



## Idaho Power, Simplot's Pocatello plant renew contract

*Case No. IPC-E-16-01, Order No. 33471*

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**BOISE (Feb. 26, 2016)** – The Idaho Public Utilities Commission is approving an application by Idaho Power Company to extend the utility's energy sales agreement with J.R. Simplot Company's Pocatello plant for three years.

Idaho Power buys output from a cogeneration facility at the Pocatello plant, but the contract expires March 1. Cogeneration (also known as "combined heat and power") is the production of power from the excess heat or steam that is the byproduct of a manufacturing process.

The cogeneration plant at the fertilizer plant can produce up to 15.9 megawatts, but the contact is for 10 average MW per month, the maximum amount allowed for a cogeneration project receiving the commission's published rates. If output does exceed 10 aMW, Simplot agrees that Idaho Power will accept the inadvertent energy, but will not pay for it.

The Pocatello plant is a qualifying facility under the provisions of the federal Public Utility Regulatory Policies Act of 1978. PURPA requires regulated utilities to buy energy from qualifying renewable generation projects at rates published by state commissions. The rate to be paid qualifying facilities is called an "avoided-cost rate," because it is based on the cost the utility avoids by not having to generate the energy itself or buy it from another source. The commission must ensure the avoided-cost rate is reasonable for utility customers because the price utilities pay to qualifying small-power producers is included in customer rates.

The rate under the proposed three-year contract would be \$54.39 per megawatt-hour in 2016, \$55.05 in 2017 and \$56.62 in 2018. The rates are adjusted seasonally and for heavy- and light-load hours.

The commission's order and other documents related to this case are available on the commission's Website. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. IPC-E-16-01.

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