

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER RAPER
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DAPHNE HUANG
DEPUTY ATTORNEY GENERAL

DATE: MARCH 4, 2015

SUBJECT: ROCKY MOUNTAIN POWER'S PETITION TO MODIFY TERMS AND
CONDITIONS OF PURPA PURCHASE AGREEMENTS AND AVOIDED
COST METHODOLOGY, CASE NO. PAC-E-15-03

On February 27, 2015, Rocky Mountain Power filed a Petition with the Commission seeking an Order modifying the terms and conditions by which it must purchase energy generated by qualifying facilities (QFs) under the Public Utility Regulatory Policies Act (PURPA). With its Petition, the Company filed supporting testimony by Paul Clements, and Brian S. Dickman.

THE PETITION

Rocky Mountain's Petition here follows that of Idaho Power in Case No. IPC-E-15-01, filed January 30, 2015, which sought similar relief. In that case, this Commission granted Idaho Power immediate interim relief by temporarily reducing the contract term for Idaho Power's prospective PURPA contracts¹ to five years (from 20 years), pending further order of the Commission. Order No. 33222. Rocky Mountain petitioned to intervene in Idaho Power's case, which this Commission granted on February 18, 2015. Order No. 33233.

In its Petition, Rocky Mountain asserts that, within five days after the Commission entered Order No. 33222, the Company "received four pricing requests totaling 130 megawatts (MW)" from QF developers. Petition at 4, 16. These QF developers are in Idaho Power's service territory, but plan to transmit or "wheel" power to Rocky Mountain. *Id.* at 4-5, 16.

¹ Several parties have filed petitions to clarify the scope of the five-year interim relief, i.e., applicable to just IRP-based rate contracts or just wind and solar PPAs. In a discovery response dated February 24, 2015, Idaho Power stated that its requested interim relief "is limited to [PPAs] that exceed the published rate eligibility cap." Resp. No. 1 to Simplot.

Rocky Mountain asserts it “has reviewed Idaho Power’s Open Access Same Time Information System and confirmed that transmission is available to enable these wheels.” *Id.* at 5, n. 5.

According to the Company, the amount of proposed Idaho PURPA projects seeking contracts with Rocky Mountain, including the four new requests, totals 275.5 MW. *Id.* at 5, 20. The Company also states that it has 189.6 MW of Idaho PURPA contracts already executed. *Id.* Rocky Mountain asserts that its parent company, PacifiCorp, “currently manages 141 PURPA contracts totaling 1,732 MW of nameplate capacity across its six-state system.” *Id.* at 19. As evidence of the exponential increase in PURPA contract requests in the last two years, the Company notes that 97 projects totaling 1,553 MW – or 90 percent of its total PURPA MW – have online dates of 2007 or later. *Id.* Across its six-state system, PacifiCorp has requests from 89 projects, totaling 3,641 MW. *Id.* at 20.

Ultimately, Rocky Mountain asserts that it – like Idaho Power – has experienced a “striking increase in new QF activity.” *Id.* at 19. Further, the Commission’s Order No. 33222, affording relief to Idaho Power from this flood of QF activity, has resulted in an immediate spike in QF requests to Rocky Mountain: four requests within five days of the Order. Thus, the Company contends that the relief granted to Idaho Power in Order No. 33222 results in the disparate treatment of and competitive disadvantage to Rocky Mountain. For these reasons, the Company asks that the Commission order a temporary reduction of the maximum contract term for Rocky Mountain’s PURPA contracts to five years pending resolution of the issues raised in Idaho Power’s and Rocky Mountain’s cases.

In addition to this temporary and immediate relief, the Company asks the Commission to permanently reduce its contract length to three years. *Id.* at 23-31. In support, Rocky Mountain cites the need to mitigate risk and protect its customers. The Company notes that a three-year contract limit would better-reflect the Company’s trading and hedging horizon, used as its internal risk management, but inapplicable to PURPA contracts due to the 20-year contract term. *Id.* Finally, the Company requests that the Commission modify Rocky Mountain’s avoided cost methodology as it relates to proposed queued QF projects.

STAFF RECOMMENDATION

Staff has reviewed the Petition and accompanying testimonies and exhibits. Staff recommends this matter be consolidated with Idaho Power’s Case No. IPC-E-15-01, in the interest of resource-economy, and to ensure optimal efficiency for the parties and Commission.

COMMISSION DECISION

1. Does the Commission wish to consolidate this matter, and the recent filing by Avista Corporation, Case No. AVU-E-15-01, with Idaho Power's Case No. IPC-E-15-01? Does the Commission wish to issue an Order noting the consolidation and set a deadline for intervention?

2. Based on the evidence submitted to date, does the Commission wish to grant Rocky Mountain's request to temporarily limit its PURPA contract terms to five years to align with the relief recently granted Idaho Power in Order No. 33222?

/s/ Daphne Huang _____

Daphne Huang

Deputy Attorney General

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