

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF PACIFICORP DBA ROCKY MOUNTAIN)	CASE NO. PAC-E-17-11
POWER FOR AUTHORIZATION TO)	
REVISE THE WIND INTEGRATION RATE)	NOTICE OF
AND IMPLEMENT A SOLAR)	MODIFIED PROCEDURE
INTEGRATION RATE FOR SMALL POWER)	
GENERATION QUALIFYING FACILITIES)	ORDER NO. 33905

On August 28, 2017, PacifiCorp dba Rocky Mountain Power applied to the Commission for an Order authorizing it to (1) decrease its wind integration rate for power purchase agreements with wind-powered qualifying facilities (QF) from \$3.06 to \$0.57 per megawatt-hour (MWh), and (2) implement a solar integration rate for purchases from solar-powered QFs of \$0.60 per MWh. Application at 1.

The Commission issued an Order providing Notice of Application, setting a deadline for interventions, and directing the parties to confer about a proposed schedule and report their proposal to the Commission. Order No. 33871. No petitions for intervention were received. Staff conferred with the Company and proposed an agreed upon schedule. The Commission adopts the parties' proposed schedule, as described below.

BACKGROUND

Rocky Mountain's wind integration charge offsets the published avoided cost rates the Company pays for power under the Public Utility Regulatory Policies Act (PURPA). The charge reduces published avoided cost rates to account for the costs of integrating wind QFs into the Company's system. *See* Order No. 30497 at 6. When a utility has agreed to buy power from a QF under PURPA, the rates for such power must not exceed the utility's "avoided cost"—what the utility would have incurred had it generated or acquired the power elsewhere. If the costs of integrating wind into the Company's system are not calculated and properly allocated to the PURPA project developers, those costs will be impermissibly passed on to utility customers in the avoided costs.

This Commission first approved Rocky Mountain's wind integration charge in 2008. Order No. 30497. The charge was set forth in a stipulation between parties in Case No. PAC-E-07-07, which the Commission approved. *Id.* at 6, 12-13. The parties to that case agreed that Rocky Mountain's

published avoided-cost rates for Wind QFs will be adjusted to recognize an assumed cost of integrating the energy generated by Wind QFs as a part of the Company's generating resource portfolio. The integration charge will be equivalent to the calculated cost of wind integration on a per MWh [basis] provided in the Company's most recent Commission-acknowledged Integrated Resource Plan (IRP). . . .

Id. at 6. The stipulation also required Rocky Mountain to notify "the Commission of any changes to its wind integration charge as reflected in subsequent changes to its IRP." *Id.* Rocky Mountain's wind integration charge was last updated in 2016 to \$3.06 per MWh. Order No. 33475.

THE APPLICATION

The Company requests to "update its wind integration rate and implement a solar integration rate that can be deducted from the published avoided cost rates to determine a purchase and sale price established for the duration of the power purchase agreement with a QF." Application at 2-3. The Company states that the reduction to avoided cost rates "is intended to reflect the cost of integrating wind and solar generation into the Company's electrical system."

Id. at 3.

The integration rates are calculated using information regarding regulation reserve from the Company's IRP. The Company filed its 2017 IRP with this Commission on April 4, 2017, in Case No. PAC-E-17-03. *Id.* The Company attached IRP Appendix F, the Flexible Reserve Study (Study), as Exhibit A to its Application. *Id.* The Study estimates the amount and the incremental cost of the regulation reserve required to maintain PacifiCorp's system reliability and comply with North American Electric Reliability Corporation (NERC) reliability standards. *Id.* The Application describes the methodology used in the Study. *Id.* 4-6.

The Study estimates two categories of flexible resource costs—one for meeting intra-hour regulation reserve requirements, and one for inter-hour system balancing costs (associated with committing gas plants using day-ahead forecasts of load, wind, and solar). *Id.* at 6. The proposed wind integration and solar integration charges (\$0.57 per MWh and \$0.60 per MWh, respectively) are the sum of these two categories of costs for wind resources and for solar resources. *Id.* The Company explains these amounts represent the wind and solar integration costs that will offset published avoided cost rates unless the QF developer agrees with the Company to schedule and deliver, via a transmission provider, the QF output to the Company on a firm hourly basis. *Id.* at 7-8.

PARTIES' PROPOSED SCHEDULE

Staff and the Company conferred informally and agreed to the following schedule under Modified Procedure:

November 9, 2017 Comment deadline for parties

November 16, 2017 Company reply deadline

The Commission finds it reasonable to adopt the parties' proposed schedule.

NOTICE OF MODIFIED PROCEDURE

YOU ARE HEREBY NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the **parties** in this matter or any member of the **public** desiring to state a position on this Application may file a written comment in support or in opposition with the Commission **no later than Thursday, November 9, 2017**. IDAPA 31.01.01.202.02. All comments must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Company at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

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These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail address listed above.

YOU ARE FURTHER NOTIFIED that the Company may file reply comments, if necessary, **no later than Wednesday, November 16, 2017.**

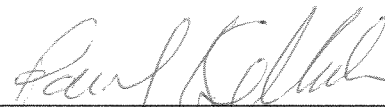
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Parties and persons interested in submitting comments must do so by November 9, 2017. The Company must file a reply, if any, by November 16, 2017.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this
day of October 2017.

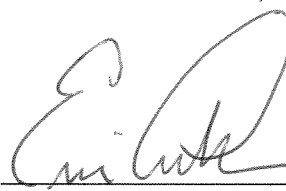
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PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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