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Redwood Energy
LOS ANGELES | SAN FRANCISCO

April 5, 2017

IDAHO PUBLIC
UTILITIES COMMISSION

Commissioners
Idaho Power Utilities Commission
472 W Washington St,
Boise, ID 83702

Re: Case NO. *IPC-E-17-01*

Dear Commissioners,

Redwood Energy, LLC ("Redwood") as owner of the Black Mesa Energy, LLC QF project ("Black Mesa") would like to offer this response to Idaho Power's filing in this matter.

Black Mesa qualifies for the Surrogate Avoided Resource (SAR) calculation because it is a QF output of less than 10 average megawatts (aMW) but is not a wind or solar QF that would be restricted to 100 kW. Surrogate Avoided Resources are eligible for standard avoided cost rates.

Black Mesa qualifies for a published rate because it is storage project. While Order No 32697 has an eligibility cap for wind and solar QF of 100 kW, this cap does not apply to Black Mesa because Black Mesa has fundamentally different characteristics than a wind or solar project without energy storage.

The project proposed has a higher value to Idaho Power because storage makes output both more predictable and more coincident with system load, thus a higher Net Qualifying Capacity. We note in the meeting minutes for the Idaho Power Company 2017 IRP that a capacity need is forecast beginning as early as 2021¹. Further, the 2017 IRP process forecasts a requirement for Resource Flexibility. Energy storage will reduce Idaho Power's requirements for Resource Flexibility, thus avoiding a cost that would be borne but for this project.

This is a dispatchable system that will offer ancillary grid services such as voltage support, load shifting, reserve capacity, load-balancing, firming of variable generation or time-shifting to match load.

The characteristics of this QF facility clearly fall within the Rate Option 4, Non-Levelized Non-Fueled Rates offered by Idaho Power in Schedule 73.²

Very truly yours,

Redwood Energy, LLC

A handwritten signature in black ink, appearing to read 'Brian Lynch'.

Brian Lynch
Managing Principal

¹ Portfolio 2, 3, 5, 6, 8, 9, 11, and 12, IRP Advisory Council Meeting, March 9, 2107

² IPUC No 29, Tariff 101, Schedule 73