



**IDAHO
PUBLIC UTILITIES
COMMISSION**

C.L. "Butch" Otter, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

Paul Kjellander, Commissioner
Mack A. Redford, Commissioner
Marsha H. Smith, Commissioner

December 13, 2013

Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

RE: GNR-E-11-03 – Compliance Filing

Dear Commissioners:

As part of the larger "generic PURPA" case (GNR-E-11-03), proposals were made by multiple parties regarding Commission approval of PURPA contracting procedures and rules. As noted by the Commission, "[t]he parties supported terms for contract milestones, timing of pricing, conditions for delivery of power, and other various informational requirements." Order No. 32697 at 47-48. The Commission determined that "a fair and consistent set of rules for the utilities and QFs would reduce confusion and provide more certainty regarding the expectations of all contracting parties." *Id.* On that basis, the Commission directed the parties to participate in workshops to begin to form a structure for fair and reasonable contracting procedures and rules. The Commission requested that an update of the parties' progress be filed no later than December 13, 2013.

In furtherance of the Commission's directive, parties met on both September 17 and November 14, 2013, to discuss contracting procedures. Many parties to the generic PURPA case participated in the workshops. It became immediately apparent that high level discussion of general contracting milestones was most productive. To that end, the parties collaborated on what timelines and milestones would be most helpful to the utilities and the QFs during the negotiation of PURPA agreements. Attached is a draft tariff representing the collaborative efforts of all parties who participated in the workshops.

During the course of the workshops, each utility expressed slightly different needs and abilities based on numerous internal factors. Although many terms of a PURPA contract milestone tariff would be similar, each utility expressed a desire to manage the details of whatever tariff it might propose to the Commission for approval.

Staff believes the draft tariff provides a solid basis in identifying important contract milestones for both the utilities and the QFs. Staff is optimistic that the proposal and adoption of similar tariffs might reduce the number of complaints filed with the Commission because the tariff would allow for more certainty in communications between the parties to the agreement. Staff also acknowledges that each utility's tariff would be slightly different to meet the utility's specific needs. It is Staff's opinion that a one-size-fits-all approach would lead to a less meaningful tariff.

Staff believes that the collaboration of the parties during the scheduled workshops and the resulting draft tariff meet the directive and intent of the Commission as expressed in Order No. 32697. It is now the responsibility of each utility to determine whether or not to propose a similar tariff for approval by the Commission. Staff remains available and willing to facilitate further collaboration between the parties. However, Staff believes the directive of the Commission has been satisfied and that Case No. GNR-E-11-03 can be closed.

Sincerely,



Kristine Sasser
Deputy Attorney General
for Commission Staff

Enclosure

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ELECTRIC SERVICE SCHEDULE NO.

STATE OF IDAHO

Avoided Cost Purchases from Qualifying Facilities

I. Applicability

To Owners of existing or proposed Qualified Facilities (“QF’s ”) who desire to make sales to [Utility] under the Public Utility Regulatory Policy Act of 1978, and will deliver the output of such QFs at a point of delivery on [Utility]’s electrical system that is located in the State of Idaho. Owners shall enter into a written power purchase agreement with [Utility] 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].

II. Communications

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

[Utility contact information]

Where [Utility] is unable to respond on the basis of incomplete or missing information from the Owner, [Utility] 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] shall respond in a timely manner following receipt of all required information as more fully described below.

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ELECTRIC SERVICE SCHEDULE NO. - Continued**III. Procedures for Obtaining Indicative Pricing and a Draft Power Purchase Agreement:
Standard QFs (Published Rates)**

1. To obtain an indicative pricing proposal and a draft power purchase agreement with respect to a proposed Project, the Owner shall provide to [Utility] all general information regarding the Project that is reasonably required for [Utility] to determine the applicable published rate and to draft a power purchase agreement. A Project is defined as an existing or proposed QF that can satisfy the applicability requirements of this Schedule . General information regarding a Project shall include, but not be limited to:
 - a) project 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]'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];
 - 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]'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 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] shall, within 20 business days, provide the Owner with an indicative pricing proposal and draft power purchase agreement containing terms and conditions tailored to the individual characteristics of the proposed Project.

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ELECTRIC SERVICE SCHEDULE NO. - Continued**IV. Procedures for Obtaining Indicative Pricing and a Draft Power Purchase Agreement: Non-Standard QFs**

1. To obtain an indicative pricing proposal with respect to a proposed Project, the Owner shall provide to [Utility] all general information regarding the Project that is reasonably required for [Utility] 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 . General information regarding a Project shall include, but not be limited to:
 - a) project 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]'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];
 - 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]'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] shall, within 20 business days, provide the Owner with an indicative pricing proposal tailored to the individual characteristics of the proposed Project.

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ELECTRIC SERVICE SCHEDULE NO. - Continued**IV. Procedures for Obtaining Indicative Pricing and a Draft Power Purchase Agreement: Non-Standard QFs (continued)**

3. If the Owner desires to proceed with the Project after reviewing [Utility]'s indicative pricing proposal, it shall request in writing that [Utility] prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the Owner shall provide [Utility] with any additional Project information that [Utility] reasonably determines to be necessary for the preparation of a draft power purchase agreement, which includes, but shall not be limited to:
 - a) any additional information that was requested in [Utility]'s indicative pricing proposal;
 - b) updated information of the categories described in Section IV 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 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] shall within 20 business days provide the Owner with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions. Such draft shall serve as the basis for subsequent negotiations between the parties.

V. Procedures for Negotiating a Power Purchase Agreement: All QFs

1. After reviewing the draft power purchase agreement, the Owner shall prepare an initial set of written comments and proposals regarding the draft power purchase agreement and shall provide such comments and proposals, or notice that it has none, to [Utility]. [Utility] shall not be obligated to commence negotiations with an Owner until [Utility] 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]'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] to schedule contract negotiations at such times and places as are mutually agreeable to the parties. If [Utility] has not received written comments and proposals from the Owner, or notice from the Owner that it has no such comments or proposals, within 90 calendar days of the receipt of a draft power purchase agreement from [Utility], [Utility] shall have no further obligation to such Owner under this tariff unless or until such time Owner resubmits the Project to [Utility] in accordance with this schedule.

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ELECTRIC SERVICE SCHEDULE NO. – Continued**V. Procedures for Negotiating a Power Purchase Agreement: All QFs (continued)**

2. In connection with any contract negotiations between [Utility] and the Owner, [Utility]:
 - a) shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions or modifications to the draft power purchase 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]'s avoided-cost calculations, the proposed Project or proposed terms of the draft power purchase agreement;
 - d) may request any additional information from the Owner necessary to finalize the terms of the power purchase agreement and satisfy [Utility]'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 purchase agreement, [Utility] shall prepare and forward to the Owner, within ten (10) business days, a final, executable version of the power purchase agreement. Owner shall sign and forward to [Utility] within ten (10) business days a fully executed version of the power purchase agreement. If the fully executed version of the power purchase agreement is not forwarded to [Utility] within ten (10) business days, [Utility's] obligations under this Schedule shall be deemed complete and Owner must initiate a new request under Section III or Section IV. The timelines in this section may be modified by mutual consent of the parties.

VI. Process for Negotiating Interconnection Agreements

In addition to negotiating a power purchase agreement, QFs intending to make sales to [Utility] must enter into an interconnection agreement governing the physical interconnection of the Project to [Utility] or a 3rd-party's electrical system. [Utility]'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.