



Case No. IPC-E-16-21, Order No. 33667

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Commission issues declaratory order in Idaho Power-Jackpot Solar dispute

BOISE (December 14, 2016) – The Idaho Public Utilities Commission has ruled that Idaho Power Company correctly interpreted earlier commission orders regarding pricing for the generation from a proposed solar project in southern Twin Falls County.

Idaho Power asked the commission to weigh in on a dispute between the utility and the developer of four 20-MW solar projects proposed near the Nevada border.

The proposed Jackpot Solar projects fall under the Public Utility Regulatory Policies Act (PURPA), which requires utilities to buy from qualifying renewable generation facilities at a negotiated rate based on the utility's "avoided cost" – the cost it avoids by not generating the power itself or buying it from another source. One hundred percent of the expenses that utilities incur from PURPA projects are passed on to ratepayers.

Developers of PURPA projects can be paid two types of payments: energy payments and capacity payments. Energy payments are paid based on the energy produced at the time it is produced. Capacity payments are paid in addition to energy payments if the project's output comes during a time when the utility is *capacity deficient* (the utility does not have enough of its own generation or ability to purchase or import energy to meet peak-hour load and reserve requirements). Idaho Power's latest filing with the commission regarding resource deficiency says the utility will be capacity deficient in 2024.

The developer of the projects is seeking to enter into 10 successive two-year contracts, or 20 years of operation.

Under Idaho Power's interpretation of past commission orders, the avoided-cost rate for the projects, including the capacity payment, if any, would be determined at the start of each two-year contract term. Thus, according to Idaho Power, the projects would be eligible to start receiving capacity payments in 2024, the first year of resource deficiency.

Jackpot Solar claimed that a 2015 commission order that shortened contract lengths for these types of projects to two years, and a follow-up clarifying order, both determined that the capacity portion of the rate is calculated and fixed at the time of the initial contract.

Idaho Power sought a declaratory order from the commission stating the 2015 orders said just the opposite: the capacity rate is determined at the beginning of each two-year term, rather than a project being able to lock in a rate beyond the two-year maximum contract term.

In an order issued this week, the commission rejected Jackpot Solar's argument. "Jackpot Solar's first non-zero capacity rate is to be calculated at the start of the two-year contract term during which the capacity deficiency occurs," the commission said.

The four proposed projects – Jackpot Solar North, Jackpot Solar South, Jackpot Solar West and Jackpot Solar East – are all 20 megawatts and all developed by Robert Paul.

To read the commission's order and other documents related to the case go to www.puc.idaho.gov. Under the "Electric" heading, click on "Open Cases," and scroll down to Case No. IPC-E-16-21.

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