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PUBLIC UTILITIES COMMISSION

# Idaho Winds LLC

19 July 2007

Idaho Public Utilities Commission  
472 West Washington Street  
P.O. Box 83720  
Boise, Idaho 83720-0074  
Sent via e-mail to [jean.jewell@puc.idaho.gov](mailto:jean.jewell@puc.idaho.gov)

Attention: Ms. Jean Jewell, Secretary

Subject: Case No. IPC-E-06-34, Hot Springs Windfarm, LLC  
✓ Case No. IPC-E-06-35, Bennett Creek Windfarm, LLC  
Comments of Idaho Winds LLC  
First Amendments to Firm Energy Sales Agreements

Dear Ms. Jewell:

Please find attached for filing in the above referenced matters the Comments of Idaho Winds LLC ("**Comments**") to Idaho Power Company's July 11, 2007 Motions for Approval of Amendments of Firm Energy Sales Agreements in connection with the Hot Springs Windfarm and Bennett Creek Windfarm projects.

An original and seven (7) copies of our Comments for each Case are also being sent to you via U.S. mail.

Please contact me if you have any questions at 925.388.0072.

Sincerely,

Idaho Winds LLC

A handwritten signature in black ink that reads "William Z. Damon".

William Damon  
Vice President

William Damon, Vice President  
Idaho Winds LLC  
5356 N. Cattail Way  
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Idaho Public Utilities Commission

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR APPROVAL OF A )  
FIRM ENERGY SALES AGREEMENT FOR THE )  
SALE AND PURCHASE OF ELECTRIC ENERGY )  
BETWEEN IDAHO POWER COMPANY AND HOT )  
SPRINGS WINDFARM, LLC )  
\_\_\_\_\_ )

CASE NO. IPC-E-06-34

**COMMENTS OF IDAHO WINDS LLC  
TO IDAHO POWER'S MOTION FOR  
APPROVAL OF AMENDMENT OF  
FIRM ENERGY SALES  
AGREEMENT**

IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR APPROVAL OF A )  
FIRM ENERGY SALES AGREEMENT FOR THE )  
SALE AND PURCHASE OF ELECTRIC ENERGY )  
BETWEEN IDAHO POWER COMPANY AND )  
BENNETT CREEK WINDFARM, LLC )  
\_\_\_\_\_ )

CASE NO. IPC-E-06-35

**COMMENTS OF IDAHO WINDS LLC  
TO IDAHO POWER'S MOTION FOR  
APPROVAL OF AMENDMENT OF  
FIRM ENERGY SALES  
AGREEMENT**

COMES NOW Idaho Winds LLC ("**Idaho Winds**") and submits the following comments to the July 11, 2007 motions ("**Motions**") of Idaho Power Company ("**Idaho Power**" or the "**Company**") for orders of the Idaho Public Utility Commission (the "**Commission**") approving amendments ("**Amendments**") to those two certain Firm Energy Sales Agreements, both dated December 20, 2006, between Idaho Power and Hot Springs Windfarm, LLC ("**Hot Springs**"), on the one hand, and Bennett Creek Windfarm, LLC ("**Bennett Creek**"), on the other hand (individually, an "**Agreement**," and collectively, the "**Agreements**").

## INTRODUCTION

These comments of Idaho Winds apply identically to both Motions of Idaho Power, in connection with the Hot Springs Windfarm and Bennett Creek Windfarm projects, given that the subject matter and details of both Motions and projects are identical.

The Motions of Idaho Power request that the Commission issue orders approving the Amendments to the Agreements that (1) revise the wind turbine manufacturer and specifications; (2) revise the scheduled operation date; and (3) provide liquid security (“**Delay Security**”) in the amount of estimated Delay Liquidated Damages (as defined in the Agreements). Idaho Power further requests in Section 11 of the Motions that the Commission concur that Idaho Power propose a similar resolution in the form of Delay Security for those other wind projects facing similar delays due to unanticipated interconnection delays. Idaho Winds desires to comment only on the Delay Security matter.

## BACKGROUND

Idaho Winds and Idaho Power have entered into that certain 20-year Firm Energy Sales Agreement dated December 12, 2006 (or power purchase agreement, “**PPA**”) for the 18 MW Alkali Wind Farm (the “**Project**”), which the Commission approved by Order No. 30253 on February 26, 2007 (Case No. IPC-E-06-36). This Project is one of the “other wind projects in the same area” that Idaho Power refers to in Section 11 of its Motions that face “similar delays due to unanticipated (by the developer) interconnection delays.” Idaho Winds is currently in discussions with Idaho Power’s delivery business unit and, like Hot Springs and Bennett Creek, it has become apparent that the Project will require network upgrades in order to accommodate the Project’s generation and the time required for completion of necessary studies and the construction of necessary interconnection facilities and network upgrades will delay the Project’s online date beyond the December 31, 2007 Scheduled Operation Date, triggering Delay Liquidated Damages (the foregoing capitalized terms are as defined in the PPA).

## **DELAY SECURITY UNFAIR AND OF NO VALUE**

Even if Hot Springs and Bennett Creek are willing to provide Delay Security for their projects, Idaho Winds should not be forced to do the same for its Project, or other developers for their projects, because the imposition of a Delay Security is unfair to the developer. The need for network upgrades, and the attendant studies, construction activities, and time schedules, is determined by and through the control of Idaho Power—so why should the developer, like Idaho Winds, be punished with the requirement to provide Delay Security? The developer has not caused the delay.

Idaho Power claims in Section 10 of its Motions that it believes the Delay Security provision “provides value for the Company and its customers,” but Idaho Power offers no substantiation of this value. Idaho Winds contends that the provision is of no value because, as the Commission is reminded, the PPA includes a Delay Liquidated Damages provision and Idaho Winds is contractually bound to pay such damages, if any, regardless of the posting of any Delay Security. In its Order No. 30253, the Commission’s staff supported the inclusion of this Delay Liquidated Damages provision in the PPA as it believed “it is reasonable for Idaho Power to begin inserting damage provisions into PURPA contracts to provide a mechanism for the Company to be made whole if it incurs higher costs to acquire replacement power,” and with no need for any type of Delay Security. As Idaho Power further states in Section 10 of its Motions, this “provision is not currently in this or other QF contracts,” but no overriding reason is offered as to why it must be included in these Agreements or any other QF contracts.

## **CONCLUSION**

If not for delays caused by Idaho Power’s delivery business unit, the Alkali Project would meet the Scheduled Operation Date. If Idaho Winds is not causing the delay, why should it be punished by being required to provide Delay Security? Moreover, the Delay Liquidated Damages provision of Alkali Project’s PPA is adequate to protect Idaho Power and its customers from any excess costs that might be incurred to purchase replacement power due to

any Project startup delays for which Idaho Winds would be responsible, and the Commission does not need to impose any unfair and extraneous Delay Security provision upon Idaho Winds and its PPA, or upon any other developer in a similar situation.

DATED this 19th day of July, 2007

By:



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**CERTIFICATE OF SERVICE**

I hereby certify that on the 19th day of July, 2007, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

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Idaho Public Utilities Commission  
472 West Washington Street  
P.O. Box 83720  
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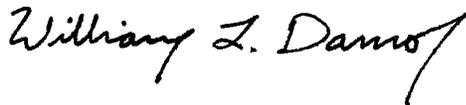
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