

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION |) | |
| OF IDAHO POWER COMPANY TO |) | CASE NO. IPC-E-16-37 |
| APPROVE THE FIRST AMENDMENT TO |) | |
| ITS ENERGY SALES AGREEMENT WITH |) | ORDER NO. 33695 |
| <u>ORCHARD RANCH SOLAR, LLC</u> |) | |

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 Orchard Ranch Solar, LLC (Orchard Ranch). The ESA is a contract under the Public Utility Regulatory Policies Act (PURPA). The Amendment deletes an inapplicable provision, corrects a typographical error, and updates and corrects information in the ESA's Appendix B. Idaho Power asks that the Commission approve its Application upon Staff's review and without further process. Application at 4.

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 Orchard Ranch in 2014. Order No. 33202. Under the ESA, Idaho Power purchases and Orchard Ranch sells energy generated by Orchard Ranch's solar facility (Facility) – a PURPA QF – near Murphy, Idaho. Application at 2. The ESA contains prices based on the IRP avoided cost methodology. Application at 2-3.

PROPOSED AMENDMENT

In the Amendment, Idaho Power and Orchard Ranch agree to delete Article 3.3 of the ESA, which provides that Orchard Ranch 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-14-36 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, 3.

The Company and Orchard Ranch 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). Finally, the parties agree to changes to Appendix B of the ESA to update the description of the Facility and correct the description of its location. *Id.* at 3-4. The Facility’s physical characteristics have changed since the Commission approved the ESA. *Id.* at 3. Accordingly, the Company and Orchard Ranch agree to amend Appendix B to include “a more generalized Facility description” and a corrected location of the facility. *Id.* at 3-4. The Company states the changes in the Amendment would “have no material effect to the terms and provisions of the ESA and [would] not alter the performance requirements or pricing” in the ESA. *Id.* at 4.

STAFF RECOMMENDATION

Staff believes the proposed changes are limited in scope and have no substantive impact on the ESA. Accordingly, Staff recommended that the Company’s request be approved without further process.

DISCUSSION AND FINDINGS

The Commission has jurisdiction over this matter under Title 61 of the Idaho Code, specifically *Idaho Code* § 61-503, and PURPA. We find the proposed corrections and updates in Idaho Power’s ESA with Orchard Ranch to be reasonable and appropriate. In addition, we find that no further process is needed and thus approve the Amendment as proposed.

ORDER

IT IS HEREBY ORDERED that Idaho Power’s Application to approve the First Amendment to its Energy Sales Agreement with Orchard Ranch Solar, LLC is approved without change or condition.

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 13th
day of January 2017.


PAUL KJELLANDER, PRESIDENT


KRISTINE RAPER, COMMISSIONER


ERIC ANDERSON, COMMISSIONER

ATTEST:


Diane M. Hanian
Commission Secretary

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