



SNAKE RIVER ALLIANCE

IDAHO'S NUCLEAR WATCHDOG & CLEAN ENERGY ADVOCATE

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IDAHO PUBLIC
UTILITIES COMMISSION

May 21, 2014

To: Idaho Public Utilities Commission

From: Ken Miller, Clean Energy Program Director, Snake River Alliance

Re: Snake River Alliance Comments on Idaho Power's Petition to Temporarily Suspend Its PURPA Obligation to Purchase Energy Generated By Solar-Powered Qualifying Facilities (QFs), Case No. IPC-E-14-09.

The Snake River Alliance provides these comments in the above-referenced case, IPC-E-14-09, Idaho Power's Petition to Temporarily Suspend Its PURPA Obligation to Purchase Energy Generated By Solar-Powered Qualifying Facilities (QFs), and Commission Order No. 33039 setting a May 21, 2014, public hearing and public comment deadline in response to Idaho Power's petition.

Introduction and Procedure

Idaho Power petitioned the Idaho Public Utilities Commission on May 13, 2014, seeking relief for what Idaho Power describes as a potential deluge of solar power contracts by qualifying facilities (QFs) under the federal Public Utility Regulatory Policies Act (PURPA). The Commission placed Idaho Power's petition on its May 19 decision meeting agenda. During that meeting, the Commission decided to conduct a public hearing two days later, on May 21, 2014, and to receive public comments by the same date.

The Alliance understands the purpose of the May 21 public hearing (and written comments) is to consider "narrow questions" raised by Idaho Power in its petition, including:

- Whether the Commission should immediately issue an order temporarily suspending Idaho Power's obligation under PURPA to enter into contracts to purchase energy generated by qualifying solar-powered QFs;
- Alternatively, whether the Commission should issue an Order directing Idaho Power to include an appropriate solar integration charge in PURPA contracts with solar QFs.

Order No. 33039 further states: "The Commission is interested in testimony regarding whether the need to suspend solar contract negotiations is immediate; whether expedited relief is truly necessary; and whether other interim measures are available or appropriate that would allow solar development

and contract negotiations to continue as Idaho Power's solar integration study is concluded and presented to the Commission for review." The Order further stated that "debate regarding whether and what type of solar integration charge may be appropriate will occur at a later date in a subsequent proceeding."

The Alliance does not believe the Commission should issue an order suspending Idaho Power's solar purchase obligations under PURPA. Also, the Alliance is unsure how an "appropriate integration charge" can be included in solar PURPA contracts until such time that a thorough integration study is completed.

Respecting the parameters set by the Commission as described above, the Alliance has concerns about the Petition itself and the process addressing the Petition to date.

Idaho Power's proclaimed solar QF contract emergency is largely self-inflicted. The Company has known for at least two Integrated Resource Plan cycles that the day would come when the demand by solar developers for contracts would collide with the absence of established integration costs that could be used to negotiate those contracts. Yet it did not begin the solar integration study and analysis until mid-2013, effectively painting the Company into the corner in which it now finds itself. If there is a crisis in dealing with solar QF contracts (which have yet to materialize in a form ready for submittal to the PUC), it was created mostly by Idaho Power and not by those pursuing such contracts. In addition, as Idaho Power acknowledges in its Petition at P. 8, the Commission has already approved an Idaho Power solar contract *without including solar integration costs* (IPC-E-11-10).

Idaho Power describes on P. 11 of its Petition what it views as a "run on the bank" by solar developers attempting to secure favorable contracts in advance of completion of the integration study: "On Monday, May 12, 2004, (sic) the 'run-on-the-bank' was confirmed. At approximately 3:00 p.m. Idaho Power sent e-mail correspondence along with updated and superseding draft contracts containing a solar integration charge to the four solar QF projects that had previously received draft contracts. Just minutes later, at approximately 3:05 p.m., as mentioned above, Idaho Power took delivery of a duplicated draft contract, duplicated from a previously provided contract for a different solar QF project..." Left unsaid is how contracts containing solar integration charges were developed prior to completion of Idaho Power's solar integration study.

Regarding the Commission's narrow construction of the issues to be considered during the May 21 hearing, the Alliance is concerned that it is impractical if not impossible to decouple "the type of solar integration charge" to be appropriate from the question of whether the Commission should suspend Idaho Power's PURPA obligations or include an appropriate solar charge in PURPA contracts with solar QFs. The expected solar charge will by necessity be informed by the results of the uncompleted solar integration study; the issue of the level of an integration charge is directly linked to the "type of integration charge" the Commission will ultimately consider.

Therein lies an important point at this stage of IPC-E-14-09: Idaho Power not only does not have an "appropriate integration charge," it is nowhere near the point where it can attempt to or implement one for contract purposes. Delaying the processing of legitimate QF PURPA contracts because Idaho Power is not yet prepared to establish the integration charge that it says is required is not the fault of the QFs.

