

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR)	CASE NO. IPC-E-06-18
AUTHORITY TO INSTITUTE A UNIFORM)	
SCHEDULE 72 INTERCONNECTION)	
AGREEMENT AND AMEND TARIFF)	ORDER NO. 30179
<u>LANGUAGE</u>)	

On September 1, 2006, Idaho Power Company filed an Application seeking authority to revise its Schedule 72 to include a Uniform Interconnection Agreement and to make the associated tariff language changes. On October 5, 2006, the Commission issued a Notice of Application and Notice of Modified Procedure with a deadline of October 31, 2006 for written comments and/or protests. The only comments filed were those of Commission Staff. With this Order the Commission approves the Company's Application as more fully stated below.

THE APPLICATION

The Company proposes to implement a separate Uniform Interconnection Agreement to improve its internal processes and ensure the functional separation between power supply and delivery mandated by the Federal Energy Regulatory Commission (FERC). The Company states that when non-utility projects, such as PURPA qualified facilities (QFs), request interconnection to Idaho Power's distribution/transmission system the current practice is to address those issues in the power purchase agreement document and in conjunction with Schedule 72 (Interconnections to Non-Utility Generation). However, because interconnection is managed by Idaho Power's Power Delivery (Transmission) business unit, while power purchase agreements are within the purview of Idaho Power's Power Supply (Marketing) business unit, and FERC now requires a functional separation between the activities of these two business units, it is no longer possible for the marketing business unit to negotiate interconnection terms and conditions as part of the power purchase agreement.

Idaho Power's proposed Uniform Interconnection Agreement addresses the terms and conditions of interconnection and integration to the Company's transmission/distribution system, incorporates portions of the Company's template power purchase agreement, and is patterned after FERC's standard Small Generator Interconnection Agreement. The Company states that the Uniform Agreement is in keeping with utility industry efforts to standardize

interconnection procedures and facilitate investment in needed utility infrastructures. The proposed Uniform Interconnection Agreement is included in the Company's proposed tariff.

Idaho Power states that it is not proposing any major changes to the terms and conditions of Schedule 72 other than referencing the Uniform Interconnection Agreement and adding language explicitly adopting the Institute of Electrical and Electronic Engineers: IEEE Standard 1547 (IEEE 1547) for interconnection. The Company states that it has adopted IEEE 1547 internally and believes non-utility generation interconnection should adhere to these industry best practices as well.

STAFF COMMENTS

Staff reviewed the Company's Application as well as Schedule 72 and some related Commission cases. Staff stated that it has no objection to Idaho Power instituting a Uniform Interconnection Agreement as part of its Schedule 72 tariff, Interconnections to Non-Utility Generation. However, Staff recommended that language be added to Schedule 72 to clarify that generation facilities that qualify for Schedule 84 will not be required to sign a Uniform Interconnection Agreement. Staff also recommended approval of the Company's request to adopt IEEE 1547 as a standard for interconnections for all net metering facilities and for PURPA projects with a nameplate rating less than 1 MW.

Staff reported that Idaho Power's Schedule 72 Uniform Interconnection Agreement addresses the terms and conditions of interconnection and integration to the Company's transmission/distribution system. Idaho Power reviewed the NARUC Model Interconnection Procedures Agreement, as well as FERC's Large and Small Generator Interconnection Agreement (LGIA and SGIA, respectively). The Company also included several contract provisions that have been accepted by the Commission in dozens of firm energy sales agreements over the years, including provisions relating to termination, disconnection, emergencies, maintenance, land rights, liability, force majeure, default, and insurance.

Staff recognized the functional separation requirements of FERC and that it may be advantageous for the Company to have separate agreements for power purchase and for interconnection. Staff does not believe that requiring two separate agreements will make it any more burdensome for non-utility generators to develop projects.

Staff reviewed the proposed Uniform Interconnection Agreement and believes that the terms and conditions contained in it are reasonable. However, Staff recommended that

additional language be added to Schedule 72 to clarify that generation facilities that qualify for Schedule 84 (Customer Energy Production Net Metering) will not be required to sign a Uniform Interconnection Agreement. Specifically, Staff recommends that the AVAILABILITY paragraph of Schedule 72 be modified to add the following language:

Service under this schedule is available throughout the Company's service area within the State of Idaho to Sellers owning or operating Qualifying Facilities that sign a Uniform Interconnection Agreement or Generation Facilities that qualify for Schedule 84. Generation Facilities that qualify for Schedule 84 are not required to sign a Uniform Interconnection Agreement.

Idaho Power has indicated to Staff that it has no objection to adding the above-recommended language.

Staff supports Idaho Power's request to explicitly adopt IEEE Standard 1547 for all net metering facilities and for PURPA projects with a nameplate rating less than 1 MW. The Company informed Staff that it did not include IEEE 1547 as an explicit requirement for projects larger than 1 MW because it is merely one technical standard among many for those projects. Idaho Power stated that it decided not to incorporate IEEE 1547 by reference so that if it changes over time or if some portion of it is not appropriate for a particular application, a built-in conflict is not created. Staff noted that Idaho Power had indicated in a separate case now before the Commission concerning the consideration of the five new ratemaking standards in the Energy Policy Act of 2005, Case No. GNR-E-06-02, that it would seek to explicitly include IEEE 1547 in its Schedule 72.

FINDINGS

We have reviewed the record for this case, including the Application and comments. No protests to the Commission's use of Modified Procedure were filed. We continue to find that the public interest does not require a hearing to consider the issues presented in this case and that Modified Procedure is appropriate. IDAPA 31.01.01.204. The Commission has jurisdiction over Idaho Power, its Application seeking authority to revise its Schedule 72 to include a Uniform Interconnection Agreement and to make the associated tariff language changes, and the issues involved in this case by virtue of Title 61, Idaho Code, specifically including *Idaho Code* §§ 61-129, 61-119, 61-301, 61-302, 61-303, 61-305, and 61-501, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

We find that the Company's request to revise its Schedule 72 to include a Uniform Interconnection Agreement and to make the associated tariff language changes is reasonable. The Company's proposed Uniform Interconnection Agreement is based upon its review of model agreements from both NARUC and FERC. It appears that having separate agreements for interconnection and for power purchase is required by the functional separation requirements of FERC. It does not appear requiring two separate agreements will make it any more burdensome for non-utility generators to develop projects. Adoption of IEEE Standard 1547 for all net metering facilities and for PURPA projects with a nameplate rating less than 1 MW is consistent with the Company's internal practice, as well as the Company's position in Case No. GNR-E-06-02, concerning the consideration of the five new ratemaking standards in the Energy Policy Act of 2005. Consequently, we find it reasonable and prudent to approve the Company's Application. Additionally, we approve the additional language recommended above by Staff for inclusion in the AVAILABILITY paragraph of Schedule 72.

ORDER

IT IS HEREBY ORDERED that Idaho Power's Application to institute a Uniform Interconnection Agreement, to adopt IEEE 1547, and to adopt the associated tariff language changes is granted. The additional language recommended above by Staff for inclusion in the AVAILABILITY paragraph of Schedule 72 shall also be included in the tariff language changes.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

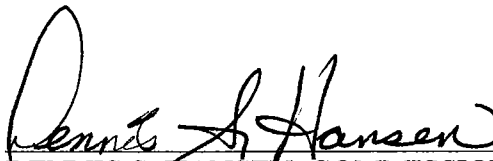
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th
day of November 2006.



PAUL KJELLANDER, PRESIDENT

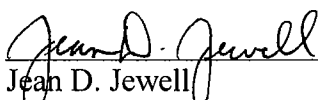


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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