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**Renewable
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2015 JUL -2 PM 4: 33

July 2, 2015

IDAHO PUBLIC
UTILITIES COMMISSION

RE: Case No. IPC-E-15-01, In the Matter of Idaho Power Company's Petition to Modify Terms and Conditions of Prospective PURPA Energy Sales Agreements;

Case No. AVU-E-15-01, In the Matter of Avista Corporation's Petition to Modify Terms and Conditions of Prospective PURPA Agreements;

Case No. PAC-E-15-03, In the Matter of the Petition of Rocky Mountain Power for Modification of Terms and Conditions of PURPA Power Purchase Agreements and for Modification of Its Avoided Cost Methodology

Renewable Northwest appreciates the opportunity to file public comment on applications filed by Idaho Power Company, Avista Corporation, and Rocky Mountain Power (collectively, the "Utilities") to lower the standard contract term for Qualifying Facilities ("QFs") under the Public Utility Regulatory Policies Act of 1978 ("PURPA"). The Utilities requested that the Idaho Public Utilities Commission ("Commission") reduce the standard contract term from 20 years to 2 or 3 years for all QF projects that exceed the published rate eligibility cap. As discussed in these comments, the Commission should deny the Utilities' applications in order to (1) encourage long-term fixed-priced contracts with stable prices for ratepayers; (2) promote local economic development in Idaho; and (3) broaden Idaho's options for complying with the Environmental Protection Agency's ("EPA") Clean Power Plan without any additional costs to Idaho ratepayers. If the Commission finds that a change is warranted, instead of shortening the contract length, the Commission should consider a variable component to the energy payment, as further described herein and in the Rebuttal Testimony of R. Thomas Beach.

If granted, the Utilities' applications would undercut one of the primary benefits of having PURPA projects as a part of utility portfolios: stable energy prices for ratepayers that result from having long-term, fixed-price contracts. Locking in the price of a QF contract over the long term provides ratepayers with rate stability and helps businesses better project their energy costs over a longer period of time. Long-term contracts with renewable QFs help insulate ratepayers from fluctuating fuel prices that fueled generating resources are subject to, and thus, provide a good hedge against volatile market prices.

PURPA does not have a rigid concept of what constitutes a long-term contract. However, based on our organization's 20+ years of experience in the renewable energy industry as well as informal surveying of our energy developer members, the industry norm for long-term contracts is at least 20 years. Not only does a shorter contract term make it more difficult to finance projects, it also prevents ratepayers from realizing the above-described benefits of long-term contracts with renewable QFs. Going all the way from a 20-year contract term to a 2- or 3-year contract term would increase rate instability and limit the ability of ratepayers to be supplied with energy at avoided cost rates.

Shortening the QF contract term as proposed by the Utilities would also deprive Idaho of economic development opportunities. QF projects are a source of economic development in Idaho that bring jobs and tax revenues to the local area. Moving away from a 20-year contract term would send a message that Idaho is no longer “open for business,” prompting QF project developers and the related jobs they support to look elsewhere for opportunities. It would also limit the opportunities available to the Utilities to earn additional revenues associated with the export of any excess generation.

In addition, moving away from a 20-year QF contract term would limit the State of Idaho’s options for complying with the EPA’s Clean Power Plan. The Clean Power Plan includes greenhouse gas (“GHG”) emissions reduction requirements applicable to each state, and directs states to develop plans to reduce GHG emissions from existing fossil fuel plants. The EPA expects to issue the final rule later this summer; the proposed deadline for individual states to submit compliance plans is June 2016. Environmental attributes that the Utilities secure from renewable QF projects give Idaho more options for complying with the Clean Power Plan without imposing additional costs on utilities or ratepayers. Retaining the 20-year contract term would ensure that the State of Idaho is not giving up an important tool that could be used for Clean Power Plan compliance.

We have some sympathy with the issues that gave rise to the Utilities’ applications; however, we feel that a better approach to smoothing out PURPA implementation issues would be to retain a 20-year contract term, but adopt a variable component to the energy rate beginning in Year 11 of the contract.¹ Under such an approach, beginning in Year 11, the portion of the energy price that represents the forecast of Mid-Columbia (“Mid-C”) prices for a given year would be variable based on actual Mid-C prices for that year. Though this component of the energy price would vary, the remainder of the indicative energy price for Years 11-20 of the contract would remain fixed. Such an approach is a much more reasonable approach than shortening the contract length, as it would do a better job of balancing PURPA’s interest in encouraging development of new, independent, renewable generation with its interest in protecting ratepayers and keeping them indifferent, from a cost perspective, as to whether a utility is supplying its customers with QF generation or dispatching utility-owned generation to meet its customers’ energy needs.

Drastically reducing the contract length is a blunt tool that simply cuts off the opportunity for customers to benefit from long-term, stable rate projects that are cheaper than the Utilities’ best alternative. This is not a sensible way to deal with the Utilities’ concerns about QF supply. We encourage the Commission to deny the Utilities’ applications.

Thank you for the opportunity to comment.

Sincerely,

/s/ Dina Dubson Kelley

Senior Staff Counsel
Renewable Northwest

¹ This approach is further described in the Rebuttal Testimony of R. Thomas Beach at pp. 7-8, lines 3-2.

Jean Jewell

From: ben@geo-energy.org
Sent: Thursday, July 02, 2015 2:45 PM
To: Beverly Barker; Jean Jewell; Gene Fadness
Cc: ben@geo-energy.org
Subject: Case Comment Form: Benjamin Matek

Name: Benjamin Matek
Case Number: IPC-E-15-01
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Name of Utility Company: Idaho Power Company Acknowledge public record: True

Comment: The Geothermal Energy Association is concerned about Idaho PUC's pending decision to shorten PURPA contracts for all technologies from 20 years to 2 years. The consequences of this decision will stall the budding geothermal power industry in Idaho by setting precedents that would make developing geothermal power plants uneconomical. While GEA is not suggesting Idaho Power purchase electricity it doesn't need, a different solution should be sought other than modifying all PURPA energy purchases.

One suggestions, is the Idaho PUC could exempt geothermal power from this decision. There is a limited amount of geothermal resources currently under development and these projects cannot physically be disaggregated into smaller and smaller projects to bid into PURPA.

Idaho only has 80 megawatts under development split between three separate companies and four separate projects. Additionally, only two of these projects have finished any significant amount of permitting or exploration at this time. The technology and economics of geothermal power make it impossible for developers to take one large project and reconfiguring it into smaller and smaller projects to bid into PURPA. Exempting geothermal from shortened PURPA contracts will not further propagate the over generation problem or force Idaho Power to procure more electricity than it needs.

Furthermore, Geothermal power bring specific important economic and environmental benefits to the State of Idaho and its residents that would be lost if geothermal power industry was unable to grow.

Some specific economic and environmental benefits of geothermal power plants to the State of Idaho include:

- Geothermal power has one of the smallest footprints on the environment and has operational values that support an efficient and reliable power system.
- Geothermal power provides clean and baseload power that can substitute for coal or nuclear plants megawatt for megawatt.
- Geothermal power uses transmission lines 24/7, unlike other renewable technologies that consume only a fraction of the transmission capacity on a round-the-clock basis.
- Geothermal power plants employ about 1.17 persons per MW at each operating power plant. These are permanent jobs that last the entire 30-50 year lifetime of the power plant.

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