

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DAPHNE HUANG
DEPUTY ATTORNEY GENERAL

DATE: MARCH 21, 2016

SUBJECT: IDAHO POWER'S APPLICATION TO APPROVE SECOND AMENDMENT TO ITS FIRM ENERGY SALES AGREEMENT WITH NEW ENERGY ONE, LLC, CASE NO. IPC-E-16-04

On March 17, 2016, Idaho Power Company filed an Application asking the Commission to approve the Second Amendment to its Firm Energy Sales Agreement (FESA) with New Energy One, LLC. The FESA is a contract under the Public Utility Regulatory Policies Act (PURPA). This Amendment changes the Net Energy Amount notification process, similar to the process that the Commission recently approved for Idaho Power in more than 20 other Energy Sales Agreements. Idaho Power asks that the Commission approve its Application upon Staff's review and without further process. Application at 4.

BACKGROUND

The Commission approved Idaho Power's FESA with New Energy One in 2010. Order No. 32025. Under the FESA, Idaho Power purchases, and New Energy One sells, energy generated by the Rock Creek Dairy project near Filer, Idaho. Application at 2. Rock Creek Dairy is a qualifying facility (QF) under PURPA. *Id.* at 1. In 2014, the Commission approved a First Amendment to the FESA to change the definition of "Mid-Columbia Market Energy Cost," consistent with Order No. 33053. Order No. 33184.

PROPOSED AMENDMENT

In the Second Amendment to the FESA, Idaho Power and New Energy One propose a change in the Net Energy Amount notification process (paragraph 6.2 of the FESA), allowing monthly rather than quarterly updates. Application at 2. Under the amendment, New Energy One "can submit future revisions of its Monthly Net Energy Amounts on a monthly basis, with a minimum of 30 days' notice prior to the beginning of the next month, rather than once every

three months.” *Id.* at 3-4. Idaho Power indicates that, with this change, New Energy One “gains more clarity and flexibility in adjusting its estimated energy deliveries and Idaho Power maintains stability with the required year of monthly estimates as well [as] more accurate monthly forecasts, which are useful in the operational integration of QF generation.” *Id.* at 4.

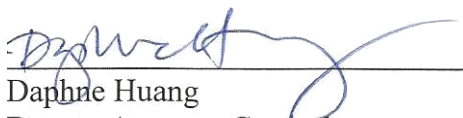
Since August 2014, the Commission has approved more than 20 Energy Sales Agreements between Idaho Power and QFs that allow QFs to change Monthly Net Energy Amounts on a monthly basis. *Id.* at 3. The Commission has also approved amendments to eight Energy Sales Agreements between Idaho Power and other QFs that include the same provision. Order Nos. 33102, 33103, 33104, 33156, 33191, 33240, 33358, and 33359. In Order No. 33102, the Commission stated, “we find that monthly, as opposed to quarterly, reporting of energy generation estimates is a reasonably negotiated term between the parties and not inconsistent with the Commission’s [earlier] guidance and findings.” Order No. 33102 at 6.

STAFF RECOMMENDATION

Given the limited scope of the amendment, and consistent with the Commission’s prior Orders, as cited above, Staff recommends that the request be approved without further process.

COMMISSION DECISION

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



Daphne Huang
Deputy Attorney General

M:IPC-E-16-04_djh