

✓ Gen. Ack
sent 10/24/07

✓ To Commis.
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Jean Jewell

To: armand@safelink.net
Subject: RE: PUC Comment/Inquiry Form

-----Original Message-----

A Comment from ARMAND M. ECKERT follows:

Case Number: IPC-E-07-15
Name: ARMAND M. ECKERT
Address: 716-B EAST 4900 NORTH
City: BUHL
State: IDAHO
Zip: 83316
Home Telephone: 208-543-8518
Contact E-Mail: armand@safelink.net
Name of Utility Company: IDAHO POWER COMPANY
Add to Mailing List: no

Please describe your question or comment briefly:

The IPUC should use the NWPCC 2007 Forecast methodology. I understand the current breakeven point to run a natural gas-fired combined cycle combustion turbine is \$74 to \$76/MW. To run a wind turbine and to get investors inclined to invest in wind turbines in Idaho, the SAR price has to use the NWPCC 2007 forecast methodology to determine the new avoided cost which should be around \$72/MW. I believe there will continue to be fuel shortages, including natural gas, which will drive the price for natural gas even higher in the future (probably higher than the 2.3% increases used in the current methodology. On the other side of the coin, prices for wind turbines, towers and blades have by far, increased much more dramatically than the avoided costs and these price increases for turbines, etc. will more than likely continue to outpace price increases in natural gas on a percentage basis as long as tight supplies remain in effect. I believe the proposal by Idaho Power to use the average price in natural gas price increases will only further deter the development of small Purpa wind farms. Sincerely Armand Eckert

The form submitted on <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>
IP address is 216.57.167.199

✓ Don Acke sent 10/24/07 ✓ T. AU. ✓ To Comments. H

Jean Jewell

From: ktinsv@cox.net
Sent: Tuesday, October 23, 2007 9:09 AM
To: Tonya Clark; Jean Jewell; Gene Fadness; Ed Howell
Subject: PUC Comment/Inquiry Form

A Comment from Kiki Leslie A. Tidwell follows:

Case Number: IPC-E-07-15
Name: Kiki Leslie A. Tidwell
Address: P.O. Box 2919
City: Ketchum
State: ID
Zip: 83340
Home Telephone: 208-578-7769
Contact E-Mail: ktinsv@cox.net
Name of Utility Company: Idaho Power
Add to Mailing List: yes

Please describe your question or comment briefly:
Public Comment on IPC-E-07-15 Petition to Modify Fuel Cost Component Methodology for
Published QF Rates

California is going to be relying on natural gas and natural gas-fired power plants for the foreseeable future. They have adopted emissions standards which restrict the state not only from building their own coal-fired plants, but also from buying power from coal-fired plants from other states. This leaves them no choice other than natural gas if they can not meet their energy generation targets through renewables power production. It seems reasonable to expect that when there is strong demand for a commodity, the price for that commodity rises. It does not seem reasonable to expect that natural gas prices will decline in the foreseeable future. In a draft report the Athena Group reports, "Natural gas prices today have doubled from their 1990 levels, driven in large part by the increase in demand. ...The U.S. Energy Information Administration (EIA) has increased its gas price projection for each of the last seven years. ...Because these out-of-state natural gas suppliers are privately held companies, they can and will sell their product over time to any higher-priced and higher-demand markets that may surface."

For the consumer, a 20 year fixed price wind or geothermal contract at today's prices is pretty appealing. By making it hard for renewable PURPA projects to get built in Idaho, the Idaho PUC is leaving the consumer to face unknown power price increases each year. Could one have predicted two years ago when oil was at \$40 a barrel that it would be at \$90 today?

