

Williams · Bradbury

A T T O R N E Y S A T L A W

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January 8, 2013

IDAHO PUBLIC
UTILITIES COMMISSION

Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Re: GNR-E-11-03

Dear Ms. Jewell:

Please find enclosed an original and seven copies of the following for filing in the above referenced case:

1. Petition of the Renewable Energy Coalition for Clarification of Order No. 32697;
2. Affidavit of John Lowe on behalf of Renewable Energy Coalition; and
3. Certificate of Delivery.

Thank you for your assistance in this matter. Please feel free to give me a call should you have any questions.

Sincerely,



Ronald L. Williams

RLW/jr
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Renewable Energy Coalition

BEFORE THE IDAHO PUBLIC UTILITES COMMISSION

IN THE MATTER OF THE COMMISSION'S)	Case No. GNR-E-11-03
REVIEW OF PURPA QF CONTRACT)	
PROVISIONS INCLUDING THE)	PETITION OF THE RENEWABLE
SURROGATE AVOIDED RESOURCE (SAR))	ENERGY COALITION FOR
AND INTEGRATED RESOURCE)	CLARIFICATION OF ORDER NO.
PLANNING (IRP) METHODOLOGIES FOR)	32697
<u>CALCULATING AVOIDED COST RATES)</u>	

COMES NOW the Renewable Energy Coalition ("REC") and pursuant to Idaho Code §61-626 and Idaho Administrative Procedures Act §31.01.01.331, petitions the Commission for Clarification of Attachment A to Order No. 32697 as to applicability of published rates for existing QF projects and clarification of the "Note" concerning the definitional of a "canal drop hydro project."

**PETITION FOR CLARIFICATION
OF ATTACHMENT A RATE SCHEDULES**

A. Published Rates for Existing Projects

Order No. 32697 determines that new qualifying facilities should "not receive compensation for capacity until the utility is capacity deficit."¹ However, the Order also determines that existing "QFs entering into contract extensions or renewals [] be paid capacity

¹ Order No. 32697, Case No. GNR-E-11-03, p. 52.

for the full term of the extension or renewal.”² Attachment A to Order No. 32697 shows the avoided cost rates for all three utilities, for a variety of different QF resources types, but only for new QFs.

Idaho REC members have existing QF contracts with either Idaho Power or PacifiCorp which will be expiring in the next several years. The Attachment A published avoided cost rates do not reflect either the levelized or non-levelized rates that would apply to existing QFs seeking to renew or extend their QF contracts with the respective utilities.

REC seeks clarification as to the published avoided cost rates for QFs that have existing contracts that will be expiring with Idaho Power and PacifiCorp. REC believes this clarification could be accomplished by providing a separate Attachment, similar to Attachment A, showing published rates for existing QFs seeking a contract renewal or extension, and which would include capacity payments in the initial years of capacity sufficiency. The schedule should also clearly state is it only available for projects that have existing/prior QF contracts with the respective utility.

B. Definition of Canal Drop Hydro Project

The first “Note” on the Attachment A published rate schedule for Canal Drop Hydro Projects defines a canal drop hydro project “as a generation facility which produces a majority of its generation during the irrigation season and is located on a man-made waterway that conveys water primarily intended for irrigation or that primarily conveys irrigation return flows.”³ REC respectfully requests the Commission further clarify this definition, for the reason discussed below.

² *Id.* at p. 22

³ *Id.*

First, REC does not believe that there is any definition contained in the record or offered by any party in this case, as to what should be the proper definition of a “canal project,” an “irrigation related project” or a “canal drop project.” Consequently, REC offers the attached affidavit of John Lowe, Executive Director of REC, as evidence of what could or should be considered in developing a definition for such an “irrigation related hydro project.”

Second, REC agrees with the first part of this definition of an irrigation or a canal project – that the majority of the generation occur during the irrigation season – for the reason that this generation season more closely matches the system peaks for Idaho Power and PacifiCorp and is the reason that the avoided cost rates for this type of hydro project are enhanced. In essence, REC believes that this is the core of the definition, and may, by itself, be all that is needed.

Finally, the requirement that a “canal drop hydro project” must meet a physical requirement that water be conveyed through or over “a man-made waterway” does not have any meaningful correlation to the timing of when the power is produced, and the value of the power. Instead, this requirement could bar some hydroelectric projects from qualifying under this rate schedule, even though they utilize stored and conveyed water intended for irrigation.

The Malad River, the Little Wood River and Rock Creek in south central Idaho are three examples of how irrigation based hydro generation occurs without the use of irrigation canals. For example, the hydroelectric facility at the Magic Reservoir Dam, at the head of the Malad River (or the end of the Wood River), is not a man-made waterway, but instead is an irrigation impoundment and storage facility. Likewise, several small hydro facilities located on the Malad River below Magic, or on the Little Wood River above Magic, are 80% or more irrigation related, but are not located on irrigation canals. Similarly, a vast majority of the annual flow in Rock Creek to the south of the Snake River, on which there is a hydroelectric facility, is

primarily irrigation return water. However, there is no irrigation canal at Rock Creek. While these facilities have generation profiles that are no different than a hydro facility located on a canal, they could arguably be described as run-of-river hydro facilities.

