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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER FOR APPROVAL OF AN)	CASE NO. IPC-E-19-07
ENERGY SALES AGREEMENT WITH)	
RAVENSCROFT HYDRO FOR ENERGY FROM)	COMMENTS OF THE
THE MALAD RIVER HYDRO PROJECT)	COMMISSION STAFF
)	
)	

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Edward Jewell, Deputy Attorney General, submits the following comments.

BACKGROUND

On February 27, 2019, Idaho Power Company (“Idaho Power” or “Company”) filed an Application seeking approval of an Energy Sales Agreement (“ESA” or “Agreement”) with Ravenscroft Hydro for energy generated by the Malad River Hydro Project (“Facility”). The Facility is a qualifying facility (“QF”) under the Public Utility Regulatory Policies Act of 1978. *Id.* The Facility is a 1.17 MW nameplate capacity hydro facility near Tuttle, Idaho.

The Facility has been delivering energy to Idaho Power under a power sales agreement dated September 2, 1982, which expires April 30, 2019. The Facility has a scheduled First Energy Date under the ESA of May 1, 2019.

The Agreement is for a 20-year term with published non-levelized, non-seasonal hydro avoided cost rates. The ESA contains capacity payments for the entire term of the Agreement.

The Agreement contains the 5-Day Ahead provision for 90/110 generation estimates as approved by the Commission in Order No. 34263.

The Company requests the Commission issue an Order accepting or rejecting the ESA and, if accepted, declaring all payments for purchases of energy under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

STAFF ANALYSIS

Staff recommends approval of the proposed ESA between Idaho Power and Ravenscroft Hydro. Staff's justification is based upon review of the ESA, which focused on: (1) the 90/110 rule; (2) eligibility for, and the amount of, capacity payments; (3) verification of non-seasonal hydro status; and (4) adherence to the capacity size threshold to qualify for published rates.

90/110 Rule

Qualifying facilities provide a monthly estimate of the amount of energy they expect to produce. If the QF delivers more than 110 percent of the estimated amount, energy delivered in excess of 110 percent is priced at the lesser of 85 percent of the market price or the contract price. If the QF delivers less than 90 percent of the estimated amount, total energy delivered is priced at the lesser of 85 percent of the market price or the contract price. Order No. 29632. Staff verified that this provision is included in the ESA.

The ESA adopted a five-day advance notice, instead of one-month, for adjustments to monthly generation estimates used for the 90/110 performance band. A change in the amount of advance notice was first proposed and subsequently approved in a renewal ESA between Simplot, Co. and Idaho Power in Case No. IPC-E-19-01. Consistent with Commission Order No. 34263, Staff recommends approval of the 5-Day Ahead provision in this case for similar reasons, as described below.

Staff determined that a 5-Day Ahead provision to revise energy delivery estimates is reasonable and could potentially be more accurate for the Company to use in its short-term planning as they enter into the delivery month. The facility has been delivering energy to the Company since the 1980's and has extensive historical production data that the Company can use for both short-term and long-term planning. In future requests where QF historic generation data

is absent, Staff plans to investigate if it is reasonable to reduce the notification period for revisions to monthly generation estimates.

Capacity Payment

“If a QF project is being paid for capacity at the end of the contract term, and the parties are seeking renewal/extension of the contract, the renewal/extension includes immediate payment of capacity.” Order No. 32697. Staff verified that this project is being paid for capacity at the end of the original contract, and thus the proposed avoided cost rates are allowed to include capacity payment for the full term of the replacement contract.

Non-Seasonal Hydro Status

A "seasonal hydro" project is a hydro generation facility that produces at least 55% of its annual generation during the months of June, July, and August. Staff verified that this project does not generate 55% of its annual generation during the three months according to the Monthly Estimated Net Energy Amounts provided, and thus it is categorized as a “non-seasonal hydro” project. Staff confirmed that the ESA is based on the avoided cost rates of non-seasonal hydro resources.

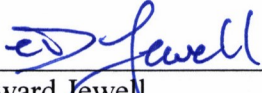
Capacity Size Threshold

In order for a hydro project to qualify for published rates, the project capacity cannot exceed 10 aMW. Project capacity is determined on a monthly basis under normal or average design conditions. In other words, the maximum monthly generation that qualifies for published rates is capped at the total number of hours in the month multiplied by 10 MW. Order No. 29632 at 14. This project has a 1,169 kW nameplate capacity and therefore produces less than 10 aMW on a monthly basis under normal or average conditions. Staff verified the project is eligible for published avoided cost rates.

STAFF RECOMMENDATION

Staff recommends the Commission approve the ESA. Staff also recommends the Commission declare Idaho Power's payments to Ravenscroft Hydro for the purchase of energy generated by the Malad River hydro project under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this ^{10th} day of April 2019.



Edward Jewell
Deputy Attorney General

Technical Staff: Rachelle Farnsworth
Travis Culbertson
Yao Yin

i:umisc/comments/ipce19.7ejyyrfnc comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 10TH DAY OF APRIL 2019, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-19-07, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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