

RENEWABLE ENERGY COALITION

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IDAHO PUBLIC
UTILITIES COMMISSION

July 11, 2014

**The Honorable Marsha H. Smith
The Honorable Paul Kjellander
The Honorable Mack A. Redford
Idaho Public Utilities Commission
472 West Washington Street
Boise, ID 83720**

RE: Case No. IPC-E-14-06, Order No. 33055

Dear Commissioners Smith, Kjellander, and Redford:

The Renewable Energy Coalition (“Coalition”) very much appreciates the opportunity to provide comments regarding the Commission’s consideration of approval of the April 23, 2014 Power Purchase Agreement (“Agreement”) between Mr. William Arkoosh and Idaho Power Company (“IPCO”).

As you may recall, the Coalition has been a very active party in recent PURPA-based dockets in Idaho and the group represents exclusively through in its Idaho membership only small hydroelectric projects. Mr. Arkoosh is a member of the Coalition, as are other parties involved in subsequent power purchase agreements pending the Commission’s approval.

It is our understanding that the Arkoosh Agreement contains terms and conditions related to the 90/110% bandwidth delivery requirements that have been negotiated between the contracting parties. Negotiation and agreement between the parties was the foundation for the Commission's Staff to recommend approval of the Bell Mountain hydro agreement in Case PAC-E-09-09, Order 30989 in which the Commission ultimately approved replacement of the 90/110% bandwidth standard terms with an alternative applying a Mechanical Availability Guarantee ("MAG") It is also our understanding that this Agreement may be the first of several power purchase agreements recently negotiated with IPCO containing identical terms and conditions implementing the 90/110% bandwidth provisions effectively on a monthly basis, including at least two other agreements with Coalition members.

The Coalition urges the Commission is consider approval of the Agreement. In doing so we encourage the Commission to recognize the acceptability for broader and/or future application of the revised one-month advance estimates which implement the provisions of the power purchases agreement related to the 90/110% bandwidth and deem as acceptable replacement of the bandwidth requirements and terms with alternatives.

Mr. Arkoosh's Agreement, which has been under negotiation for an extended period, due primarily to challenges related to the currently approved 90/110% Bandwidth terms, needs to be finalized within weeks. In order that the project can meet various project development and Agreement milestones especially that of coming on-line during the beginning of IPCO's 2015 peak season, project financing must be completed first. The financing proceeding is dependent upon Commission approval of the Agreement. Other power purchase agreements in the "queue" for Commission approval likely have similar circumstances.

In a “not so rare event” the Coalition wholeheartedly agrees with IPCO’s July 8, 2014 responses to Staff’s First Production Request, requests and responses 1 through 7. Of special note is IPCO’s response and observation “However, the motivation of this performance criteria is not to increase or increase the energy payments to a project but instead to have a project provide Idaho Power with more accurate energy estimates that could be used in the planning of both long-term and short-term operations...”. The Coalition had an analysis performed several months ago of applying existing member’s projects long-term historic production data to the current approved 90/110% bandwidth requirements. The results, reinforced by an independent analysis, showed a very high risk of revenues being reduced by as much as 1/3. The modified approach of applying the Bandwidth in the subject Agreement should be expected to produce more favorable and reliable expectations of both revenue to projects and monthly deliveries to IPCO.

Thank you again for considering the approval of Mr. Arkoosh’s Agreement.

Sincerely-

A handwritten signature in black ink, appearing to read "John R. Lowe". The signature is fluid and cursive, with a long horizontal stroke at the end.

**John R. Lowe
Executive Director
Renewable Energy Coalition**