For the reasons outlined above, REC requests that the definition in the first Note to the Attachment A for Canal Drop Hydro Projects be clarified, by restating is something similar to the following:

An “~~canal drop~~ irrigation related hydro project” is defined as a generation facility which produces a majority of its generation during the irrigation season and is located on a man-made waterway that conveys **or impounds** water primarily intended for irrigation ~~or that primarily conveys irrigation return flows.~~

As Mr. Lowe also recommends in his affidavit, the name or title of this particular schedule could also be changed by substituting the words “irrigation related” for the words “canal drop,” or other words to the same effect, so as to avoid the possibility that this schedule not be interpreted as to require that a project must be located on a canal drop, in order to qualify for this avoided cost rate.

RESPECTFULLY SUBMITTED this 8th day of January, 2013.

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PLANNING (IRP) METHODOLOGIES FOR)
CALCULATING AVOIDED COST RATES)

Case No. GNR-E-11-03

**AFFIDAVIT OF JOHN LOWE ON
BEHALF OF THE RENEWABLE
ENERGY COALITION**

STATE OF Oregon)
 : ss.
County of Washington)

I, John Lowe, do declare the following and if called to testify, would and could testify as follows:

1. I am the Executive Director of the Renewable Energy Coalition ("REC"), based in Portland Oregon. The address of REC is 12050 SW Tremont St., Portland OR, 97225.

2. REC consists of more than 35 existing and several proposed non-intermittent renewable energy projects located in Idaho, Washington, Oregon, Wyoming and Utah. There are 13 REC members with 20 existing projects located in Idaho, which currently have QF contracts with either PacifiCorp or Idaho Power. All existing and proposed projects by REC members in Idaho are small hydro. The names of the existing projects and/or their owners and the project size are shown on Attachment 1 to this Affidavit.

3. I have reviewed Order No. 32697 and Attachment A establishing avoided cost rates for "canal drop hydro projects." I also have reviewed the first "Note" to this avoided cost rate schedule and the definition for a "canal drop hydro project." I am concerned that the definition as written may not clearly and accurately express the intent of the applicability of the avoided cost rate schedule, thus leading to unnecessary confusion. The most effective and uncontroversial interpretation of what constitutes a "canal drop hydro project" would be a definition exclusively based upon a majority of the project production occurring during the months of the irrigation season. Any further definition or criteria for application of the "canal drop hydro project" avoided cost rate schedule should be limited to the use of water for such project generation that has been used upstream (return flows) or will be used downstream for irrigation purposes. Any reference to man-made waterways should be eliminated from the definition, since virtually every hydro project utilizes some form of man-made waterway, i.e. canal, pipelines, penstocks, afterbays, etc. and the use of such man-made waterway criteria as part of any definition becomes the focus of potential controversy and misinterpretation of the avoided cost rate schedule. In addition, re-naming the avoided cost rate schedule to "irrigation season hydro" or something similar would more accurately reflect its intended application.

4. It is my understanding that "canal drop hydro project" avoided cost rates are higher than other hydro projects since such projects produce a majority of their energy and capacity during the periods of highest utility need and demand for PacifiCorp and Idaho Power Company. The months of the irrigation season in Idaho have a close match to the peak needs of these two utilities. Completely unrelated to the value of generation to these utilities provided by "canal drop hydro projects" is whether or not such generation occurred as a result of the type of structure that conveys the water flows before, during or after generation, In addition, where the

water flows originated from, is moving to, or where it goes and for what purpose before and after generation, has no relationship to the value of such generation by the purchasing utility.

5. There are numerous REC members' projects delivering or planning to deliver generation output to PacifiCorp and Idaho Power Company that could be impacted by the potential misinterpretation of the application of the "canal drop hydro project" avoided cost rate schedule, as the definition of such is currently written. I do not believe it is the Commission's intent to disallow the application of such "canal drop hydro project" avoided cost rate schedule to such projects that produce the majority of their output during the irrigation season and utilize or convey irrigation water flows used or to be used downstream, when such projects are not precisely configured or located as a drop in an irrigation canal. Several examples of projects which could be impacted by an unintended limiting interpretation of the currently written "canal drop hydro project" definition are discussed below.

