



Case No. IPC-E-16-11, Order No. 33563

Contact: Gene Fadness (208) 334-0339, 890-2712

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PUC adopts updated integration costs to solar developers

BOISE (August 12, 2016) – New solar developers will be paying significantly less to integrate their generation into Idaho Power Company's transmission and distribution system under new integration rates approved by the Idaho Public Utilities Commission this week.

The solar integration charge paid by developers applies only to larger solar projects that enter into contracts with Idaho Power. It does not apply to smaller projects, such as residential and commercial rooftop solar.

Electric utilities incur costs based on the amount of solar generation added to their distribution and transmission system. Part of those integration costs are incurred when utilities need to provide back-up generation if solar output is less than anticipated.

In February 2015, the commission approved a settlement that adopted solar integration costs developers pay Idaho Power based on a 2014 study completed by the utility. However, the parties to that settlement did not agree on the tariffs recommended by the study. As part of the settlement, Idaho Power agreed to conduct a second study using a Technical Review Committee comprised of staff from the Idaho and Oregon public utility commissions, Idaho Power, and a technical expert designated by each of the parties to the settlement, which also included the Sierra Club, Idaho Conservation League and the Snake River Alliance.

The integration costs approved by the commission this week incorporate the results of the second study, which includes an updated tariff for each 100 MW of solar generation up to 1600 MW. (Idaho Power currently has 40 megawatts of solar generation online and another 290 MW under contract to be online by the end of this year.) At a total solar penetration of between 301 and 400 MW, the integration tariff to solar developers is 54 cents per megawatt-hour for a non-levelized contract signed this year. That compares to \$2.63 per MWh using the 2014 study. Between 401 and 500 MW of penetration, the new tariff is 71 cents per MWh compared to the 2014 tariff of \$3.31.

The Idaho Conservation League (ICL) and Renewable Northwest (RN) supported the changes Idaho Power made to its methodology to compute the tariff, but said the tariff should be based on an average rate rather than incremental approach that increases the rate for every 100 megawatts of solar generation added. That's because future projects may have features that reduce integration costs, according to the ICL and RN. However, the commission declined to adopt that recommendation because averaging costs would "work to the detriment of early projects and to the benefit of later developers." Integration costs to developers are determined at the time they sign the contract with Idaho Power and remain fixed for the duration of the contract. Subsequent changes to the tariff rate as solar integration increases would apply only to new contracts.

ICL and RN also requested that the methodology adopted by Idaho Power in its updated solar integration study be used to update the utility's wind integration study. However, the commission said the "notable differences" between wind and solar generation make it impracticable to apply the solar study to wind integration.

The commission said the integration tariff should be updated frequently to account for changes that could be impacted by:

- The potential impact of Idaho Power joining the Western Energy Imbalance Market;
- Transmission changes, such as completion of the Boardman to Hemingway transmission line;
- Resource changes or additions, including generation received through customer participation in demand response programs;
- Energy storage;
- The combined effects of new solar and new wind;
- Changes in gas/fuel prices;
- The effects of distributed generation and community solar projects as they develop.

The commission's order, along with the updated solar integration study and accompanying charges, is available on the commission's website at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. IPC-E-16-11.

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