~ with any additional Project information that ~~{Utility}the Company~~ reasonably determines to be necessary for the preparation of a draft ~~power purchaseenergy sales~~ agreement, which includes, but shall not be limited to:
 - a) any additional information that was requested in ~~{Utility}the Company's~~ indicative pricing proposal;
 - b) updated information of the categories described in Section ~~IV.C~~, Paragraph 1;
 - c) evidence of ability to obtain site control for the entire term of the power sale;
 - d) assurance of fuel supply or motive force;
 - e) anticipated timelines for completion of key Project milestones; and
 - f) adequate assurance that ~~p~~Project interconnection is to occur on or prior to the requested first delivery date.

4. Once the Owner has satisfied the requirement to provide all requested information, ~~{Utility}the Company~~ shall, within twenty (20) business days, provide the Owner with a draft ~~power purchaseenergy sales~~ agreement containing a comprehensive set of proposed terms and conditions. Such draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company. Prices and other terms and conditions will be final and binding only upon the Idaho Public Utilities Commission approval of a fully executed energy sales agreement.

D. Procedures for Negotiating an ~~Power PurchaseEnergy Sales~~ Agreement: All QFs

1. After reviewing the draft ~~power purchaseenergy sales~~ agreement, the Owner ~~shall~~may prepare an initial set of written comments and proposals regarding the draft ~~power purchaseenergy sales~~ agreement and shall provide such comments and proposals, or notice that it has none, to ~~{Utility}the Company~~. ~~{Utility}The Company~~ shall not be obligated to commence negotiations with an Owner until ~~{Utility}it~~ has received an initial set of written comments and proposals from the Owner, or notice

from the Owner that it has no such comments or proposals. Following ~~Utility~~the Company's receipt of such comments and proposals from the Owner, or notice from the Owner that it has no such comments or proposals, the Owner shall contact ~~Utility~~the Company to schedule contract negotiations at

(Continued)

SCHEDULE 73
ENERGY SALES AGREEMENT PROCEDURES
FOR QUALIFYING FACILITIES

(Continued)

ELECTRIC SERVICE SCHEDULE NO. ___—Continued

~~Procedures for Negotiating a Power Purchase Agreement: All QFs (continued)~~

I. ENERGY SALES AGREEMENTS (Continued)

D. Procedures for Negotiating an Energy Sales Agreement: All QFs (Continued)

such times and places as are mutually agreeable to the parties. If ~~[Utility]the Company~~ has not received written comments and proposals from the Owner, or notice from the Owner that it has no such comments or proposals, within ~~ninety (90)~~ calendar days of the receipt of a draft ~~power purchaseenergy sales~~ agreement from ~~[Utility]the Company~~, ~~[Utility]the Company~~ shall have no further obligation to such Owner under this tariff unless or until such time Owner resubmits the Project to ~~[Utility]the Company~~ in accordance with this ~~s~~Schedule 73.

2. In connection with any contract negotiations between ~~[Utility]the Company~~ and the Owner, ~~[Utility]the Company~~:

- a) shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions, or modifications to the draft ~~power purchaseenergy sales~~ agreement that are proposed by the Owner;
- b) may request to visit the site of the proposed Project ~~if such a visit has not previously occurred~~;
- c) shall update its pricing proposals at appropriate intervals to accommodate any changes to ~~[Utility]the Company's~~ avoided-cost calculations, the proposed Project, or proposed terms of the draft ~~power purchaseenergy sales~~ agreement;
- d) may request any additional information from the Owner necessary to finalize the terms of the ~~power purchaseenergy sales~~ agreement and satisfy ~~[Utility]the Company's~~ due diligence with respect to the Project.

3. When both parties are in full agreement as to all terms and conditions of the draft ~~power purchaseenergy sales~~ agreement, ~~[Utility]the Company~~ shall prepare and forward to the Owner, within ten (10) business days, a final, executable version of the ~~power purchaseenergy sales~~ agreement. ~~Within ten (10) business days of receipt of the final, executable version,~~ Owner shall sign and forward to ~~[Utility]the Company~~ ~~within ten (10) business days~~ a fully executed version of the ~~power purchaseenergy sales~~ agreement. If the fully executed version of the ~~power purchaseenergy sales~~ agreement is not ~~forwarded to received by [Utility]the Company~~ within ten (10) business days, ~~[Utility's]the Company~~ obligations under this Schedule ~~—73~~ shall be deemed complete and Owner must initiate a new request under Section ~~III B~~ or Section ~~IV C~~. The timelines in this section may be modified by mutual consent of the parties.

VIII. PROCESS FOR NEGOTIATING INTERCONNECTION AGREEMENTS

In addition to negotiating an ~~power purchase~~energy sales agreement, QFs intending to ~~make sales to [Utility]~~connect directly to the Company's electrical system within the state of Idaho must enter into an interconnection agreement governing the physical interconnection of the Project to ~~[Utility]~~the Company or a ~~3rd~~-third-party's electrical system pursuant to the Company's Schedule 72 (Interconnections to Non-Utility Generation). ~~[Utility]~~The Company's obligation to purchase from a QF will be conditioned on the consummation of all necessary interconnection arrangements ~~between the QF and the interconnection party.~~

SCHEDULE 73
ENERGY SALES AGREEMENT PROCEDURES
FOR QUALIFYING FACILITIES
(Continued)

II. PROCESS FOR NEGOTIATING INTERCONNECTION AGREEMENTS (Continued)

It is recommended that the Owner initiate its request for interconnection as early in the planning process as possible to ensure that necessary interconnection arrangements and understanding of potential costs and schedules proceed on a parallel track with negotiation of the energy sales agreement.

Please refer to the Company's Schedule 72 (Interconnection to Non-Utility Generation) for procedures and contact information.

III. DESIGNATION AS A NETWORK RESOURCE

In addition to completion of an energy sales agreement and a interconnection agreement, the QF Owner is also responsible for all network transmission modifications or upgrades required to enable the QF Project's energy to be delivered to a point on Idaho Power's electrical system that enables the QF Project's energy to be consumed by Idaho Power customers and to be classified as a Company Designated Network Resource (DNR).

A. Communications

Initial communications regarding the Designated Network Resource process should be directed to the Company in writing as follows:

Idaho Power Company
ATTN: Cogeneration and Small Power Production
1221 West Idaho Street
Boise, Idaho 83702

B. Procedures

The Company shall provide the Owner with a transmission capacity questionnaire. Only after the Owner has provided (1) an accurate and complete questionnaire, (2) evidence that the proposed Project Owner has filed an application for interconnection and (3) made substantial progress in understanding and negotiating an energy sales agreement shall the Company submit a Transmission Service Request (TSR) to the Company's transmission business unit. The most efficient processing of the TSR is to simultaneously process this request with the interconnection application; therefore it is recommended that the Owner complete the necessary requirements to enable this to occur.

Results of the network transmission studies initiated by the TSR will be communicated to the Owner in a timely manner and will be included in the final GIA. Upon successful completion of the GIA requirements including any Company network transmission modifications or additions, and the first energy

date requirements within the energy sales agreement, the Project will be eligible to receive Idaho Power DNR status.