6. The Shoshone Hydroelectric Project complex, located directly on the Little Wood River, totals 975 kW. This complex, which is not located on a canal, is comprised of two projects of similar characteristics, each with the output purchased under separate contracts with Idaho Power. However, over 80 percent of the water passing through this facility on an annual basis does so during the irrigation season and is irrigation water conveyed to the Little Wood River via the Gooding-Milner canal. The remaining 20 percent of the water flow is natural to the Little Wood River. In essence, the Little Wood River is used during the irrigation season as if it was an irrigation canal.

7. The Little Wood River Hydro complex¹, also consisting of two projects, is located just downstream from the Shoshone Hydroelectric Project complex. This second complex is also not canal based, but over 80 percent of the water for these two projects comes to the Little Wood

¹ Little Wood River Ranch Hydroelectric Projects I and II, owned by the Arkoosh family.

River during the irrigation season. After passing through the two hydro complexes on the Little Wood River, the irrigation water is diverted back out of the Little Wood to the South Gooding Main Canal.

8. The Ravenscroft Hydroelectric Project is located directly on the Malad River and not on a canal, with a rated capacity of 1.15 MW. Approximately 90.2 percent of the generation from this project occurs during the irrigation season using irrigation water being released from multiple irrigation related facilities upstream.

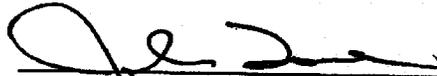
9. The Rock Creek Hydroelectric Project, a 2.1 MW facility, is located directly on Rock Creek and not on a canal. Approximately 70 percent of the water flows for the Rock Creek Hydroelectric Project occur during the irrigation season and are primarily related to irrigation water returning to the Snake River.

10. If the Commission (a) eliminated the reference to a "man-made waterway," in the Note on this particular schedule, (b) substituted the words "irrigation related" for the words "canal drop" in the name or title of this particular schedule, and (c) indicated on the schedule or in an Order on Clarification that such a project does not have to be physically located "on a canal," such clarifications would help avert possible future controversies related to the type of hydro projects that qualify for this avoided cost schedule.

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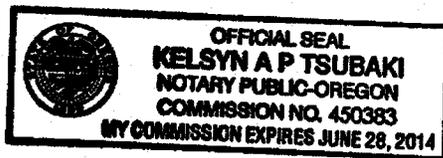
I declare under penalty of perjury that, to the best of my knowledge and belief, the forgoing is true and correct.

DATED: This 8th day of January 2013.



John Lowe

SUBSCRIBED AND SWORN to before me this 8th day of January, 2013.





Notary Public for Oregon
Residing at PORTLAND, Oregon
My Commission Expires: JUNE 28, 2014

ATTACHMENT 1 TO AFFIDAVIT OF JOHN LOWE

Renewable Energy Coalition Idaho Members and Projects

Summary- Thirteen members representing 22 projects with 20 existing projects and 3 proposed projects. *Note- one existing project is located outside Idaho but selling to IPCO. ** Proposed projects. HI-lifted projects sell to Idaho Power and remainder to PacifiCorp.

- 1. Ted Sorenson**
 - a. Dry Creek, 3.2MW**
 - b. Birch Creek, 2.7MW**
 - c. Marsh Valley, 1.9MW**
 - d. Pancheri Hydro, 290 kW**
 - e. Lemhi Hydro, 450 kW**
 - f. St. Anthony, 700kW****
 - g. Tiber Hydro, 7MW***

- 2. Rob Fackell**
Mink Creek, 3.1MW

- 3. Maher Wissa**
Portneuf Hydro, 1MW

- 4. Mitch Arkoosh**
GeoBon II, 1MW

- 5. Jordan Whittaker**
Whittaker Hydro, 300kW**

- 6. David Snedigar**
 - a. Snedigar Hydro, 500kW**
 - b. OJ Hydro, 170 kW**

- 7. ShoRock Hydro**
 - a. Shoshone Hydro phase I and II, 975kW**
 - b. Rock Creek Hydro, 2.5MW**

8. **Allan Ravenscroft**
Ravenscroft Hydro, 1.1MW

9. **Bill Arkoosh**
 - a. **Little Wood River Ranch, 920kW**
 - b. **Little Wood River Ranch II, 1.1MW****

10. **Allen Koyle**
Koyle Hydro, 1.3 MW

11. **Scott Kaster**
 - a. **BC Hydro, 250kW**
 - b. **HK Hydro, 500kW**

12. **Jack Amy**
Amy Ranch Hydro, 600 kW

13. **Orville Nicholson**
Nicholson's Hydro, 45kW

CERTIFICATE OF DELIVERY

I HEREBY CERTIFY that on this 8th day of January, 2013, I caused to be served a true and correct copy of the Petition of the Renewable Energy Coalition for Clarification of Order No. 32697 and Affidavit of John Lowe on behalf of Renewable Energy Coalition upon the following individuals in the manner indicated below:

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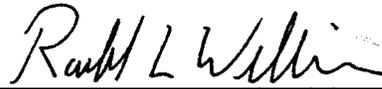
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