

June 28, 2015

To: Idaho Public Utility Commission, Regarding Case IPC-E-15-01

From: Courtney White

As an Idaho Power customer and business person, I urge the IPUC to decline application IPC-E-15-01 requesting a tenfold reduction in the term of PURPA agreements. Declining the application best serves the long-term interests of customers for several reasons:

1) **Competition fosters competitive costs.** The avoided cost policy already ensures only cost-effective capacity is added. Customers cannot benefit from the advantageous trends in renewable energy or the cost-pressure inherent to competitive markets if utilities are allowed to impede the development of resources not owned by the utility.

2) **Approving the application would create an additional incentive for utilities to over-aggressively add infrastructure in order to preempt PURPA applications, thereby leading to higher costs over time.** Public utilities already have an incentive to over-build utility-owned infrastructure to the exclusion of others. As Carl Pechman summarized in his book "Regulating Power":

"Rate of return regulation creates unique incentives for public utilities. These incentives have traditionally resulted in utilities being biased toward investment in generation to provide service to their customers to the exclusion of other resource options."

Balancing market forces is always a challenge in a regulated industry, but this application doesn't balance those forces - it tilts them. It augments the incentive for utilities to over-build.

3) **PURPA is the law.** IPC has long vocalized its lack of fondness for PURPA, but we all have to follow laws we don't like. The application before the PUC does not present unique and compelling reasons to circumvent the law. Is it really IPC's belief two-year terms are ideal for any capital investment in energy infrastructure, whether by the utility or by renewable energy developers? Then there should be an earnest discussion of the utility's spectrum of long-term obligations rather than an application uniquely targeting investments not owned by the public utility.

4) **Developers of renewable energy should not be punished by IPC's choice to not plan for growth in PURPA projects.**

If the Integrated Resource Plan represents the company's best projection of demand and supply-side resources, the IPC-E-15-01 is unfounded because IPC communicates in the 2015 Draft IRP that it expects no new PURPA capacity from 2017 - 2034. If IPC does actually expect additional PURPA projects, then the IRP is a misleading projection of our supply-side resources.

IPC states its policy on page 53 of the 2015 IRP Advisory Council Meeting presentation (January 8, 2015):

"Idaho Power has no control over new PURPA Project development, therefore Idaho Power does not include any assumptions as to what new PURPA projects may or may not materialize."

With regard to the Capacity Planning projections, Idaho Power DOES inherently make assumptions, it assumes zero growth in PURPA. The 2013 IRP, for example, forecasts increasing

peak-hour load, but forecasts ZERO GROWTH in PURPA capacity from 2014 to 2032. These capacity planning projections were used by IPC in its advocacy for investment in Bridger coal capacity.

Secondly, lacking control is not a reason to omit expected changes in the planning process. In business, we project and plan for growth by competitors all the time. In a free market, the company that fails to plan bears the consequences. I urge the PUC not to force renewable energy developers to bear the burden of IPC's choice not to plan for growth in PURPA applications.

5) **The growth in renewable energy projects is not a surprise.** Over the past planning period, there have been endless publications projecting and documenting the growth of renewables. From a global perspective, McKinsey & Company summarizes in their June 2015 article:

"In 2014, nonhydro renewables accounted for almost half (48 percent) of net new power capacity. This was the third year in a row the figure was above 40 percent. Solar, in particular, is hitting its stride and has grown an average of almost 30 percent a year for the past decade."

I ask the PUC not to create roadblocks which deny customers and businesses the opportunity to benefit from renewable energy and the favorable trends associated with it.

6) **A push for short-term agility should be a push for distributed generation.** IPC has expressed concern that long-term obligations create undue risk. If retaining the ability to adapt-as-we go has value, then let's start a major effort toward renewable energy and distributed generation. Small-scale projects enable more agile adaptation to changing needs and economics.

The time has come for IPC to embrace PURPA as an integral part of our supply-side resources in Idaho. I deeply believe it is in my best interest as a customer for the PUC to decline the application before the PUC that would thwart competition, lead to higher costs over time, and deny customers the opportunity to benefit from rapidly improving renewable energy technologies.

Thank you sincerely for your thoughtful consideration.



THE CITY OF JEROME

June 23, 2015

Idaho Public Utility Commission
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UTILITIES COMMISSION

RE: IPUC Case No. IPC-E-15-01

Dear Commissioners,

The City of Jerome appreciates the opportunity to comment on Idaho Power's filing with the Public Utility Commission concerning shortening the length of PURPA contracts. We support Idaho Power's request to shorten the length of guaranteed contracts with solar developers from a 20-year term to a two-year term. We strongly believe Idaho Power will continue to provide reliable and affordable electricity to our residents. The requirement for twenty-year contracts is unreasonable due to the ever-changing market prices, energy markets and economic growth or recession.

We do not believe Idaho Power should have to buy electricity it may not need, and pass the cost of unneeded power on to its customers. The City of Jerome supports clean energy, and we are pleased to know that Idaho Power's electricity comes from clean, renewable hydro resources. However, moving toward a clean energy future should not come at the expense of reliability and affordability. The City of Jerome recognizes the efforts made by Idaho Power to keep power costs in line with current market rates.

The City of Jerome respectfully requests that you grant Idaho Power's petition to modify the terms and conditions and decrease the contract term to two years. This will enable Idaho Power to continue to provide quality service at a low cost.

Sincerely,

David M. Davis, Mayor
City of Jerome