

DECISION MEMORANDUM

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

FROM: DAPHNE J. HUANG
DEPUTY ATTORNEY GENERAL

DATE: MAY 24, 2016

SUBJECT: IDAHO POWER'S APPLICATION TO UPDATE SOLAR INTEGRATION RATES AND CHARGES, CASE NO. IPC-E-16-11

On May 6, 2016, Idaho Power Company filed an Application asking the Commission for authority to update its solar integration rates and charges consistent with its completed 2016 Solar Integration Study. With its Application, the Company filed supporting testimonies by Philip B. DeVol, Senior Planning Analyst with Idaho Power, and Michael J. Youngblood, Idaho Power's Regulatory Affairs Projects Manager. The Company asks that its Application be processed by Modified Procedure.

BACKGROUND

Electric utilities that integrate solar generation into their systems incur costs based on the amount of solar generation integrated, and on the other (non-solar) resources used to provide needed operating reserves. Generally, the average cost of integrating solar generation increases as the electric system's nameplate solar generation increases. Where the utility has contracted to purchase solar power under the Public Utility Regulatory Policies Act (PURPA), the rates for such power must not exceed the utility's "avoided cost" – what the utility would have incurred had it generated or acquired the power elsewhere. If solar integration costs are not calculated and properly allocated to these PURPA project developers, those costs will be impermissibly passed onto utility customers in the avoided costs.

In February 2015, the Commission approved a settlement stipulation which implemented solar integration rates and charges for Idaho Power based on the Company's first solar integration study, completed in 2014. The solar integration rates and charges were set forth in a new tariff Schedule 87, Variable Generation Integration Charges, at the incremental cost of