

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY TO) CASE NO. IPC-E-16-35
APPROVE THE FIRST AMENDMENT TO)
ITS ENERGY SALES AGREEMENT FOR)
THE AMERICAN FALLS SOLAR II, LLC) ORDER NO. 33719
PROJECT)**

On December 22, 2016, Idaho Power Company filed an Application asking the Commission to approve the First Amendment to its Energy Sales Agreement (ESA) with American Falls Solar II, LLC (American Falls II). The ESA is a contract under the Public Utility Regulatory Policies Act (PURPA). The Amendment deletes an inapplicable provision, corrects a typographical error, updates and corrects information in the ESA’s Appendix B, and adds an Appendix I regarding net energy allocation.

The Commission issued a Notice of Application and Notice of Modified Procedure setting a 21-day comment period. Order No. 33687. Commission Staff timely filed the only written comments. The Company did not file a reply. The Commission now approves the Application.

BACKGROUND

Under PURPA, electric utilities must purchase electric energy from “qualifying facilities” (QFs) at purchase or “avoided cost” rates approved by this Commission. 16 U.S.C. § 824a-3; *Idaho Power Co. v. Idaho PUC*, 155 Idaho 780, 789, 316 P.3d 1278, 1287 (2013). The Commission has established two methods for calculating avoided cost, depending on the size of the QF project: (1) the surrogate avoided resource (SAR) methodology, used to establish “published” avoided cost rates; and (2) the integrated resource plan (IRP) methodology, to calculate avoided cost rates for projects exceeding published rate limits. *See* Order No. 32697 at 7-8. Published rates are available for wind and solar QFs with a design capacity of up to 100 kilowatts (kW), and for QFs of all other resource types with a design capacity of up to 10 average megawatts (aMW). *Id.*; *see also* 18 C.F.R. § 292.304(c).

The Commission approved Idaho Power’s ESA with American Falls II in 2014. Order No. 33201. Under the ESA, Idaho Power purchases and American Falls II sells energy generated by American Falls II’s solar Facility – a PURPA QF – near American Falls, Idaho.

Application at 2. The ESA contains prices based on the IRP avoided cost methodology. *Id.* at 2-3.

PROPOSED AMENDMENT

In the Amendment, Idaho Power and American Falls II agree to delete Article 3.3 of the ESA, which provides that American Falls II will “take such steps as may be required to maintain the [QF’s] status” as a solar published rate facility. *Id.* at 2; *see* Attachment 1 to Application in Case No. IPC-E-14-34 at 10 (ESA Art. 3.3). As noted in the Application here, the Facility “exceeds the eligibility threshold for published avoided cost rates,” thus the language of Article 3.3 does not apply. Application at 2.

The Company and American Falls II also agree to correct Article 7.4 of the ESA to include the word “Percentage,” inadvertently omitted from the second sentence which should read, “All pricing contained within Appendix E for the current applicable month(s) will be multiplied by the Pricing Adjustment *Percentage*” *Id.* at 3 (emphasis added). In addition, the Facility’s physical characteristics have changed since the Commission approved the ESA, which describes the Facility’s configuration, design, and construction in its Appendix B-1. *Id.* Accordingly, the Company and American Falls II agree Appendix B will include “a more generalized Facility description” that is consistent with the QF’s Generator Interconnection Agreement (GIA). *Id.* at 2, 4.

Finally, the Amendment adds Appendix I, Net Energy Allocation. Idaho Power states that the Facility “utilizes an interconnection that is shared with another project, American Falls Solar, LLC.” *Id.* at 4. Idaho Power has a single point of delivery (POD) and revenue meter for the two facilities that measures the total Net Energy of both projects. *Id.* “Appendix I establishes the method for determining each project’s Net Energy deliveries,” for administration of the ESA. *Id.* The Company states that the changes in the Amendment “have no material effect to the [ESA’s] terms and provisions . . . and [would] not alter the [ESA’s] performance requirements or pricing,” but are proposed for the ESA’s proper administration and enforcement. *Id.* at 5.

STAFF COMMENTS

Staff believes that Idaho Power’s methodology – to proportionately allocate total net energy according to the contributions of this project and American Falls Solar – is a reasonable mathematical approach. Also, Staff believes the proposed changes have no material effect on the

terms and provisions of the original agreement and do not alter the ESA's performance requirements or pricing. Staff thus recommended that the Commission approve the proposed changes.

DISCUSSION AND FINDINGS

The Idaho Public Utilities Commission has jurisdiction over Idaho Power, an electric utility, and the issues raised in this matter under the authority and power granted it under Title 61 of the Idaho Code, specifically *Idaho Code* §§ 61-502, 61-503, and PURPA. The Commission has authority under PURPA and Federal Energy Regulatory Commission (FERC) regulations to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.

The Commission has reviewed the record in this case, including the Company's Application and Amendment, and the comments and recommendations of Commission Staff. We find that the proposed changes in the Amendment correct or otherwise properly address the concerns they were intended to address. Also, the proposed changes do not materially impact the ESA's terms and conditions, nor do they change the ESA's performance requirements or pricing. Further, we find that the Company's methodology to allocate total net energy between American Falls Solar and American Falls Solar II is reasonable. We therefore approve the Amendment without change or condition.

ORDER

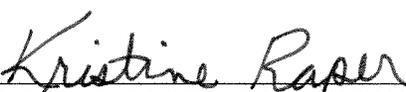
IT IS HEREBY ORDERED that Idaho Power Company's Application to amend its Energy Sales Agreement with American Falls Solar II is approved.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

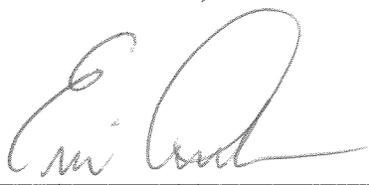
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22ND
day of February 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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