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Attorneys for Grand View PV Solar Two

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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 A )  
DETERMINATION REGARDING THE FIRM )  
ENERGY SALES AGREEMENT WITH )  
INTERCONNECT SOLAR DEVELOPMENT, )  
LLC, FOR THE SALE AND PURCHASE OF )  
ELECTRIC ENERGY )

CASE NO. IPC-E-11-10

GRAND VIEW PV SOLAR TWO'S  
REPLY TO COMMENTS OF THE  
COMMISSION STAFF

COMES NOW, Grand View PV Solar Two, hereinafter referred to as "Grand View," pursuant to this Commission's Order permitting reply comments in the above captioned docket (Order No. 32347) and hereby lodges its Reply to the initial comments of the Commission Staff.

GRAND VIEW'S INTERESTS IN THIS DOCKET

Grand View has a power purchase agreement with Idaho Power that contains IRP rates that are essentially identical to the rates contained in Interconnect Solar's power purchase agreement that is at issue in this docket. Grand view is ready and willing to execute that

agreement but for the fact that Idaho Power is attempting to coerce Grand View to give, without compensation, its Green Tags to the power company. Grand View has a direct and substantial interest in maintaining the integrity of the methodology under which the rates in its power purchase agreement have been calculated.

GRAND VIEW WAS PREVENTED FROM PARTICIPATING IN THIS DOCKET BECAUSE THE IRP METHODOLOGY WAS DEEMED TO BE OFF LIMITS AND IRRELEVANT TO A 'MERE CONTRACT APPROVAL' CASE

In order to protect its direct and substantial interest in the integrity of the IRP methodology, Grand View lodged a petition to intervene in this docket stating:

This Intervenor understands that discovery is currently taking place between the Staff of the Commission and Idaho Power that indicates changes in the manner in which Idaho Power calculates avoided cost rates for solar projects that are larger than 100 kw may be considered. Grand View PV Solar Two has a draft contract offer from Idaho Power with similar rates to those found in Interconnect Solar's pending contract for approval before this Commission.<sup>1</sup>

Recognizing that it is somewhat unusual for third party to intervene in a PURPA contract approval docket, Grand View assured the Commission that:

Grand View PV Solar Two recognizes that the Commission has issued a Notice of Modified Procedure that did not invite petitions for intervention to be filed. The Commission subsequently modified the deadline in the Notice of Modified Procedure for comments to accommodate Staff's need for additional time to review the rates contained in Interconnect Solar's power purchase agreement. The new dates are September 29 for initial comments and October 6 for reply comments. Grand View Solar may file comments; however, without status as a party, Grand View Solar will not have access to, or rights of, discovery, including access to confidential Idaho Power models. Grand View PV Solar Two will adhere to the existing schedule and its participation as a party will not delay this proceeding nor broaden the issues herein.<sup>2</sup>

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<sup>1</sup> Grand View Petition to Intervene at p. 1.

<sup>2</sup> Id.

Grand View's sole interest in petitioning to intervene was to attempt to prevent this docket from becoming something more than a simple contract approval case in which the Commission assures itself that its PURPA implementation policies have been faithfully adhered to.

Idaho Power objected to Grand View's Petition to Intervene arguing that Grand View:

has been a party to and is aware of the General Investigation docket that is proceeding before this Commission to address various issues regarding the Public Utility Regulatory Policies Act of 1978 and avoided cost related issues. In fact, the present phase of the Commission's investigation is designed for analyzing and exploring the Integrated Resource Plan and Surrogate Avoided Resource<sup>3</sup> based avoided cost pricing methodologies, as well as other avoided cost issues.<sup>4</sup>

All of Idaho Power's assertions above are correct. However, while recognizing that there is a docket opened for the purpose of investigating the IRP and SAR based avoided cost pricing methodologies, Idaho Power did not object to discovery questions from Staff implicating those, supposedly not relevant issues. Hence, Grand View was concerned that Staff might file comments recommending changes to the methodology with Idaho Power's tacit support.

