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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
FOR APPROVAL OR REJECTION OF AN) **CASE NO. IPC-E-20-04**
ENERGY SALES AGREEMENT WITH)
COLLEGE OF SOUTHERN IDAHO FOR)
THE SALE AND PURCHASE OF ELECTRIC) **COMMENTS OF THE**
ENERGY FROM THE PRISTINE SPRINGS) **COMMISSION STAFF**
#1 HYDRO PROJECT)
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)
)

The Staff of the Idaho Public Utilities Commission submits the following comments regarding the above referenced case.

BACKGROUND

On February 4, 2020, Idaho Power Company (“Idaho Power” or "Company") applied for approval or rejection of its Energy Sales Agreement ("ESA”) with the College of Southern Idaho (“CSI” or “Seller”). The ESA relates to electric energy generated by the Pristine Springs #1 hydro project (“Facility”). The Facility is a 125 kilowatt (“kW”) qualifying facility “(QF”) near Twin Falls, Idaho under the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

Under the proposed ESA, CSI would sell Facility-generated electricity to the Company at published non-levelized, non-seasonal hydroelectric avoided cost rates, as set by Order No. 34350, for a 20-year term. CSI has been selling Facility-generated electricity to the Company under an

energy sales agreement executed on March 26, 2015, that expires on May 1, 2020. The proposed ESA would replace the existing energy sales agreement.

The Company asks the Commission to accept or reject the proposed ESA. The Company also asks the Commission to declare, if the ESA is accepted, that the Company's energy purchases under it will be allowed as prudently incurred expenses for ratemaking purposes.

STAFF ANALYSIS

Staff recommends approval of the proposed ESA between Idaho Power and CSI. Staff's justification is based upon its review of the ESA, which was focused on: 1) the 90/110 rule with at least five-day advanced notice for adjusting Estimated Net Energy Amounts; 2) eligibility for and the amount of capacity payments; and 3) verification of non-seasonal hydro avoided cost rates.

90/110 Rule

QFs provide a monthly estimate of the amount of energy they expect to produce. If the QF delivers more than 110 percent of the estimated amount, energy delivered in excess of 110 percent is priced at the lesser of 85 percent of the market price or the contract price. If the QF delivers less than 90 percent of the estimated amount, total energy delivered is priced at the lesser of 85 percent of the market price or the contract price. Order No. 29632. Staff verified that this provision is included in the ESA.

The ESA adopted a five-day advanced notice for adjusting Estimated Net Energy Amounts for purposes of complying with 90/110 firmness requirements. The Commission has approved a five-day revision to monthly generation estimates in previous cases, recognizing that Estimated Net Energy Amounts that are closer to the time of delivery can improve the accuracy of input used by the Company for short-term operational planning. *See, e.g.*, Case Nos. IPC-E-19-01, IPC-E-19-03, IPC-E-19-04, IPC-E-19-07, and IPC-E-19-12. The Facility has been generating energy since the mid-1990s, and the Company has a long generation history for the QF. Staff believes a five-day advanced notice is sufficient.

Capacity Payment

In Order No. 32697, the Commission stated that, "If a QF project is being paid for capacity at the end of the contract term, and the parties are seeking renewal/extension of the

contract, the renewal/extension includes immediate payment of capacity.” Staff verified that this Facility is being paid for capacity at the end of the original contract, and thus the proposed avoided cost rates are allowed to include capacity payment for the full term of the replacement contract.

In addition, the nameplate capacity size (125 kW) remains unchanged in the replacement contract. Therefore, Staff believes the Facility should be granted capacity payment for its entire nameplate capacity size for the full term of the replacement contract.

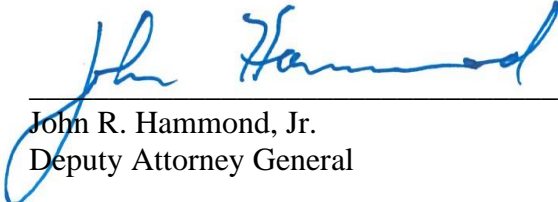
Verification of Non-Seasonal Hydro Avoided Cost Rates

Staff reviewed the non-seasonal hydro avoided cost rates contained in the contract and verified that the proposed rates are correct and comply with existing orders.

STAFF RECOMMENDATIONS

Staff recommends the Commission approve the ESA. Staff also recommends the Commission declare Idaho Power’s payments to the College of Southern Idaho for the purchase of energy generated by the Pristine Springs #1 hydro project under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 31st day of March 2020.



John R. Hammond, Jr.
Deputy Attorney General

Technical Staff: Yao Yin

i:umisc:comments/ipce20.4jhyyrf comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 31ST DAY OF MARCH 2020, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-20-04, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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