

KRISTINE A. SASSER  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0357  
BAR NO. 6618

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UTILITIES COMMISSION

Street Address for Express Mail:  
472 W. WASHINGTON  
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )	
IDAHO POWER COMPANY FOR APPROVAL )	CASE NO. IPC-E-14-24
AND IMPLEMENTATION OF SCHEDULE 73, )	
COGENERATION AND SMALL POWER )	COMMENTS OF THE
PRODUCTION. )	COMMISSION STAFF
)	
)	

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**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 33136 on September 24, 2014, in Case No. IPC-E-14-24, submits the following comments.

### BACKGROUND

In Case No. GNR-E-11-03, several parties expressed an interest in the investor-owned utilities developing and adopting certain procedures to be used by QF developers and such utilities to negotiate and enter into power purchase agreements under PURPA. In Order No. 32697, the Commission directed the parties to participate in workshops "to begin to form a structure for fair and reasonable contracting procedures and rules." Draft proposed contracting procedures prepared by the utilities and certain QF developers were discussed at those workshops; however, a consensus on a complete set of contracting procedures to be used by all utilities was not reached.

During the course of the workshops, each utility expressed slightly different needs and abilities based on numerous internal factors, and thus each utility desired to manage the details of whatever tariff it might propose to the Commission for approval. Staff was optimistic that the proposal and adoption of similar tariffs might reduce the number of complaints filed with the Commission because the tariff would allow for more certainty in communications between the parties to the agreement. Staff also acknowledged that each utility's tariff would be slightly different to meet the utility's specific needs. Therefore, each utility was given the option of developing its own set of procedures to be used when it is negotiating and entering into contracts with QF developers.

On March 27, 2014, Avista Corporation filed proposed tariff revisions with the Commission in order to incorporate PURPA contracting procedures and timelines into its existing Cogeneration and Small Power Production Schedule. On May 30, 2014, with some modifications, the Commission approved Avista's proposed tariff (Schedule 62). The Commission also encouraged "the remaining utilities to consider progress made through the workshops and contemplate submission of a similar tariff that might eliminate or reduce the uncertainty that is somewhat inherent in negotiations between utilities and QFs." Order No. 33048 at 5.

Idaho Power responded to the Commission's suggestion on August 29, 2014, by filing an Application requesting that the Commission approve its proposed tariff Schedule 73, Cogeneration and Small Power Production Schedule - Idaho.

Idaho Power's proposed tariff will apply to all PURPA QFs that intend to connect to its system within the State of Idaho. Idaho Power's proposed Schedule 73 was drafted to closely match Avista's approved Schedule 62, and the majority of Schedule 73 is identical to Avista's Schedule 62, including the identified contracting procedure "steps" and the time period set forth for response/action in each step. Idaho Power states that several changes were made to reflect differences between Idaho Power and Avista, but for all intents and purposes, the schedules are essentially the same.

Idaho Power's proposed tariff sets forth general information to be provided to the Company by a QF in Section 1.a under "Contracting Procedures." Within 20 days of the receipt of such information, Idaho Power will provide a QF with an indicative pricing proposal for the QF. Such pricing is not final or binding on either party and is intended to provide indicative pricing early in the process to enable the QF developer to make preliminary determinations regarding its proposed project.

Schedule 73, Section 1.d sets forth that the prices and other terms and conditions in the agreement are only final and binding upon full execution by the parties and approval by the Commission – or pursuant to a legally enforceable obligation determination by the Commission. This includes the Commission’s determination requiring the QF to deliver its electrical output within 365 days of a determination of a legally enforceable obligation. *Citing* Order No. 33048.

If a QF desires to proceed after receiving indicative pricing, the QF may request a draft energy sales agreement (ESA). Section 1.e sets forth the information the Company will need for the preparation of the draft ESA. Fifteen days after receipt of all information, the Company will provide the QF with a draft ESA. Within 90 days of receipt of the draft ESA, a QF will notify Idaho Power whether it accepts the terms and conditions and is ready to execute an ESA or that it has comments and proposed changes to the draft ESA. If a QF seeks to provide comments or changes, Section 1.j sets forth guidelines to be used during such negotiations.

When both parties are satisfied with the draft ESA and the QF provides Idaho Power with evidence that interconnection will occur prior to the requested first energy date, Idaho Power shall provide the QF with a final, executable version of the ESA within 10 business days. The QF shall then have 10 business days to execute and return the final ESA to the Company. If the QF fails to meet the timelines in the proposed tariff, the procedures shall begin anew. *Citing* Section 1.n.

