

## **DECISION MEMORANDUM**

**TO:           COMMISSIONER KJELLANDER  
              COMMISSIONER SMITH  
              COMMISSIONER HANSEN  
              COMMISSION SECRETARY  
              COMMISSION STAFF**

**FROM:       DONOVAN E. WALKER**

**DATE:       NOVEMBER 3, 2006**

**SUBJECT:   IDAHO POWER'S APPLICATION TO INSTITUTE A UNIFORM  
              SCHEDULE 72 INTERCONNECTION AGREEMENT – CASE NO. IPC-E-  
              06-18**

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 authorized the use 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. Staff recommends approval of the Company's Application as more fully set forth below.

### **THE APPLICATION**

The Company is proposing 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 the 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 as Attachment 1 to 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 Electric 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 recommended 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.

**COMMISSION DECISION**

Does the Commission wish to approve the Company's Application seeking: to institute a Uniform Interconnection Agreement; to adopt IEEE 1547; and to adopt the tariff language changes proposed by the Company and Staff?



DONOVAN E. WALKER