



NATIONAL MILK PRODUCERS FEDERATION

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IDAHO PUBLIC UTILITIES COMMISSION

James Mulhern, President & Chief Executive Officer | Randy Mooney, Chairman

VIA FAX

June 26, 2015

Commissioners Kjellander, Raper, and Redford
Idaho Public Utilities Commission
472 W. Washington St.
Boise, Idaho 83702

Re: Dockets AVU-E-15-01, IPC-E-15-01, PAC-E-15-01

Dear Commissioners:

The National Milk Producers Federation (NMPF), based in Arlington, VA, develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on Capitol Hill and with government agencies. Visit www.nmpf.org for more information.

NMPF submits these comments in response to the Commission's proposed rulemaking related to shortening the duration of PURPA contracts from 20 years to 5 years or less. NMPF has grave concerns that the proposed rule will negatively impact the adoption of anaerobic digesters and nutrient removal technologies on dairy farms in the state of Idaho -- a major dairy state. Digesters and related technology are critically important to the dairy industry and help reduce greenhouse gas emissions and nutrient losses. We must encourage their use, not discourage them. Digesters are very expensive to install and operate and despite the environmental benefits they produce, they are difficult make work economically. Selling electricity to the grid at a fair rate is the primary means by which a digester can be feasible. Limiting that ability will be counterproductive. NMPF and the Innovation Center for U.S. Dairy, as well as our member cooperatives, have been striving to encourage the adoption of digester technology for a variety of reasons which include, among other things, helping to meet our industry's goal of a 25% reduction of greenhouse gas (GHG) emissions by 2020.¹ This rule, as proposed, is a disincentive. If the Public Utility Commission chooses to limit power purchase agreements (PPA's) to five years or less, that disincentive will almost certainly end the adoption of digester technology in Idaho. We do not believe that is in the best interests of the state of Idaho, its citizens and the dairy industry in Idaho.

While we note that the Commission has imposed an interim five-year limit as noted in the May 8, 2015 notice of public meetings for solar and wind projects larger than 100-kilowatts and for all other renewable projects larger than 10 megawatts while it considers two utility company requests to cap PPA's at 2 or 3 years. We also note that in your February 6, 2015

¹ <http://www.usdairy.com/~media/usd/public/usdaandinnceusdairyannagrenhsuscutindustryqrhseqas25.pdf>

- Agri-Mark, Inc.
- Associated Milk Producers Inc.
- Bongards' Creameries
- Cooperative Milk Producers Association
- Cortland Bulk Milk Producers Cooperative
- Dairy Farmers of America, Inc.
- Dairyman's Marketing Cooperative, Inc.
- Ellsworth Cooperative Creamery
- Farmers Cooperative Creamery
- FarmFirst Dairy Cooperative
- First District Association
- Foremost Farms USA
- Land O'Lakes, Inc.
- Lone Star Milk Producers
- Maryland & Virginia Milk Producers Cooperative Association
- Michigan Milk Producers Association
- Mid-West Dairyman's Company
- Mount Joy Farmers Cooperative Association
- Northwest Dairy Association
- Onelda-Madison Milk Producers Cooperative Association
- Prairie Farms Dairy, Inc.
- Premier Milk Inc.
- Scioto County Cooperative Milk Producers' Association
- Select Milk Producers, Inc.
- Southeast Milk, Inc.
- St. Albans Cooperative Creamery, Inc.
- Swiss Valley Farms Company
- Tillamook County Creamery Association
- United Dairyman of Arizona
- Upstate Niagara Cooperative, Inc.
- Zia Milk Producers, Inc.

order that all contracts are limited to 5 years. The apparent inconsistency is concerning. In most cases dairy digesters are designed to generate 1 MW, with a few that could potentially go to 2 or 3 MW. If the May 8th notice is correct, it would appear that dairy digesters would be unaffected. If however, the February 6th Order is correct and dairy digesters PPA's are capped at 5 years, or less when a final determination is made, you are in essence banning dairy digesters in your state.

A decision to build and utilize digester technology is risky in many cases and adding uncertainty in the form of short duration PPA where there is already risk will spell disaster. Instead of the approach taken in the proposal, NMPF urges the Commission to retain a 20-year PPA term for anaerobic digesters due to the well-established recognition of the fact that they deliver enormous environmental benefits and the fact that a 5-year or less PPA will terminate any and all consideration of their adoption.

NMPF appreciates the opportunity that the Commission has provided for consideration of our comments. We are pleased to answer any questions you may have or to provide any additional information which you may require.

