
IDAHO PUBLIC UTILITIES COMMISSION

For Immediate Release

Case No. IPC-E-04-1

April 30, 2004

Contact: Gene Fadness (208) 334-0339

Website: www.puc.state.id.us

Commission OKs Idaho Power wind contract

Boise – The Idaho Public Utilities Commission has approved an energy sales agreement between Idaho Power Co. and a Montana wind generating facility. The agreement, the first of its size between Idaho Power and a wind generating facility, has features not included in the utility's agreements with other small power producers who qualify for published contract rates under federal PURPA* provisions.

The 20-year contract is with United Materials of Great Falls, Inc., a 9-megawatt wind facility in Montana.

The terms and conditions of this new generation of contracts have yet to be tested in a complaint proceeding, the commissioners said. "It remains to be seen whether this approach for purchases of ... renewable energy is in the public interest." Because of those untested provisions, the commission emphasized that its decision "sets no precedent for our future regulation of such agreements," and does not preclude negotiating parties from challenging the reasonableness of such contract terms in future agreements.

Typically, small power projects that qualify under PURPA provisions are guaranteed a published rate that is set by the commission and based on the cost the regulated utility avoids by not having to generate the power itself or buy it from another source. But because the output of wind generation is unpredictable, Idaho Power included unique provisions in the contract that require United Materials to reimburse the utility when wind production falls to 90 percent or less of its promised delivery and Idaho Power has to pay more than the contract terms for replacement power. If the wind generation exceeds 110 percent of a month's estimated kilowatt-hours of generation, Idaho Power has agreed to pay United Materials a market-based price for that surplus.

The power generated at United Materials of Great Falls is outside Idaho Power's service territory. Northwestern Energy, which operates in Montana, has agreed to schedule all energy deliveries from United Materials to Idaho Power over its transmission lines.

The commission said it was pleased that the company is adding a wind project to its contract resource portfolio.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site at www.puc.state.id.us. Click on "File Room" and then on "Electric Cases" and scroll down to Case No. IPC-E-04-1.

Interested parties may petition the commission for reconsideration by no later than May 14. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

END

***PURPA** - The Public Utilities Regulatory Policies Act or PURPA, passed during the energy crisis in the late 1970s, requires utilities to buy energy from qualifying small power producers that generate power from sources other than fossil fuels. The Public Utilities Commission sets the rate the utilities must pay small power producers. The rate, called an avoided cost rate, is based on the cost the utility avoids if it would have had to generate the power itself or purchase it from another source.