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**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF IDAHO POWER</b>	)	
<b>COMPANY'S APPLICATION FOR APPROVAL</b>	)	<b>CASE NO. IPC-E-20-13</b>
<b>OR REJECTION OF AN ENERGY SALES</b>	)	
<b>AGREEMENT WITH WHITE WATER POWER</b>	)	
<b>COMPANY INC FOR THE SALE AND</b>	)	<b>COMMENTS OF THE</b>
<b>PURCHASE OF ELECTRIC ENERGY FROM</b>	)	<b>COMMISSION STAFF</b>
<b>THE WHITE WATER RANCH HYDRO</b>	)	
<b>PROJECT</b>	)	

The Staff of the Idaho Public Utilities Commission comments as follows on Idaho Power Company's Application.

**BACKGROUND**

On March 10, 2020, Idaho Power Company ("Idaho Power" or "Company") filed an Application requesting consideration of an Energy Sales Agreement ("ESA" or "Agreement") with White Water Power Company Inc for energy generated by the White Water Ranch Hydro Project ("Facility"). The Facility is a qualifying facility ("QF") under the Public Utility Regulatory Policies Act of 1978. The Facility has a scheduled First Energy Date under the ESA of August 1, 2020.

The Facility is a 170-kilowatt<sup>1</sup> (“kW”) nameplate capacity hydro facility near Gooding, Idaho. The Agreement contains published non-seasonal, non-levelized avoided cost rates for a 20-year term. The Facility has been delivering energy to Idaho Power in accordance with an energy sales agreement dated February 24, 1984, which expires July 31, 2020.

## **STAFF ANALYSIS**

Staff recommends approval of the proposed ESA (as amended on April 3, 2020) between Idaho Power and White Water Power Company Inc. 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

Qualifying facilities 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-1980s, and the Company has a long generation history for the QF. Staff believes a five-day advanced notice is sufficient.

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<sup>1</sup> On April 3, 2020, Idaho Power moved for Commission approval of an amendment to the ESA to correct the Facility’s nameplate capacity. The ESA filed with the Commission on March 10, 2020 stated the Facility’s nameplate capacity as 160 kW, but White Water Power Company Inc later provided information to Idaho Power that showed the Facility’s nameplate capacity has been 170 kW since 1988. Idaho Power and White Water Power Company Inc executed an amendment on April 3, 2020.

## 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.” Although the original contract did not contain a capacity payment, Staff believes the Facility should be granted capacity payments for the full term of the replacement contract. In addition, the size of the facility increased during the term of the original contract; because of the timing of the change, Staff believes the QF is eligible for capacity payments for the entire size of the facility.

Similar to the Black Canyon #3 project, the Facility in its original contract received avoided cost rates without a capacity payment as determined in Order No. 18190, effective September 1, 1983, because Idaho Power was at that time energy constrained, not capacity constrained. Since about the year 2000, the Company has added significant amounts of capacity such as Danskin (2001 and 2008), Bennett Mountain (2005), and Langley Gulch (2012) gas plants. Because the Company went through those multiple capacity deficiency periods during the Facility’s 35-year contract term, Staff is confident that the Facility has contributed to meeting the Company’s need for capacity.

However, the Facility changed in size from 120 kW of nameplate capacity approved on May 16, 1984 to 170 kW by the end of 1988, which is the Facility’s current size. Similar to Sagebrush Hydro in Case No. IPC-E-19-38, Staff believes that if an increase in capacity occurs after the Company has become capacity sufficient, the incremental amount should only begin receiving capacity payments based on the capacity deficiency date determined at the time the QF increased its capacity. Since White Water Ranch added to its capacity prior to the Company’s deficiency period that started in about the year 2000, Staff believes that the incremental capacity also contributed to the Company’s need for capacity and is eligible for immediate full capacity payments.

## *Imperial Horsepower vs. Metric Horsepower*

According to Idaho Power, several hydropower QFs use electric motors as generators including the White Water Ranch Hydro Project. Staff met with the Company to discuss the most appropriate method to determine the nameplate capacity when a motor is used as a generator for new or renewal contracts moving forward. Staff and the Company agree to use the motor’s nameplate horsepower (“HP”) rating, which can be converted to kW.

Staff believes that the efficiency losses calculated into the HP rating of the motor are approximately equal to the efficiency losses when the motor is used as a generator. Therefore, the HP rating on the motor nameplate when converted to kW can and should be used as the generator nameplate capacity. However, when doing the conversion, there are two versions of HP: Imperial and metric. Staff recommends that when the Company determines the generator nameplate capacity for a motor used as a generator, the Company should identify the proper HP units on the motor and use 0.7457 HP per kW for converting from Imperial HP to kW and 0.7355 HP per kW for converting from metric HP to kW.

#### Verification of Non-Seasonal Hydro Avoided Cost Rates


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

#### **STAFF RECOMMENDATIONS**

Staff recommends the Commission approve the ESA as amended on April 3, 2020. Staff also recommends the Commission declare Idaho Power's payments to White Water Power Company Inc for the purchase of energy generated by the White Water Ranch Hydro Project under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

Staff also recommends that when the Company determines the generator nameplate capacity for a motor used as a generator, the Company should identify the proper HP units on the motor and use 0.7457 HP per kW for converting from Imperial HP to kW and 0.7355 HP per kW for converting from metric HP to kW.

Respectfully submitted this 13<sup>th</sup> day of May 2020.

  
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Matt Hunter  
Deputy Attorney General

Technical Staff: Yao Yin  
Rachelle Farnsworth

i:umisc/comments/ipce20.13mhyrf comments

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 13<sup>th</sup> DAY OF MAY 2020, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-20-13, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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*/s/ Reyna Quintero*  
SECRETARY