Sincerely,



Clay Detlefsen
Senior Vice President, Regulatory and Environmental Affairs & Staff Counsel
National Milk Producers Federation

June 24, 2015

Idaho Public Utilities Commission
472 W. Washington Street
Boise, Idaho 83720-0074

RECEIVED
2015 JUN 26 PM 1:29
IDAHO PUBLIC
UTILITIES COMMISSION

Re: AVU-E-15-01
IPC-E-15-01
PAC-E-15-03

Dear Commissioners:

The League of Women Voters of Idaho (LWVID) requests that you deny the petitions to reduce the power purchase contract length with qualifying facilities under the Public Utility Regulatory Policies Act (PURPA). We believe reducing the maximum contract length to two years would effectively eliminate future large scale solar projects from being built in Idaho.

The LWVID is a statewide, non-partisan organization that studies issues and comes to consensus before adopting any position. The state League and the national Leagues have adopted positions that support policy, legislation, regulation and funding to attain clean air standards, reduce greenhouse gas emissions and to increase energy efficiency and reliance on renewable energy resources.

Regulated utilities should act, and be regulated, in the public interest. In the League's studied opinion, it is in the public interest to transition away from polluting, carbon-emitting sources of energy to renewable energy resources. Utilities must change their fuel mix and business models to less harmful and ultimately more cost-efficient generation sources. Please require the largest utilities in our state to give qualifying facilities the chance to produce clean energy and related jobs.

Judy Edwards, President
League of Women Voters of Idaho
P.O. Box 153
Coeur d'Alene, Idaho 83816

Jean Jewell

From: jennifer@dgardiner.com
Sent: Friday, June 26, 2015 12:41 PM
To: Beverly Barker; Jean Jewell; Gene Fadness
Cc: jennifer@dgardiner.com
Subject: Case Comment Form: Jennifer Kefer

Name: Jennifer Kefer
Case Number: AVU-E-15-01, IPC-E-15-01, PAC-E-15-01
Email: jennifer@dgardiner.com
Telephone: 202 365 2194
Address: 2609 11th Street North
Arlington VA, 22201

Name of Utility Company: Alliance for Industrial Efficiency Acknowledge public record: True

Comment: June 26, 2015

Commissioners Paul Kjellander, Mack A. Redford, and Kristine Raper Idaho Public Utilities Commission

472 W. Washington
Boise, ID 83702

Re: Dockets AVU-E-15-01, IPC-E-15-01, PAC-E-15-01
In the Matter of Idaho Power Company's Petition to Modify Terms and Conditions of PURPA Purchase Agreements

Dear Commissioners Kjellander, Redford and Raper:

I am writing on behalf of the Alliance for Industrial Efficiency to express our concerns about Idaho Power Company's recent petition to shorten the required power purchase agreement contract term from 20 to two years. The Alliance is a diverse coalition of labor, contractor, business and environmental groups committed to increasing deployment of combined heat and power (CHP) and waste heat to power (WHP) technologies. Our membership includes businesses throughout the country, including 39 member companies in Idaho. We urge you to maintain standard policies for 20-year contract lengths of power purchase agreements under PURPA.

If the Commission reduces the length of purchase contracts, this decision would significantly set back the deployment of clean and efficient CHP and WHP facilities. Enacted in 1978, PURPA has helped installed CHP capacity grow by 550 percent (from about 12,000 MW in 1980 to more than 66,000 MW in 2000) enabling businesses to reduce energy consumption, save money, create jobs, and increase grid reliability.(1) This policy has been successful because long-term revenue streams have enabled financing for these large projects, which has no doubt helped at least 12 cogeneration facilities in the state of Idaho.(2) Now is not the time to reverse a successful energy policy.

Decreasing the term of PURPA contracts would significantly chill construction of future CHP and WHP projects. A typical CHP system requires a substantial up-front investment and remains in place for decades; EPA estimates a typical 10.6 MW gas turbine represents a \$20- million investment and the median age of these systems (which represent 64 percent of CHP capacity) is 20 years.(3),(4) Financing should similarly reflect the useful life of a CHP facility, rather than be limited to the proposed two-year power purchase agreement term. Long-term financing is a crucial component of developing projects with significant up front costs such as CHP and WHP facilities.(5) Limiting required power purchase agreements for CHP and WHP

facilities would therefore diminish CHP development; this would weaken manufacturing competitiveness, increase Idaho's risk to variable fuel costs, and increase emissions of harmful air pollutants. Accordingly, we urge the Commission to restore the requirement for 20-year power purchase agreements for qualifying facilities.

