

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. PAC-E-17-11
OF PACIFICORP DBA ROCKY MOUNTAIN)
POWER FOR AUTHORIZATION TO) NOTICE OF APPLICATION
REVISE THE WIND INTEGRATION RATE)
AND IMPLEMENT A SOLAR) NOTICE OF
INTEGRATION RATE FOR SMALL POWER) INTERVENTION DEADLINE
GENERATION QUALIFYING FACILITIES)
ORDER NO. 33871

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. We now issue this Notice of Application and set a deadline for submitting Petitions to Intervene.

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. 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.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company explains that “in compliance with Order No. 30497,” it now applies 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 reducing the 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 ensure “that QFs that deliver less than 100 KW have a predictable rate.” *Id.*

YOU ARE FURTHER NOTIFIED that the Company filed its 2017 IRP with this Commission on April 4, 2017, in Case No. PAC-E-17-03. *Id.* The Company attaches IRP Appendix F, the Flexible Reserve Study (Study), as Exhibit A to its Application. *Id.* The Study explains “the methodology used and results derived from PacifiCorp’s analysis of wind and solar integration costs.” *Id.*

YOU ARE FURTHER NOTIFIED that the Study estimates the regulation reserve required to maintain PacifiCorp’s system reliability and comply with North American Electric Reliability Corporation (NERC) reliability standards. *Id.* It also estimates the additional cost of this regulation reserve. *Id.* It also compares PacifiCorp’s overall operating reserve requirements, including both regulation reserve and contingency reserve, to its flexible resource supply over the IRP study period. *Id.* The Application further describes the methodology used in the Study, including changes incorporated in the current version that were not included in the prior 2014 study of wind reserve requirements (2014 Wind Study). *Id.* 4-6.

YOU ARE FURTHER NOTIFIED that the Study is based on operational data for load, wind, and “Non-Variable Energy Resources (‘Non-VERs’)” from January 2015 through December 2015. *Id.* at 4. The Company explains that solar generation on its system was insignificant in 2015, but is expected to exceed 1,000 MW by the end of 2017. *Id.* The

Company also analyzed how varying levels of wind and solar affect its system. *Id.*, see Exhibit A at 108-116.

YOU ARE FURTHER NOTIFIED that the Study produces an hourly forecast of regulation reserve requirements for the Company, for a range of scenarios, that will ensure the reliability of the transmission system and compliance with NERC and Western Electricity Coordinating Council reliability standards. *Id.* at 4-5. The forecast covers the combined deviations of the load, wind, solar, and other resources on the Company's system, and varies as a function of the wind and solar capacity on the system, as well as forecasted wind and solar output. *Id.* at 4. The Study also considers the impact of Energy Imbalance Market participation. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that 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 are the sum of these two categories of costs for wind resources and for solar resources. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requests that the Application be processed by Modified Procedure. *Id.* at 7.

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission issue an Order (1) reducing the published avoided cost rate for the Company's purchases of electric power from wind-powered QFs from \$3.06 MWh to \$0.57 per MWh and (2) implementing a solar integration rate of \$0.60 per MWh for the Company's purchases of electric power from solar-powered QFs. *Id.* at 7-8. 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 8.

YOU ARE FURTHER NOTIFIED that the Application and its exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Electric Cases" and click on the case numbers as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons who wish to intervene in this matter to obtain the rights of party (e.g., to file formal discovery, or present evidence or cross-examine witnesses at a hearing) must file a Petition to Intervene with the Commission pursuant to the Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and .073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days from the service date of this Order.** Such persons shall also provide the Commission Secretary with their electronic mail address to facilitate further communications in this matter. After the intervention deadline runs, the Commission Secretary shall issue a Notice of Parties that identifies the parties and assigns exhibit numbers to each party in this proceeding. Once the Notice of Parties has issued, Commission Staff shall informally confer with the Company and any intervening parties about how to further process this case, and shall then report back to the Commission on a proposed case schedule.

YOU ARE FURTHER NOTIFIED that persons who would like to present their views without parties' rights of participation and cross-examination are not required to intervene but may present their views by submitting written comments to the Commission.

YOU ARE FURTHER NOTIFIED that the following persons are designated as the Company's representatives in this matter:

Ted Weston	Daniel E. Solander
Idaho Regulatory Manager	Attorney
Rocky Mountain Power	Rocky Mountain Power
1407 West North Temple, Suite 330	1407 West North Temple, Suite 320
Salt Lake City, UT 84116	Salt Lake City, UT 84116
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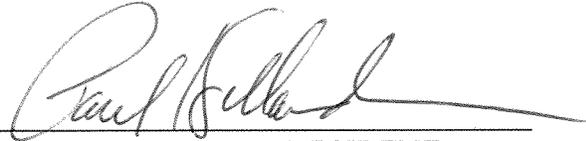
ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene no later than 21 days from the service date of this Order. Once the

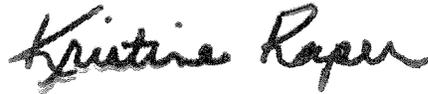
deadline for intervention has passed, the Commission Secretary shall prepare and issue a Notice of Parties.

IT IS FURTHER ORDERED that, after the Notice of Parties has issued, Commission Staff shall confer with the parties regarding a procedural schedule for this matter, and report the proposed schedule to the Commission.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th day of September 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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