

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-20-38
COMPANY'S APPLICATION FOR)	
APPROVAL OR REJECTION OF A SECOND)	
AMENDMENT TO THE ENERGY SALES)	ORDER NO. 34937
<u>AGREEMENT WITH ID SOLAR 1, LLC</u>)	

On December 11, 2020, Idaho Power Company asked the Commission to approve or reject an amendment to its Energy Sales Agreement ("ESA") with ID Solar 1, LLC ("ID Solar 1"). ID Solar 1 is a qualifying facility ("QF") under the Public Utility Regulatory Policies Act of 1978 ("PURPA").

On January 14, 2021, the Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 34893.

Now, the Commission approves the ESA.

BACKGROUND

Under PURPA, electric utilities must purchase the power produced by QFs. 16 U.S.C. § 824a-3(b); 18 C.F.R. § 292.303(a). The utility must purchase the energy at the avoided cost rate. 18 C.F.R. § 292.304(a). The avoided cost represents "the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source." 18 C.F.R. § 292.101(b)(6). State utilities commissions have broad discretion to set avoided cost rates within their respective jurisdictions. *Rosebud Enterprises, Inc. v. Idaho PUC*, 128 Idaho 624, 627, 917 P.2d 781, 784 (1996). FERC regulations require state regulatory commissions to establish published avoided cost rates for all QFs 100 kW and smaller. 18 C.F.R. § 292.304(c)(1). The Commission, in its discretion, may establish published avoided cost rates for QFs above 100 kW. 18 C.F.R. § 292.304(c)(2). In Idaho, published avoided cost rates are available for solar QFs up to 100 kW. Order No. 32697 at 14. QFs above the project eligibility cap are eligible for avoided cost rates determined by the incremental cost integrated resource plan method ("IRP Method"). QFs below the project eligibility cap are eligible for avoided cost rates determined by the surrogate avoided resource method. ("SAR Method"). *See id.* at 13-14.

Under the jurisdictional arrangement in PURPA between state utilities commissions and FERC, state utilities commissions “play the primary role in calculating avoided costs and overseeing the contractual relationship between QFs and utilities operating under the regulations promulgated by [FERC].” *Independent Energy Producers Ass’n, Inc. v. California Public Utilities Comm’n*, 36 F.3d 848, 856 (9th Cir. 1994).

THE APPLICATION

ID Solar 1 is a 40 MW nameplate capacity solar QF on South Cloverdale Road between Boise and Kuna. *See* Application at 1; *see also* IPC-E-14-20 Application at 1. The Commission originally approved the ESA between Idaho Power and Boise City Solar, LLC in 2014. *Id.* at 2; *see also* IPC-E-14-20, Order No. 33180. Boise City Solar, LLC was assigned and transferred to ID Solar 1 in 2016. Application at 2; *see also* IPC-E-16-20, Order No. 33956.

ID Solar 1 requested to change the time in which it may adjust its monthly estimated Net Energy Amounts. Application at 2. The proposed amendment would allow ID Solar 1 to adjust its estimated Net Energy Amounts on or before 5 pm on the 25th day of the month preceding the month for which the estimates are made. *Id.* at 2-3. Currently, ID Solar 1 must provide adjustments to its estimated Net Energy Amounts one month in advance. *See* IPC-E-14-20 Application at Att. 1, p. 14. The Company stated this amendment would be similar to other provisions approved by the Commission. Application at 2.

STAFF COMMENTS

Staff recommended the Commission approve the amendment. Staff Comments at 2. Staff stated the Commission approved the same amendment in Case Nos. IPC-E-19-01, -03, -04, -07, -12, and approved the provision in a new ESA in IPC-E-20-27. *Id.* Staff stated that updating the monthly estimates closer to the time of delivery can improve the accuracy of the forecast, thereby improving the usefulness of the forecasts in the Company’s short-term operational planning. *Id.* Staff noted that all previous Commission approvals of the same amendment were for SAR Method contracts, and this would be the first IRP Method ESA to use the closer-in-time update. *Id.* Staff stated it is reasonable to think that allowing QFs with IRP Method contracts to update monthly Net Energy Adjustments closer-in-time would provide the same benefit—greater accuracy—as is gained by allowing SAR Method QFs to update closer to the forecasted month. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503. In addition, the Commission has authority under PURPA and FERC regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Pursuant to this authority, we have reviewed the record, including the Application and comments. We find that the amendment is reasonable because it is likely to produce more accurate estimates, which will help Idaho Power's short-term operational planning.

ORDER

IT IS HEREBY ORDERED that the amendment to the ESA is approved.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th day of February 2021.



PAUL KJELLANDER, PRESIDENT

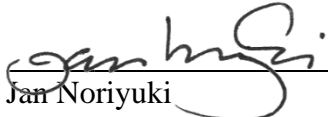


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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