

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-13-22
COMPANY'S APPLICATION TO UPDATE)	
ITS WIND INTEGRATION RATES AND)	NOTICE OF APPLICATION
CHARGES.)	
)	NOTICE OF
)	INTERVENTION DEADLINE
)	
)	ORDER NO. 32961

On November 29, 2013, Idaho Power Company filed an Application with the Commission seeking to update its wind integration rates and charges. The Company's Application includes a 2013 Wind Integration Study Report as well as the supporting testimony of Philip DeVol and Michael J. Youngblood. Idaho Power requests that its Application be processed by Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Idaho Power reports rapid growth in wind generation over the past several years. Idaho Power maintains that it currently manages a total of 678 megawatts (MW) of wind generation capacity on its system – 577 MW of capacity are provided by Public Utility Regulatory Policies Act (PURPA) projects and an additional 101 MW of wind generation capacity is provided by a non-PURPA project (Elkhorn Valley Wind Farm). Idaho Power states that 505 MW of its total wind generation capacity has been added to the Company's system during 2010, 2011, and 2012.

YOU ARE FURTHER NOTIFIED that Idaho Power's Application maintains that, due to the variable and intermittent nature of wind generation, the Company must modify its system operations to successfully integrate wind projects without impacting system reliability. Idaho Power explains that it must provide operating reserves from resources that are capable of increasing or decreasing dispatchable generation on short notice to offset changes in non-dispatchable wind generation. The effect of having to hold operating reserves on dispatchable resources is that the use of those resources is restricted and they cannot be economically dispatched to their fullest capability. Idaho Power states that this results in higher power supply costs that are subsequently passed on to customers.

YOU ARE FURTHER NOTIFIED that Idaho Power asserts that its capability to integrate wind generation is nearing its limit. The Company maintains that, even at the current level of wind generation capacity penetration, dispatchable thermal and hydro generators are not always capable of providing the balancing reserves necessary to integrate wind generation. Idaho Power states that this situation is expected to worsen as wind penetration levels increase, particularly during periods of low customer demand.

YOU ARE FURTHER NOTIFIED that the Company states that it considers the cost of integrating wind generation in its integrated resource planning when evaluating the costs of utility and third-party generation resources. Idaho Power maintains that the costs associated with wind integration are specific and unique for each individual electrical system based on the amount of wind being integrated and the other types of resources that are used to provide the necessary operating reserves. The Company explains that, in general terms, the cost of integrating wind generation increases as the amount of nameplate wind generation on the electrical system increases. Idaho Power asserts that a failure to calculate and properly allocate wind integration costs to wind generators when calculating avoided cost rates impermissibly pushes those costs onto customers.

YOU ARE FURTHER NOTIFIED that the Company discusses three separate methods by which wind integration costs could be accounted for in avoided cost rates.

- 1) Maintaining current allocation;
- 2) Current allocation with an integration tariff; and
- 3) Equitable allocation of costs.

The Company proposes two overall changes, which have been incorporated into each of the three methods offered above, to address the collection of wind integration costs. Change one abandons the use of percentage of avoided cost rate allocation and instead allocates a fixed amount based upon penetration level. Change two decouples the wind integration charge from the avoided cost rate contained in the power sales agreement and instead has wind integration costs assessed as a stand-alone tariff charge.

YOU ARE FURTHER NOTIFIED that Idaho Power asserts that the costs associated with wind integration are currently under-collected. The costs are assessed on a percentage basis of various avoided cost rates, which results in an inequitable contribution of the various wind QFs to the cost of integrating wind on the system.

YOU ARE FURTHER NOTIFIED that the Company states the use of the percentage of avoided cost rates really has no relation to actual costs of the additional reserves necessary to integrate variable and intermittent resources on the system. Idaho Power further maintains that setting the amount of wind integration charge for the entire duration of the power sales agreement assures further under-collection of integration costs as those costs rise. The under-collection from existing wind QFs results in an additional allocation to new wind QFs.

YOU ARE FURTHER NOTIFIED that Staff recommended the matter be processed by Modified Procedure after providing interested persons and parties an opportunity to intervene.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter **must file a Petition to Intervene** with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. Persons intending to participate must file a Petition to Intervene **no later than twenty-one (21) days from the service date of this Order**. Persons desiring to present their views without parties' rights of participation and cross-examination at hearing are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that once the Notice of Parties is issued, Staff will convene an informal prehearing conference for the purpose of discussing a schedule to process this case, the service of discovery, and other issues raised by the parties.

ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene with the Commission no later than twenty-one (21) days from the service date of this Order.

IT IS FURTHER ORDERED that the Commission Secretary issue a Notice of Parties after the deadline for intervention has passed.

IT IS FURTHER ORDERED that, once the Notice of Parties is issued, Staff convene an informal prehearing conference to discuss the processing of this case.

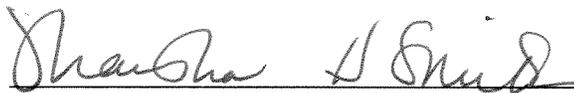
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of December 2013.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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