## **STAFF ANALYSIS**

Idaho Power’s proposed Schedule 73 was developed to closely match Avista’s approved Schedule 62. Although the two schedules are essentially the same, Idaho Power made several changes in drafting its own schedule. Those changes can be categorized into five types: adding content, deleting content, rewording content, redefining content, and tailoring content to fit Idaho Power. (The difference between Rewording Content and Redefining Content is that the former does not change the meaning of the content, whereas the latter gives new definitions and meanings to the content.) The table below presents a non-exhaustive list of examples for each type.

## Comparing Avista's Approved Schedule 62 and Idaho Power's Proposed Schedule 73

	<b>Avista's Approved Schedule 62</b>	<b>Idaho Power's Proposed Schedule 73</b>
Adding Content	"Customer" as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity (See Definitions)	<u>Customer</u> as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality, or other entity that owns an existing or proposed Qualifying Facility (See Definitions).
	It did not include discussion of "Designated Network Resource".	The Company's obligation to purchase Qualifying Facility electrical output from the Customer will be conditioned on the Facility being classified as a Company Designated Network Resource (See Contracting Procedures 2c).
Deleting Content	For options of levelized fueled rates, non-levelized fueled rates, levelized non-fueled rates, and non-levelized non-fueled rates, "[t]he resultant shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month" (See Rates).	Idaho Power deleted the sentence that "[t]he resultant shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month" for the corresponding rates (See Rate Options).
Rewording Content	"Point Of Common Coupling" (or PCC) means the point where the Customer's local electric power system connects to the Company's distribution system, such as the electric power revenue meter or at the location of the equipment designated to interrupt, separate or disconnect the connection between the Customer and the Company (See Definitions).	<u>Point of Delivery (POD)</u> is the location specified in the GIA (or Transmission Agreement) where the Company's and the Seller's (or third-party transmission provider's) electrical facilities are interconnected and the energy from the Qualifying Facility is delivered to the Company electrical system (See Definitions).
	"Power Purchase Agreement"	"Energy Sales Agreement (ESA)"
Redefining Content	"Integration Charges" means the integration charge applicable to wind generation approved by the Idaho Public Utilities Commission in Order No. 30500, or as superseded (See Definitions).	<u>Integration Charges</u> means the Commission-approved integration charge applicable to any intermittent generation resource, including but not limited to, wind and solar <sup>1</sup> generation (See Definitions).
	Fueled rates "shall apply to natural gas fueled Facilities....", whereas non-fueled rates "shall apply to Facilities that do not use natural gas as their primary fuel" (See Rates).	Fueled rates "shall apply to Facilities fueled with fossil fuels...", whereas non-fueled rates "shall apply to Facilities that do not use fossil fuels as their primary fuel" (See Rates Options).


<sup>1</sup> Staff notes that solar integration charges have not been approved yet by the Commission as of this writing. A technical hearing on this matter will be held November 13, 2014. Order No. 33137.

Tailoring Content	“Daily Shape Adjustment” means an adjustment to rates based on a difference between on-peak (6am to 10pm) rates of \$5 per MWh...(See Definitions).	<u>Daily Shape Adjustment</u> means an adjustment to rates based on a difference between Heavy Load rates and Light Load rates of \$7.28 per MWh as established in Commission Order No. 30415 (See Definitions).
	“Seasonal Factors” means a seasonal weighting of 0.84 for the period March through June, and 1.08 for the period July through February (See Definitions).	<u>Seasonal Factors</u> means a seasonal weighting of 0.735 for the months of March, April, and May, 1.20 for the months of July, August, November, and December and 1.00 for the months of January, February, June, September, and October (See Definitions).

## RECOMMENDATIONS

Staff has carefully reviewed Idaho Power’s proposed Schedule 73 and believes that it lays out a fair process with reasonable timelines to guide the negotiation of PURPA contracts. Staff concludes that the minor differences between Avista’s approved Schedule 62 and Idaho Power’s proposed Schedule 73 are either not material or alternatively, appropriate to tailor the content to Idaho Power. Staff recommends approval of Idaho Power’s Schedule 73 as proposed.

Respectfully submitted this 30<sup>TH</sup> day of October 2014.

  
Kristine A. Sasser  
Deputy Attorney General

Technical Staff: Rick Sterling  
Yao Yin


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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 30<sup>th</sup> DAY OF OCTOBER 2014, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-14-24, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

DONOVAN E. WALKER  
REGULATORY DOCKETS  
IDAHO POWER COMPANY  
P.O. BOX 70  
BOISE, ID 83707  
E-MAIL: [dwalker@idahopower.com](mailto:dwalker@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

RANDY C. ALLPHIN  
ENERGY CONTRACT ADMINISTRATOR  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [rallphin@idahopower.com](mailto:rallphin@idahopower.com)

  
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SECRETARY