



## Idaho Public Utilities Commission

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C.L. Butch Otter, Governor

Paul Kjellander, Commissioner  
Kristine Raper, Commissioner  
Eric Anderson, Commissioner

Case No. IPC-E-17-01, Order No. 33729  
Notice of Petition for Declaratory Order  
Contact: Gene Fadness (208) 334-0339 or 890-2712  
[www.puc.idaho.gov](http://www.puc.idaho.gov)

# Idaho Power seeks declaratory ruling regarding pricing, contract terms for proposed battery storage projects

**BOISE (March 24, 2017)** – Idaho Power Company is asking the Idaho Public Utilities Commission to protect ratepayers from what it calls a “manipulation of the rules,” regarding the pricing and contract terms for five proposed battery storage projects in south-central Idaho.

Franklin Energy Storage LLC is proposing four battery storage projects all within one square mile of each other in Twin Falls County near Jackpot, Nev. A fifth project, Black Mesa Energy LLC, is in Elmore County near Glens Ferry. The power would be generated from solar projects that would energize battery systems for subsequent delivery to Idaho Power pursuant to a pre-determined schedule.

The projects would fall under the provisions of the Public Utilities Regulatory Policies Act of 1978. PURPA states that utilities must buy energy from qualifying independent power producers at a standard rate published by state commissions or at a rate that is negotiated between the utility and the developer based on the utility’s most recently filed long-range generation planning document. Although the “must-buy” provision of PURPA is a federal law, Congress left it to states to determine the rate to be paid PURPA developers. That rate, called an avoided-cost rate, is to be based on the cost the purchasing utility avoids by not having to generate the power itself or buy it from other sources. The money that Idaho Power pays PURPA developers is recovered from ratepayers. Because ratepayers pay for PURPA output, the intent is that, cost-wise, they are not penalized if their utility uses more traditional sources of power or buys from independent, qualifying renewable projects.

The developers of the battery storage projects claim they are entitled to 20-year contracts under the commission’s typically more attractive published rate. Idaho Power claims the projects should be subject to two-year contracts at a negotiated rate. Idaho Power seeks a declaratory ruling from the commission to settle the dispute.

In 2012, the commission lowered the eligibility cap under which projects that produce power intermittently, such as wind and solar, could qualify for published rates from the former 10 average megawatts to no larger than 100 kilowatts. That was in response to the rapid development of large wind projects that were broken down into smaller projects spaced a mile apart, often with the same owner, in order to qualify for the published rate. Today, Idaho Power has 27 PURPA wind projects online totaling 577 MW and contracts for five more projects, totaling about 50 MW, still waiting to come online.

In 2015, all three of Idaho's large investor-owned utilities asked the commission to shorten the length of contracts for intermittent projects larger than 100 kW from 20 years to two or five years. The commission agreed upon two years, concluding that the 20-year contracts unreasonably overestimate future avoided cost, resulting in higher costs to utilities and ratepayers, contrary to PURPA's avoided-cost principle. The 2015 change was in response to the rapid development of solar PURPA projects. Idaho Power has 12 solar projects online, totaling 250 MW with another five scheduled to come online totaling another 50 MW.

The commission did not address battery storage projects when it lowered the published rate eligibility cap and reduced contract length. But the projects should be considered the same as a solar project, Idaho Power claims, because the generation source that energizes the battery storage facilities is solar. "None of the proposed battery storage facilities propose to operate in a manner that would realize the potential benefits of energy storage facilities – they simply propose to operate with substantially the same generation profile as a solar generator," and thus are not eligible for 20-year published rate contracts, Idaho Power states.

The developers of the projects, Ron Paul of Boise for the four Franklin projects and Brian Lynch of Palos Verdes, Calif., for the Black Mesa Energy project, claim their projects are eligible for the published rates and longer contracts.

For Idaho Power to realize the benefits of battery storage – such as providing reserve capacity, surge capacity or voltage support – it would need to have operational control and dispatchability of the projects, Idaho Power claims. These projects "appear to be structured in a way that passes through as many kilowatt-hours as possible in order to maximize revenue under the must-purchase provision of PURPA," Idaho Power states. Further, the Franklin Energy projects are located at the same site and were submitted from a single developer. "Once again, the commission is faced with a rush of proposed PURPA projects that appear to be configuring themselves in such a manner as to circumvent the commission's rules implementing PURPA to the direct detriment of Idaho Power customers, which is contrary to PURPA," Idaho Power states.

The commission is seeking comments from the developers by no later than April 5 and from commission staff, other affected utilities and interested persons by no later than April 27. The reply comment deadline is May 11.

To read Idaho Power's application and supporting documentation, go the [www.puc.idaho.gov](http://www.puc.idaho.gov). Under the "Electric" heading, select "Open Cases" and scroll down to Case No. IPC-E-17-01. To submit written comments, go to the website and click on "Case Comment Form," under the "Electric" heading and enter the above case number. Comments can also be mailed to the Idaho Public Utilities Commission, P.O. Box 83720, Boise, ID, 83720-0074.

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