

DAYN HARDIE
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0312
IDAHO BAR NO. 9917

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Street Address for Express Mail:
11331 W CHINDEN BLVD, BLDG 8, SUITE 201-A
BOISE, ID 83714

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF IDAHO POWER'S)
APPLICATION FOR APPROVAL OR) CASE NO. IPC-E-20-22
REJECTION OF AN ENERGY SALES)
AGREEMENT WITH BRIGGS CREEK)
HYDRO, INC, FOR THE SALE AND) COMMENTS OF THE
PURCHASE OF ELECTRIC ENERGY FROM) COMMISSION STAFF
THE BRIGGS CREEK HYDRO PROJECT)**

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Dayn Hardie, Deputy Attorney General, submits the following comments.

BACKGROUND

On April 21, 2020, Idaho Power Company ("Idaho Power" or "Company") filed an Application requesting consideration of an Energy Sales Agreement ("ESA" or "Agreement") with Briggs Creek Hydro, Inc. ("Briggs Creek") for energy generated by the Briggs Creek 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 October 1, 2020.

The Facility is a 600-kilowatt nameplate capacity hydro facility near Buhl, Idaho. The ESA contains published non-seasonal, non-levelized hydro avoided cost rates for a 20-year term. The ESA would replace an existing power sales agreement dated June 21, 1984, which expires September 30, 2020.

STAFF ANALYSIS

Staff recommends approval of the proposed ESA between Idaho Power and Briggs Creek. 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.

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.

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. Staff notes that the Facility was approved to be 650 kW in its original contract, but the actual Facility has always been 600 kW, which has contributed to meeting capacity need in its entirety. Therefore, Staff believes the current size of 600 kW should receive immediate full capacity payment.


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. Staff also recommends the Commission declare Idaho Power's payments to Briggs Creek Hydro, Inc for the purchase of energy generated by the Briggs Creek hydro project under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 5th day of June 2020.



Dayn Hardie
Deputy Attorney General

Technical Staff: Yao Yin
Rachelle Farnsworth

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 5th DAY OF JUNE 2020, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-20-22, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

DONOVAN WALKER
REGULATORY DOCKETS
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-mail: dwalker@idahopower.com
dockets@idahopower.com

ENERGY CONTRACTS
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-mail: energycontracts@idahopower.com

SCOTT KASTER
BRIGGS CREEK HYDRO INC
1429 E 4300 N
BUHL ID 83316
E-mail: hydro2020@icloud.com

/s/ Reyna Quintero
SECRETARY