

DAPHNE HUANG
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0318
IDAHO BAR NO. 8370

RECEIVED
2017 FEB -9 AM 11:45
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Daphne Huang, Deputy Attorney General, and submits the following comments.

BACKGROUND

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.

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 costs, 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 (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.

On December 1, 2016, Idaho Power and American Falls II entered into an agreed Amendment to their ESA, subject to this Commission’s approval. Application at 1. 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 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.

Also in the Amendment, Idaho Power and American Falls II 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.

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 ANALYSIS

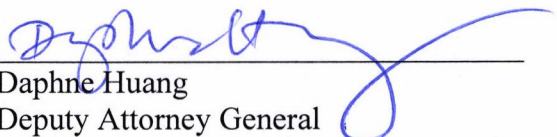
Since this project exceeds the eligibility threshold for published avoided cost rates, its prices are based on the incremental cost integrated resource plan (IRP) avoided cost methodology. Therefore, Staff agrees with Idaho Power that Article 3.3 in the original agreement does not apply to this project and should be removed. Also, Staff agrees with the Company that the word "percentage" was omitted from the second sentence in Article 7.4 and should be added back to avoid confusion. Staff reviewed the updates to the facility's description in Appendix B-1 and agrees with the proposed changes.

In addition, Staff examined Idaho Power's proposed methodology to proportionately allocate total net energy according to the contributions of this project (American Falls Solar II), and American Falls Solar, which share an interconnection. Staff believes Idaho Power's methodology is a reasonable mathematical approach to accomplish proper energy allocation.

RECOMMENDATIONS

The changes proposed in the Amendment have no material effect to the terms and provisions of the original agreement, and do not alter the performance requirements or the pricing. Staff recommends that the Commission approve all the changes proposed in the Amendment.

Respectfully submitted this 9th day of February 2017.



Daphne Huang
Deputy Attorney General

Technical Staff: Yao Yin

i:umisc:comments/ipce16.35djhy comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 9TH DAY OF FEBRUARY 2017, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-16-35, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

DONOVAN WALKER
LEAD COUNSEL
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: dwalker@idahopower.com
dockets@idahopower.com

MICHAEL T DARRINGTON
ENERGY CONTRACTS LEADER
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: mdarrington@idahopower.com

AMERICAN FALLS SOLAR LLC
CAPITAL DYNAMICS INC
645 MADISON AVE 19TH FL
NEW YORK NY 10022
E-MAIL: krasmussen@capdyn.com
jfaltis@capdyn.com
stephanie.hoevermann@nordlb.com



SECRETARY

CERTIFICATE OF SERVICE