Idaho Power's most recent petition to modify the avoided cost rate methodology for PURPA projects is just one more way that the company is trying to kill the viability of PURPA projects by reducing the economic viability of the projects. Jim Miller of Idaho Power says in his August 24th Twin Falls Times News opinion that Idaho Power has been trying to integrate Idaho wind power into its system in the mutual best interest for all. Let's see what they have actually done. In 2004, they insisted on 90/110 clauses in their PURPA contracts with small wind farmers. With a 90/110 clause, Idaho Power required that these small wind farmers predict many, many months in advance exactly how much power they were going to produce during a certain month. If they did not meet 90% of their prediction, or went over 110%, they were going to be paid 85% of the mid-c market price, which could easily be less than half of the established PURPA rate. Idaho Power can not predict how much snow will fall each year for their hydro dams, but they demanded crystal ball certainty from small farmers. This 90/110 clause created unreasonable uncertainty in already variable project revenues for most investors and those projects did not get built, while turbine costs have soared since then.

A couple of small wind farmers kept trying to forge ahead with their farms, even despite the probability of half of the income they had expected - I guess farmers by nature might be more optimistic than investors. So, in June, 2005 Idaho Power asked the Idaho Public

Utilities Commission to suspend the requirement to purchase wind power from new PURPA projects altogether. The PUC squeezed the maximum allowable size of a project down from 10 megawatts to 100 kilowatts. This essentially created a moratorium on PURPA projects as no projects today can financially work at 100 kw or less based on available technology. As for the small farms that were already along in the process that were still allowed to proceed at 10 megawatts, Idaho Power demanded they pay \$60 million in transmission upgrades to connect their projects.

Idaho Power had told the PUC it needed the PUC moratorium so it could study how it could integrate these small wind projects into its system. After more than a year, they came up with an integration study that said it would cost them money to add these projects, and that they wanted to discount the price of PURPA power purchases by 17.16%, even though the rest of the U.S., integration costs have been established in the 3-6% range. The integration study did not use any of the extensive years of data collected by the INL through wind anemometers and used embarrassingly skewed modeling assumptions.

In August 2006, Idaho Power turned its attention to its smallest renewable energy producers, those of us that have solar panels on our roofs and tiny hydro projects-27 net meterers, who if we produce more power a month than we use, would get a credit on our bills at the same rate we pay for power. Only 3 of these 27 net meterers produce more power than they use each month. Idaho filed an application to the PUC to again pay only the 85% of mid-c for any excess power, but withdrew its request after a flurry of public comment to the PUC.

Finally, when Idaho Power did award a power purchase 100 mw contract to a wind farm, it went to a project in Oregon, not Idaho. Idaho has some of the best natural wind resource in the nation, yet it has become the hole in the donut in terms of developed wind projects. While Oregon, Washington, Wyoming and Montana have each 300-600 mws of wind power, Idaho has only 75 mw installed. Idaho had zero projects built in 2006 and 2007 while Texas is installing approximately 2,000 mw in 2007. Idaho Power could do a lot more than just claim that it is misunderstood when it comes to integrating renewable energy.

The Idaho PUC could support PURPA projects by keeping the avoided cost methodology in place. PURPA projects in turn contribute to a stabilized rate base for consumers.

Sincerely,

Kiki Tidwell

The form submitted on <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>
IP address is 68.105.216.186

✓ Jim Ack
sent 10/24/07

✓ To Commis.
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Jean Jewell

From: kmiller@snakeriveralliance.org
Sent: Tuesday, October 23, 2007 11:00 AM
To: Tonya Clark; Jean Jewell; Gene Fadness; Ed Howell
Subject: PUC Comment/Inquiry Form

A Comment from Ken Miller follows:

Case Number: IPC-E-07-15
Name: Ken Miller
Address: Box 1731
City: Boise
State: ID
Zip: 83701
Home Telephone:
Contact E-Mail: kmiller@snakeriveralliance.org
Name of Utility Company:
Add to Mailing List: no

Please describe your question or comment briefly:
Comments of the Snake River Alliance
on PURPA Published Rate Modification Proposal
Submitted by
Ken Miler, Clean Energy Program Director, Snake River Alliance

October 23, 2007

The Snake River Alliance appreciates the opportunity to provide comments relating to IPC-E-07-05, relative to the calculation of the Public Utility Regulatory Policies Act (PURPA) published rate or small-power producers in Idaho. The Snake River Alliance submits these comments on behalf of its members, many of whom are customers of Idaho Power Co. and most of whom are customers of Idaho's investor-owned utilities.

