

MATT HUNTER
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0318
IDAHO BAR NO. 10655

RECEIVED
2021 FEB 25 AM 9:41
IDAHO PUBLIC
UTILITIES COMMISSION

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)	
COMPANY'S APPLICATION FOR APPROVAL)	CASE NO. IPC-E-21-01
OR REJECTION OF AN ENERGY SALES)	
AGREEMENT WITH CRYSTAL SPRINGS)	
HYDROELECTRIC, L.P., FOR THE SALE AND)	COMMENTS OF THE
PURCHASE OF ELECTRIC ENERGY FROM)	COMMISSION STAFF
THE CRYSTAL SPRINGS HYDRO PROJECT)	
)	

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

BACKGROUND

On January 22, 2021, Idaho Power Company ("Idaho Power") filed an Application requesting consideration of an Energy Sales Agreement ("ESA" or "Agreement") with Crystal Springs Hydroelectric, L.P. ("Seller") for energy generated by the Crystal Springs Hydro Project ("Facility"). The Facility is a qualifying facility under the Public Utility Regulatory Policies Act of 1978. The Facility has a scheduled First Energy Date under the ESA of April 1, 2021.

The Facility is a 2,775-kilowatt nameplate capacity hydro facility near Buhl, 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 March 31, 1984, which expires March 31, 2021.

STAFF ANALYSIS

Staff recommends approval of the proposed ESA between Idaho Power and Crystal Springs Hydroelectric, L.P. 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 avoided cost rates.

90/110 Rule and 5-Day Advanced Notice for Adjusting Estimated Net Energy Amounts

Staff confirmed the ESA contains the 90/110 Rule as required by Commission Order 29632. The 90/110 Rule requires a QF to provide utilities with a monthly estimate of the amount of energy the QF expects to produce. If the QF delivers more than 110 percent of the estimated amount, then the utility must buy the excess energy for 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, then the utility must buy total energy delivered for the lesser of 85 percent of the market price or the contract price. *See* Order No. 29632 at 20.

Staff also confirmed the ESA requires the Seller to give the Company at least five-day advanced notice if the Seller wants to adjust its Estimated Net Energy Amounts for purposes of complying with 90/110 firmness requirements. Five-day advanced notice has been authorized in prior Commission orders such as Order Nos. 34263 and 34870.

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 payment for the full term of the replacement contract, as was granted by the Commission to the Black Canyon #3 project in Case No. IPC-E-19-04.

Similar to the Black Canyon #3 project, the Facility in its original contract included avoided cost rates without a capacity payment as determined in Order No. 18190, 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 to meet its capacity needs, such as Danskin (2001 and 2008), Bennett Mountain (2005), and Langley Gulch (2012) gas plants.

Because the Facility has operated since 1984 and has gone through those capacity deficiency periods, Staff is confident that the project has contributed to meeting the Company's need for capacity.

In addition, the configuration of the Facility and the amount of generation capacity remain unchanged in the proposed ESA.¹ Therefore, Staff believes the Facility should be granted capacity payments for its entire generation capacity amount over the full term of the ESA.

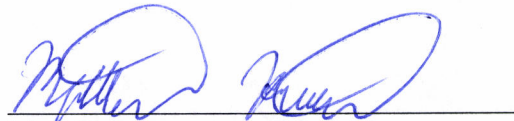
Verification of Avoided Cost Rates

Staff reviewed the avoided cost rates proposed in the ESA and verified that the proposed rates are correct.

STAFF RECOMMENDATIONS

Staff recommends the Commission approve the ESA. Staff also recommends the Commission declare Idaho Power's payments to Crystal Springs Hydroelectric, L.P. for the purchase of energy generated by the Crystal Springs Hydro Project under the ESA be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 25th day of February 2021.



Matt Hunter
Deputy Attorney General

Technical Staff: Yao Yin

i:\umisc\comments\ipce21.1mhyy comments

¹ The Facility's nameplate capacity is 2,775 kW, but maximum simultaneous capacity (when all four units are running simultaneously) is lower than that amount because of limitations in the configuration of the Facility. This maximum also remains approximately unchanged.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 25TH DAY OF FEBRUARY 2021,
SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN
CASE NO. IPC-E-21-01, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

DONOVAN E WALKER
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



SECRETARY

CERTIFICATE OF SERVICE