

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER RAPER
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: DAPHNE HUANG
DEPUTY ATTORNEY GENERAL**

DATE: APRIL 10, 2015

**SUBJECT: IDAHO POWER’S APPLICATION TO APPROVE AMENDMENTS TO
POWER PURCHASE AGREEMENTS REGARDING THE MID-C
MARKET INDEX, CASE NO. IPC-E-15-10**

On April 2, 2015, Idaho Power Company filed an Application asking the Commission to approve Amendments to three Power Purchase Agreements (PPAs) with projects that reference Mid-Columbia (Mid-C) Market Energy Cost prices. Idaho Power asserts the Amendments are “virtually identical, and cover the same issue as those submitted and approved” in the settlement stipulation in Case No. IPC-E-13-15, and the First Amendment to Idaho Power’s Agreement with United Materials of Great Falls, Inc. in Case No. IPC-E-14-21. Application at 1.

BACKGROUND

The PPAs at issue in this case were approved in the following cases and Orders:

<u>Seller</u>	<u>Case Number</u>	<u>PPA Approval Order</u>
Raft River Energy I LLC	IPC-E-07-17	Order No. 30485
USG Oregon LLC	IPC-E-09-34	Order No. 31087
Hidden Hollow Energy LLC	IPC-E-05-29	Order No. 29928

See id. at 2. Raft River and Hidden Hollow are qualifying facilities (QFs) under the Public Utility Regulatory Policies Act (PURPA). Order Nos. 30485 at 2; 29928 at 1. USG Oregon’s PPA is not a PURPA contract. Order No. 31087 at 2.

Each of the three PPAs references a Market Energy Cost or Mid-C Market Energy Cost price. Application at 2. In the Hidden Hollow PPA, Market Energy Cost is defined with reference to the Dow Jones Mid-C Index prices for non-firm energy, and correlates to Idaho

Power's Schedule 86 for Cogeneration and Small Power Production of Non-Firm Energy. *Id.* In October 2013, the Dow Jones Mid-C Index was discontinued. *Id.*

On October 24, 2013, Idaho Power filed a tariff advice to update its tariff Schedule 86 to replace the old reference to the market index. Order No. 32945. The matter was processed under Modified Procedure in Case No. IPC-E-13-25. The parties to that case executed a stipulation to change the market index reference to the "Intercontinental Exchange ("ICE") Mid-Columbia Index." Application at 3. The stipulation included a "revised formula for calculating the non-firm price in Schedule 86." *Id.* The parties also agreed "to amend the [PPAs] between Idaho Power and each intervening party to reference the newer ICE index using the same language as, and consistent with, the Schedule 86 language agreed upon in the Stipulation." *Id.*

The Commission approved the stipulation in Order No. 33053. In that Order, the Commission found it reasonable to allow amendment of any other existing PPA with Idaho Power that contains reference to "the Dow Jones non-firm Mid-C electricity price index," and "to amend their respective agreements consistent with the terms of this Settlement Stipulation." Order No. 33053 at 4.

PROPOSED AMENDMENTS

Idaho Power has agreed, with the applicable sellers, to amend the three PPAs to include the reference to the ICE index and revised formula, adopted for Schedule 86, as approved in IPC-E-13-25. Application at 3. The Amendments provide for the switch to and use of the agreed upon ICE index, from the time that the Dow Jones index was discontinued. *Id.*

Idaho Power made a similar request in Case No. IPC-E-14-21. In that case, Staff recommended that the Commission approve the proposed Amendments without further process. Idaho Power asks that its proposed Amendments in this case be approved upon Staff's review, without further process.

STAFF RECOMMENDATION

Consistent with the Commission's prior Orders referenced herein, and Staff's recommendation in Case No. IPC-E-14-21, Staff recommends that the proposed Amendments in this case be approved without further process.

COMMISSION DECISION

Does the Commission wish to approve the Amendments without further process?

Daphne Huang
Daphne Huang
Deputy Attorney General

M:IPC-E-15-10_djh