Idaho Power has already taken one bite out of the regulatory apple in its attempts to repel additional residential or utility-scale solar generation and integration to its system, the first being the residential net metering case. Its attempt to unilaterally forestall any new solar QF contracts pending completion of its solar integration study is unconvincing for several reasons:

- Barring a change in methodology, Idaho Power's solar integration study may well be flawed when it is presented to the Commission. As with its wind integration study, Idaho Power acknowledges that it is examining only integration *costs* and not the obvious benefits of having load-following solar energy on Idaho Power's system. Idaho Power agrees that solar's load-following attributes are much different from those of a resource such as wind: "Solar QFs receive an avoided cost price that is much higher than other QF resources, particularly the other intermittent resource (wind) because solar QF's generation profile is a much better match to the Company's need to serve load." (Petition at P. 6).
- The Alliance acknowledges the Commission's caution of what it will consider at the May 21 hearing, but we struggle to accept that a case built primarily on an unfinished solar integration study cannot be considered given the nature of the study itself, particularly if the study is to be considered in a decision on whether to suspend Idaho Power's legal obligations under PURPA. Idaho Power witness Randy Allphin testified that the "potential integration costs associated with the 501MW of solar is approximately \$146,181,685," but that estimate is based on a \$6.50 wind integration cost, not as a result of any analysis of solar integration costs. So Idaho Power is asking the Commission to consider an estimate without foundation for another resource with completely different characteristics than solar. The fact is, Idaho Power has yet to identify the cost of solar integration, making it impossible to consider such costs for purposes of new solar contracts when or if they arrive at Idaho Power's door.
- Regardless, two days is insufficient time for any person or party *other than Idaho Power* to provide the quality of comments they otherwise would if allowed adequate time to do so. As evidenced by Idaho Power's application and the accompanying testimony of Mr. DeVol and Mr. Allphin, Idaho Power had as much time as it felt necessary to prepare this Petition. No other party has had that luxury to digest let alone respond to the Petition. This is the second time within the space of two years that Idaho Power has surprised its customers and others with legitimate interests in the issues in this case, but also to catch the Commission itself completely by surprise. Idaho Power's application and entreaty for immediate relief provide no compelling reason for the Commission to foreclose adequate public participation in this case.
- For example, the Alliance finds itself disadvantaged with respect to its ability to fully participate in this case due to the highly unusual processing of this case in the six days since the petition was filed. While we acknowledge the unusual schedule established by the Commission comports with Commission Rule 256, which allows a hearing to be scheduled "at least" two days after the decision to hold it, such a tight deadline is unreasonable. For instance, while the hearing was set for two days after the May 19 decision meeting, and while Order No. 33039 states, "The Company's customers and any other interested members of the public are encouraged to attend

and give testimony.” It is unreasonable to expect that customers and members of the public even know the hearing is taking place, regardless of the Commission’s May 19 news release, which was not posted on the Commission’s website until the morning of May 20 – just one day before the hearing. Furthermore, Order No. 33039 states that, while hearings are held in accordance with the Americans with Disabilities Act (ADA), “Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for *assistance must be received at least five (5) working days before the hearing* by contacting the Commission secretary at ...” A news release posted on the Commission website the day before the hearing does not allow ample time for the Commission to comply with this portion of its own Order.

- There is no firmly demonstrated pending crisis with regard to Idaho Power solar PURPA contracts that may or may not show up. In fact, Idaho Power has no solar PURPA contracts at all that are ready for PUC review. The Company did not reconcile in its Petition the apparent discrepancy between its claim that it faces more than 500MW of solar contracts that, according to Mr. Allphin’s testimony at P. 4, are from “serious developers, with real projects, and not just ‘tire-kickers,’” and its claims during its Integrated Resource Plan processes that it cannot include solar generation as a supply side resource because it cannot determine whether those solar projects will ever materialize. Idaho Power witness DeVol’s testimony affirms the uncertain nature of even the most broad range of integration costs: “I do not have any final cost numbers or estimates for solar integration costs on Idaho Power’s system, as the (integration) study has not advanced to that point at this time..”

Under normal circumstances, the Alliance would appear before the Commission to offer oral comments at the May 21 hearing. We understand and appreciate the Commission’s position that written comments will carry the same weight as oral comments. Yet we believe the opportunity to provide direct oral comments is crucial in allowing members of the public, including those most affected by the issues presented in this case, to appear before the Commission cannot be overstated. The Alliance’s executive director and its program staff are currently in Washington, D.C., on Alliance business and will not return until the Memorial Day weekend. Therefore, while the Alliance intends to petition the Commission for intervenor status in this case depending on how it progresses, the Alliance believes it will be deprived of the opportunity to fully participate in this stage of this case inasmuch as it cannot be present at the May 21 hearing.

The Alliance understands why Idaho Power and the Commission feel there is a sense of urgency in accelerating the processing of IPC-E-14-09. However, for the reasons stated above we must object to a schedule that not only short-circuits adequate public participation in a case of such enormous public interest and consequence, but also a case based squarely on Idaho Power’s unilateral claim of yet another pending PURPA train-wreck, which facts currently before the Commission do not appear to support, and if they did we believe the current, seemingly chaotic situation would be largely of the Company’s making.

Respectfully submitted,

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ELECTRONIC DELIVERY

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