

DONOVAN E. WALKER
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0357
IDAHO BAR NO. 5921

RECEIVED
2006 OCT 31 AM 10:32
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, ID 83702-5983

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR AUTHORITY)	CASE NO. IPC-E-06-18
TO INSTITUTE A UNIFORM SCHEDULE 72)	
INTERCONNECTION AGREEMENT AND)	
AMEND TARIFF LANGUAGE.)	COMMENTS OF THE
_____)	COMMISSION STAFF

The Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Donovan E. Walker, Deputy Attorney General, in response to Order No. 30143, the Notice of Application and Notice of Modified Procedure issued on October 5, 2006, respectfully submits the following comments.

BACKGROUND

On September 1, 2006, Idaho Power Company (Idaho Power; Company) filed an Application seeking authority to revise its Schedule 72 (Interconnections to Non-Utility Generation) to include a Uniform Interconnection Agreement and to make the associated tariff language changes. In addition, the Company is proposing to add language to the tariff explicitly adopting the Institute of Electrical and Electronics Engineers Standard 1547 (IEEE Standard 1547) for interconnection. 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 IEEE Standard 1547 for interconnection.

ANALYSIS

Uniform Interconnection Agreement

In its Application, Idaho Power states that when non-utility projects, such as PURPA qualifying 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. However, 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. The Federal Energy Regulatory Commission (FERC) now requires a functional separation between the activities of these two business units, so it is no longer possible for the marketing business unit to negotiate interconnection terms and conditions as part of the power purchase agreement. In order to maintain the required functional separation between the two business units, Idaho Power is proposing to create a Uniform Interconnection Agreement that is separate from the power purchase agreement. Each agreement would be pursued simultaneously but separately by the respective business units within Idaho Power.

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

As previously noted, Idaho Power is proposing these changes to Schedule 72 to respond to FERC's Standards of Conduct and not because it believes there are any defects in the interconnection process that require "fixing". See Case No. GNR-E-06-2, Comments of Idaho Power Company at page 19. 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 as Attachment 1 to the Company's proposed tariff.

Staff acknowledges the functional separation requirements of FERC and recognizes that it may now be advantageous for the Company to require separate agreements for power purchase and interconnection. Staff does not believe that by requiring two separate agreements, it will be any more burdensome for non-utility generators to develop projects. Staff has reviewed the Uniform Interconnection Agreement and believes that the terms and conditions contained therein are reasonable. Staff recommends, however, that additional 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 recommends that the AVAILABILITY paragraph of Schedule 72 be modified to add additional language as follows:

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 recommended language.

Schedule 72 Amendments

Idaho Power also proposes to add language to Schedule 72 explicitly adopting IEEE Standard 1547 for interconnection for all net metering facilities and for PURPA projects with a nameplate rating less than 1 MW. The PURPA section of the Energy Policy Act of 2005 proposes five new ratemaking standards for consideration by each utility's regulatory body. One of those standards proposes an interconnection standard for customers with on-site generating facilities. Specifically, 16 U.S.C. § 2621 proposes the following: Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended from time to time. Idaho Power states that it has adopted IEEE 1547 internally and believes non-utility generation interconnection should adhere to these "industry best practices" as well.

In a separate case now before the Commission to consider the five new ratemaking standards in the Energy Policy Act of 2005, Idaho Power indicated that it would seek to explicitly include IEEE 1547 in its Schedule 72. Case No. GNR-E-06-2. The Company notes that the standards and best practices included in the IEEE 1547 are currently part of Idaho Power's interconnection procedures for PURPA QFs. In its comments in Case No. GNR-E-06-2, Avista recommended that the Commission adopt IEEE Standard 1547. Avista, moreover, recently amended its interconnection requirements to include IEEE Standard 1547. *See* Order No. 30111, Case No. AVU-E-06-4. PacifiCorp stated the following in its comments:

It is not necessary for the Commission to mandate either the IEEE 1547 Standard or the National Association of Regulatory Commissioners (NARUC) Interconnection Model for all distribution level interconnections of on-site generating facilities. PacifiCorp already applies the IEEE 1547 Standards to interconnection engineering studies to determine safety and reliability of the proposed generation. Those standards, however, may not be applicable to all interconnections and specific deviations may be required due to specific circumstances surrounding the generator design or local system.

Case No. GNR-E-06-2, Comments of PacifiCorp at page 10. The Company went on to state "PacifiCorp currently uses IEEE Standard 1547 in its study process to protect the safety and reliability of the generator, other customers attached to the local network, utility workers and the public. PacifiCorp has no concerns regarding the adoption by reference to generally applicable industry standards." *Id.* at page 13.

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 a megawatt because it is one technical standard among many. Idaho Power states 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.

RECOMMENDATIONS

Staff has no objection to Idaho Power instituting a Uniform Interconnection Agreement as a part of its Schedule 72 Interconnections to Non-Utility Generation tariff. Staff recommends, however, 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. In addition, Staff

recommends 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.

Respectfully submitted this 31st day of October 2006.

A handwritten signature in black ink, appearing to read "Don Walker", written over a horizontal line.

Donovan E. Walker
Deputy Attorney General

Technical Staff: Rick Sterling

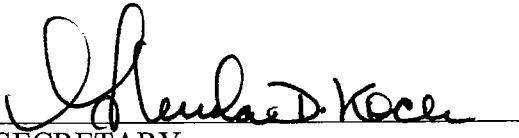
i:\misc\comments\ipce06.18dwrps

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 31ST DAY OF OCTOBER 2006, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-06-18, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE
LISA D NORDSTROM
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070

DAVID SIKES
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070



SECRETARY