In response to Idaho Power's opposition, Grand View pointed out that:

Idaho Power has not objected to Staff's discovery related to major changes in the calculation of avoided cost rates for solar projects. Clearly such questions are irrelevant to whether the power company has properly calculated the avoided cost rates using the current IRP methodology. Because Idaho Power has not objected to Staff's discovery, it is apparent that both Staff and Idaho Power believe that this docket is the proper docket to investigate changes in the avoided cost methodology for solar projects. Hence, Grand View has not only a direct and substantial interest, it has a compelling and immediate interest in the subject matter of this docket.<sup>5</sup>

The Commission ruled on Grand View's Petition to Intervene in Order No. 32350 stating:

"The Commission's consideration of a power purchase agreement between Idaho Power and Interconnect Solar is not the appropriate forum for Grand View Solar to debate generally about

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<sup>3</sup> Referred to herein as "SAR". Footnote not in original.

<sup>4</sup> Idaho Power Company's Motion in Opposition to Grand View PV Solar Two's Petition to Intervene at p. 3.

<sup>5</sup> Grand View's Answer to Idaho Power's Motion at p. 4.

how avoided costs are calculated.”<sup>6</sup> Unfortunately, if Staff’s Comments are considered by this Commission in its decision to approve or reject the Interconnect Solar contract, the Commission’s finding will prove false.

THE COMMISSION STAFF’S COMMENTS ARE IRRELEVANT AND CONSTITUTE AN AFFRONT TO COMMISSION ORDER NO. 32350

Right out of the box the Staff declares that it intends to do exactly what the Commission deemed to be inappropriate for this case, to wit: “debate generally about how avoided costs are calculated.”<sup>7</sup> Staff declared that, “thorough review of this Agreement entails far more than just going through a checklist to ensure the methodology has been properly followed and the utility’s avoided cost have been properly calculated.”

Staff is engaging in a “debate generally about how avoided costs are calculated” by arguing to change the basic resource used in the IRP methodology from a CCCT to an SSST. Staff Comments at p. 3. Staff is engaging in a “debate generally about how avoided costs are calculated” by arguing that Idaho Power’s AURORA model captures capacity values. Id. at 6. Staff is engaging in a “debate generally about how avoided costs are calculated” by arguing that the avoided cost rates should be reduced due to a hypothetical surplus period when Idaho Power actually needs new capacity. Id. Staff is engaging in a “debate generally about how avoided costs are calculated” by arguing that price shapes used in AURORA should be used in place of the established hourly and seasonal adjustment factors that are currently used. Id. at 7. Staff is engaging in a “debate generally about how avoided costs are calculated” by arguing that IRP assumptions not yet finalized be used in calculating avoided cost rates. Id. at 8. Staff is engaging in a “debate generally about how avoided costs are calculated” by arguing that integration costs

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<sup>6</sup> At page 2.

<sup>7</sup> Id.

be applied to this solar project that were designed to cover integration costs for wind. Id. Staff is engaging in a “debate generally about how avoided costs are calculated” by arguing to change the cost of capital figure used in the existing avoided cost methodology. Id. at 9.

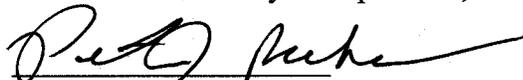
**THE COMMISSION SHOULD, ON ITS OWN MOTION, STRIKE STAFF’S COMMENTS FROM THE RECORD**

The QF industry in general, and Grand View in particular, have been sandbagged by the Staff’s Comments. Staff is attempting to, in this mere contract approval case, radically and alter years of Commission precedent without the benefit of a modicum of due process and no public participation - indeed, in spite of the public’s (Grand View) thwarted attempt to participate.

If Staff’s Comments are allowed to instruct this Commission in its decision as to whether to approve or disapprove the Interconnect Solar contract, all minimum notions of due process will have been thrown out the window. Staff has overreached. Their detailed recommendations regarding significant Commission approved PURPA implementation policies, that have been litigated and debated before this Commission for literally decades, must not be allowed to be heard in this, a mere contract approval case.

**WHEREFORE**, Grand View PV Solar Two respectfully requests that this Commission approve the Interconnect Solar contract and disregard Staff’s irrelevant comments.

DATED this 16<sup>th</sup> day of September, 2011.



Peter Richardson  
Grand View PV Solar Two

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on the 16th day of September, 2011, a true and correct copy of the within and foregoing **RERPLY COMMENTS OF GRAND VIEW PV SOLAR TWI** was served in the manner shown to:

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Commission Secretary  
Idaho Public Utilities Commission  
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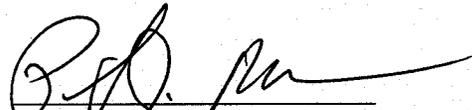
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