The Alliance believes Idaho Power's proposed change in the calculation of the PURPA published rate does not accurately represent the true avoided costs of energy and capacity. Given that the avoided cost rate is in large part the basis for setting prices for renewable energy projects in Idaho, Idaho Power's proposed change to the calculation could have serious negative consequences for the future development of wind and other renewable energy projects in Idaho. Idaho Power's proposed changes could result in a reduction of the published rate from more than \$72 under the current formula to just under \$68 if the company's proposal is adopted. If the company's proposal is not adopted, the average rate would rise to the mid-\$70 range and would create an environment that would further encourage development of small-scale renewable energy projects in Idaho.

It's also our belief that use of a combined cycle natural gas plant continues to be an appropriate surrogate avoided resource (SAR) for purposes of setting the published rate. Gas prices are reflective of energy market prices, and published rates for the benefit of PURPA projects should reflect the expected power costs from a combined cycle gas plant. As mentioned above, \$67-68 does not reflect those expected costs. Furthermore, that serious negative impact on Idaho's PURPA contracts may well be exacerbated by the possible outcome in the pending wind integration docket, IPC-E-07-03.

We believe the Idaho Public Utilities Commission and the state of Idaho should consider all options in encouraging development of renewable energy resources in Idaho, and in particular those resources that are Qualifying Facilities under PURPA.

Respectfully submitted,

Ken Miller
Clean Energy Program Director
Snake River Alliance
Box. 1731

Boise, ID 83701
(208) 344-9161
kmiller@snakeriveralliance.org

The form submitted on <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>
IP address is 67.42.190.71

✓ Gen Ask
Sent 10/24/07

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Jean Jewell

From: blueribbonenergy@gmail.com
Sent: Tuesday, October 23, 2007 2:50 PM
To: Tonya Clark; Jean Jewell; Gene Fadness; Ed Howell
Subject: PUC Comment/Inquiry Form

A Comment from MJ HUMPHRIES follows:

Case Number: IPC-E-07-15
Name: MJ HUMPHRIES
Address: 2630 CENTRAL AVE.
City: AMMON
State: ID
Zip: 83406
Home Telephone: 208-524-2414
Contact E-Mail: blueribbonenergy@gmail.com
Name of Utility Company: idaho power company
Add to Mailing List: no

Please describe your question or comment briefly:

Here we are in the 11th hour. IPCO is trying to prevent wind farms from being built, they talk one way but do another. keep in mind that ALL financial institutions that finance wind follow the news in the IPUC website closely. Some will not do business in Idaho because we cant seem to get our house in order. A good example of that is case# IPC-E-07-15. Meaning we established a cost based on methodology now IPCO is trying to change the formula! This action is wrong. The expense of building a wind farm has risen approximately 60% over the last 3 years, and in that time IPCO has been preventing financial institutions from funding projects because they keep changing the ground rules. The NWPC 2007 forecast MUST stay the same in order to build. I would love to build my turbines in a 20 year forecasted average, but it is not practical. This issue needs to go in front of the commissioners so that ALL the evidence can be presented, if natural gas fired combustion turbines could be built for less than the proposed new avoided cost, every utility company in the country would build them and they are not doing so because the cost is too great. The formula ipco has used does not calculate, the 3 year average used in case# IPC-E-07-15 is the realistic cost. I dont believe ipco's crystal ball for the 20 year future is even close to being accurate. Every forecaster i speak to says the cost will only continue to rise and not decline. BRE MJ Humphries

The form submitted on <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>
IP address is 69.92.60.243