By producing both heat and electricity from a single fuel source, CHP systems can be twice as efficient as the separate generation of heat and electricity, while WHP captures waste heat to generate electricity with no incremental emissions. CHP systems enhance the reliability of critical facilities such as hospitals and universities, make manufacturing facilities more efficient, reduce volatile fuel costs and bolster industry. PURPA allows these facilities to sell surplus power back to the grid at prices that protect electricity consumers, providing a revenue stream that has been a key factor firms have considered when adopting these technologies.(6) The combined savings and revenue stream to businesses allows industry to reinvest these funds to increase both jobs and productivity, creating cascading positive effects for Idaho's economy. Reducing the required term of power purchase agreements to two years would eliminate a guaranteed market for clean and efficient electricity generated by CHP, making firms less likely to invest the large up-front costs that these systems require.

We appreciate the Idaho Public Utility Commission's efforts to make Idaho's energy sector reliable and efficient. We hope that your decision on this matter will preserve the current standard of requiring 20-year power purchase agreements for qualifying facilities under PURPA so that Idahoans can continue to benefit from these technologies.

Sincerely,

Jennifer Kefer
Executive Director
Alliance for Industrial Efficiency

Citations:

1. DOE-ORNL, 2008, "Combined Heat and Power: Effective Energy Solutions for a Sustainable Future," Retrieved from: <http://info.ornl.gov/sites/publications/files/Pub13655.pdf>
2. U.S. Department of Energy., 2015, "Combined Heat and Power Installation Database: Combined Heat and Power Installations in Idaho" Retrieved from: <https://doe.icfwebservices.com/chpdb/state/ID>
3. U.S. Environmental Protection Agency and U.S. Department of Energy, Combined Heat and Power Partnership. 2015, "Catalog of CHP Technologies." Retrieved from: http://www.epa.gov/chp/documents/catalog_chptech_full.pdf
4. U.S. Department of Energy., 2015, "Combined Heat and Power Installation Database." Retrieved from: <https://doe.icfwebservices.com/chpdb/>
5. Weiss, J & Sarro, M., 2013, "The importance of long-term contracting for facilitating renewable energy project development." [White paper]. Retrieved June 15, 2015, from: http://www.brattle.com/system/publications/pdfs/000/004/927/original/The_Importance_of_Long-Term_Contracting_for_Facilitating_Renewable_Energy_Project_Development_Weiss_Sarro_May_7_2013.pdf?1380317003
6. Fox-Penner, P. S., 1990, "Cogeneration after PURPA: Energy conservation and industry structure," *JL & Econ.* 33, 517.

Unique Identifier: 98.169.247.130

Jean Jewell

From: docfox@cableone.net
Sent: Thursday, June 25, 2015 5:41 PM
To: Beverly Barker; Jean Jewell; Gene Fadness
Cc: docfox@cableone.net
Subject: Case Comment Form: Edward Burton

Name: Edward Burton
Case Number: IPC-E-15-01
Email: docfox@cableone.net
Telephone: 208-798-0956
Address: 3213 8th St E
Lewiston ID, 83501

Name of Utility Company: Avista
Acknowledge public record: True

Comment: Power suppliers must be permitted to enter into long-term contracts in order to be able to finance major projects leading to a diversity of suppliers and a diversity of power generation devices. For example, I could not begin to create a large land-base solar generation facility, without being to show a bank that I have a source of income to repay the necessary loan. The logic in that seems impeccable.

This is a public comment, as I do not in fact propose any such project. I did some years ago work as an attorney for owners of/participants in the TAPS (Alyeska Pipeline) from Prudhoe Bay to Valdez, which project would have been impossible without long-term prospects for shippers of the product. Getting into solar power generation would have similar economic needs.

Unique Identifier: 184.155.237.180

Jean Jewell

From: nunyabiznus@nunya.com
Sent: Friday, June 26, 2015 7:25 AM
To: Beverly Barker; Jean Jewell; Gene Fadness
Cc: nunyabiznus@nunya.com
Subject: Case Comment Form: Daniel Pfankuch

Name: Daniel Pfankuch
Case Number:
Email: nunyabiznus@nunya.com
Telephone:
Address: 5170 Mountain View Dr.
Boise ID, 83704

Name of Utility Company: Idaho Power
Acknowledge public record: True

Comment: Who are you trying to kid? It is all about the profit for Idaho Power. Get into the 21st century. Alternative power needs to be embraced and utilized. It will eventually put your company out of business, thank goodness, so start getting with the times and make the changes to help people and this planet.

Unique Identifier: 71.220.131.176