

RECEIVED

2014 JUN -9 PM 4:49

IDAHO PUBLIC
UTILITIES COMMISSION

DONOVAN E. WALKER
Lead Counsel
dwalker@idahopower.com

June 9, 2014

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-14-09
Suspend Obligation to Purchase Energy Generated by Solar-Powered
Qualifying Facilities – Idaho Power Company’s Answer and Response to the
Idaho Conservation League’s Petition to Clarify

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7)
copies of Idaho Power Company’s Answer and Response to the Idaho Conservation
League’s Petition to Clarify.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5317
Facsimile: (208) 388-6936
dwalker@idahopower.com

RECEIVED

2014 JUN -9 PM 4:49

IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S PETITION TO)	CASE NO. IPC-E-14-09
TEMPORARILY SUSPEND ITS PURPA)	
OBLIGATION TO PURCHASE ENERGY)	IDAHO POWER COMPANY'S
GENERATED BY SOLAR-POWERED)	ANSWER AND RESPONSE TO
QUALIFYING FACILITIES (QF))	THE IDAHO CONSERVATION
)	LEAGUE'S PETITION TO CLARIFY
)	

Idaho Power Company ("Idaho Power" or "Company"), pursuant to RP 57, 331.02, and 331.05, hereby respectfully answers and responds to the Idaho Conservation League's ("ICL") Petition to Clarify Order No. 33043 of the Idaho Public Utilities Commission ("Commission"). Idaho Power objects to ICL's request to strike the sentence, "We believe the benefits and value of solar generation are reflected in the solar avoided cost rates and not part of consideration when developing the costs of integrating solar." Order No. 33043, p. 8.

I. DISCUSSION

The basis of ICL's Petition is its "concern" that the Commission's above-quoted sentence goes beyond the scope of the narrow issues before the Commission and that the statement does not comport with the description of the Integrated Resource Plan ("IRP") methodology directed for use in Order No. 32976, Case No. GNR-E-11-03. ICL's claims are simply not accurate.

A. The Commission's Statement is not Beyond the Scope of the Issues.

Several of the witnesses who submitted written comments and testimony at the May 21, 2014, public hearing made various statements alleging a lack of consideration of any benefits that solar generation may provide and/or that the benefits outweigh any costs of integration. The Commission's statement, "We believe the benefits and value of solar generation are reflected in the solar avoided cost rates and not part of consideration when developing the costs of integrating solar" directly responds to, and rebuts, those statements that there was a lack of consideration to any potential benefits provided by solar. These statements and this issue, despite the Commission's direction regarding the scope of the proceedings, was raised and brought up by more than one commenter during the proceedings. The commenters opened the door to this issue, and the Commission made the correct and factual statement that the benefits and value of solar generation are reflected in the solar avoided cost rates provided to solar projects.

B. The IRP Methodology Develops Rates Based Upon the Individual Generation Characteristics of the Solar Generator.

ICL appears to be confusing the Surrogate Avoided Resource (SAR) published avoided cost rate methodology with the approved incremental cost IRP methodology

applicable to all solar projects over 100 kilowatts. Although ICL properly cites to some of the Commission's statements that the IRP methodology recognizes the individual generation characteristics of each project, ICL states, "The rates do not reflect the value of the QF; they reflect the value of a generic avoided resource." ICL Petition, p. 2. This is not true in the IRP methodology. The proposed project's actual hourly generation profile is utilized as part of the model to determine—on an hourly basis—the proper value to assign as an avoided cost rate to that project. The incremental cost IRP methodology assigns as an avoided cost the highest cost resource that is serving load on the Company's system, purchase or generation, for the same hour that the proposed project provides generation to the Company. This directly comports with the Public Utility Regulatory Policies Act of 1978's definition of avoided cost: the incremental cost to an electric utility of electric energy or capacity or both, which, but for the purchase from the qualifying facility, such utility would generate itself or purchase from another source. 16 U.S.C. §§ 824a-3(b), (d). A proposed solar project receives a much higher avoided cost price than most other resource types. The value of the solar generation is reflected with a higher avoided cost rate paid to the project. This is primarily based upon two factors: the fact that the solar generation is typically highest when the Company needs it the most during summer peak and heavy load hours and the fact that solar naturally does not provide generation during light load hours at night. The individual generation characteristics of the proposed solar project form the basis for the price it receives, based upon the value of the generation or purchases that correspond to the project's generation deliveries to the Company. The value of the solar generation is reflected in its much higher avoided cost price.

ICL's main rationale for wanting the identified sentence stricken is a motivation to argue about purported additional benefits regarding integration that solar may provide. This motivation and rationale is ironically the very thing that ICL objects to in the first place with regard to the Commission's statement. Nothing in the Commission's order, including the objected to sentence, precludes ICL from making such arguments in a future proceeding addressing the solar integration charge.

II. CONCLUSION

ICL's Petition to Clarify asking the Commission to strike the sentence, "We believe the benefits and value of solar generation are reflected in the solar avoided cost rates and not part of consideration when developing the costs of integrating solar" should be denied. This sentence is not beyond the scope of the proceedings in that it directly addresses comments made on the record. Furthermore, the sentence accurately portrays the fact that the avoided cost pricing model assigns added value to a proposed solar project based upon the individual generation characteristics of that proposed project. Idaho Power respectfully requests that ICL's Petition be denied.

Respectfully submitted this 9th day of June 2014.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 9th day of June 2014 I served a true and correct copy of IDAHO POWER COMPANY'S ANSWER AND RESPONSE TO THE IDAHO CONSERVATION LEAGUE'S PETITION TO CLARIFY upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Donald L. Howell, II
Kristine A. Sasser
Deputy Attorneys General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email don.howell@puc.idaho.gov
kris.sasser@puc.idaho.gov

Idaho Clean Energy Association Inc.

Dean J. Miller
McDEVITT & MILLER LLP
420 West Bannock Street (83702)
P.O. Box 2564-83701
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email joe@mcdevitt-miller.com

Board of Directors
Idaho Clean Energy Association Inc.
710 North Sixth Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Idaho Conservation League

Benjamin J. Otto
Idaho Conservation League
710 North Sixth Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email botto@idahoconservation.org

Alternate Power Development, Northwest, LLC

Peter J. Richardson
RICHARDSON ADAMS, PLLC
515 North 27th Street (83702)
P.O. Box 7218
Boise, Idaho 83707

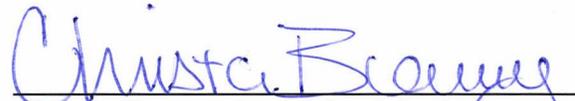
Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email peter@richardsonadams.com

Robert Paul
515 North 27th Street (83702)
P.O. Box 7218
Boise, Idaho 83707

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email robertapaul08@gmail.com

Snake River Alliance
Ken Miller, Clean Energy Program Director
Snake River Alliance
P.O. Box 1731
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kmiller@snakeriveralliance.org


Christa Beary, Legal Assistant