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BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S PETITION TO MODIFY TERMS AND CONDITIONS OF PROSPECTIVE PURPA ENERGY SALES AGREEMENTS	CASE NO. IPC-E-15-01 CLEARWATER PAPER CORPORATION AND THE J. R. SIMPLOT COMPANY'S JOINT PETITION FOR CLARIFICATION AND CROSS-PETITION FOR CLARIFICATION OF ORDER NO. 33222

COMES NOW, the CLEARWATER PAPER CORPORATION, hereinafter referred to as "Clearwater" and the J. R. SIMPLOT COMPANY hereinafter referred to as "Simplot" pursuant to this Commission's Rules of Procedure, Rule 325 IDAPA 31.01.01.325 hereby lodges their Joint Petition for Clarification and Cross-Petition for Clarification in the above captioned matter.

Intermountain Energy Partners ("IEP") Petitioned to Clarify Order No. 33222 on February 8, 2015. IEP's Petition to Clarify correctly pointed out that Idaho Power's Petition in this matter did not ask to reduce PURPA contracts to two years for any project other than a

project that has its rates set by the IRP methodology. The IEP Petition quoted directly from Idaho Power's Application in support of its position:

> Idaho Power's request to modify terms and conditions for prospective PURPA energy sales agreements is limited to transactions with proposed QF projects that exceed the published rate eligibility cap. (The published rate eligibility cap is 100 kilowatts for wind and solar QF's and 10 average megawatts for all other QF generation types.)[1]

However, in its Prayer for Relief, Idaho Power's Petition did not limit its two-year contract request to just proposed QF projects that exceed the published eligibility cap. Rather Idaho Power's Prayer for Relief went much further by asking the Commission to:

> [I]ssue an order directing that the maximum required term for <u>any Idaho Power PURPA energy sales agreement</u> be reduced from 20 years to 2.[2]

Idaho Power's Petition is internally inconsistent. At times it asks to limit all QF projects to two year contract terms. At other times it asks that the limitation apply only to QFs that exceed the published eligibility cap. At other times it focuses only on solar projects; and at other times it focuses only on wind projects.

Despite the broad sweep of Idaho Power's prayer for relief, it is clear that its Petition is actually narrowly targeted at just wind and solar intermittent resources that exceed the published rate eligibility cap of 100 kW. In particular, it is aimed at solar projects that exceed the rate eligibility cap. For instance on page four of its Application Idaho Power complains that:

> Idaho Power should not be obligated to enter into prospective long-term contracts for the large amount of proposed QF solar generation, nor should Idaho Power customers be obligated to pay for such long-term purchases when there is no need for such power production.

Again on page 18, Idaho Power points to the object of its ire as wind and solar:

> Since about 2002, and after the Commission increased the maximum contract term from five years back to 20 years (Case No. GNR-E-02-01), Idaho Power has experienced a

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[1] *IEP Petition* at p. 2, quoting Idaho Power's Petition at p. 2.
[2] *Idaho Power Petition* at pp. 36 – 37.

> dramatic increase in the number and size of PURPA projects, predominately wind, and now solar, QF projects coming on-line and under contract.

And on page 20:

> **The Continued Acquisition of Large Amounts of Unneeded Intermittent PURPA Generation Inflates Power Supply Costs and Degrades the Reliability of Idaho Power's System.**[3]

Indeed, Idaho Power's Petition is only about its alleged difficulty in accepting and paying for long-term wind and solar PURPA QF projects. The Commission should not cast a net any wider than necessary and should therefore limit this docket to only address the appropriate contract length for new intermittent solar and wind projects.

Clearwater Paper currently owns generation facilities that are certified to sell electric energy and capacity as PURPA qualifying facilities at its facility near Lewiston, Idaho that are cumulatively capable of generating approximately 109 megawatts of energy from use of biomass material in a cogeneration process. The J. R. Simplot Company operates a 15.9 megawatt qualifying facility that uses waste heat from industrial processes in a cogeneration application at its fertilizer plant in Pocatello, Idaho. None of Idaho Power's arguments apply to base-load facilities utilizing waste heat, biomass, or industrial cogeneration such as Clearwater's base-load capacity non-intermittent QF project or Simplot's existing base-load industrial cogeneration facility. These plants provide reliable energy and capacity at the respective load centers of Avista and Idaho Power. They are also more efficient in producing power than even utility-owned based load plants such as Bridger or Langley Gulch.

Yet Order No. 33222 casts such a wide net that it will materially affect the rights of base-load facilities even on an interim basis. For example, Simplot recently signed a one-year contract for its Pocatello qualifying facility utilizing the published avoided cost rates available to

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[3] *Idaho Power Petition* at p. 20, emphasis in original.

that project if it generates no more than 10 average monthly MW. *See* IPUC Case No. IPC-E-15-02. That one-year contract will expire on March 1, 2016, and Simplot had intended to begin negotiations and proceedings to resolve issues for a replacement contract as soon as the Commission approves the contract before it in IPUC Case No. IPC-E-15-02. However, because this proceeding (IPC-E-15-01) will likely continue for several months or a year, Simplot will now be limited to a five-year contract term for that contract regardless of whether it elects to sell under the published avoided cost rates or the IRP methodology rates.

Neither Simplot nor Clearwater take a position on the appropriate contract length for intermittent solar and wind QF projects. However, Clearwater and Simplot strongly urge the Commission not to fall for Idaho Power's attempt to poison the well by painting **all** PURPA projects with the same brush. The Commission should limit this docket to addressing only the alleged problems with new wind and solar PURPA QF projects.

Simplot and Clearwater appreciate the intent of the IEP's Cross-Petition, but believe that it also casts too wide a net by including non-wind and non-solar QF projects that happen to exceed the published rate eligibility cap. Thus, Clearwater and Simplot recommend the Commission's ordering paragraph in Order No. 33222 be amended to read as follows:

> IT IS HEREBY ORDERED that effective February 5, 2015, and pending further order of the Commission, the maximum contractual term for Idaho Power's new intermittent (solar and wind powered) PURPA contracts shall be five years,

This proposed change puts the focus of this docket where it is intended to be and avoids the unintended consequences wrought by the inconsistencies in intended scope in Idaho Power's Petition.

There is ample Commission precedent to single out wind and solar resources for special consideration. In the recently concluded generic avoided cost docket,[4] the Commission made the following findings relative to affording special regulatory treatment for wind and solar PURPA projects:

> Based on the record, the Commission finds that a convincing case has been made to temporarily reduce the eligibility cap for published avoided cost rates from 10 aMW to 100 kW for wind and solar only while the Commission further investigates the implications of disaggregated QF projects. We maintain the eligibility cap at 10 aMW for QF projects other than wind and solar (including but not limited to biomass, small hydro, cogeneration, geothermal, and waste-to-energy). The Petitioners have not convinced us that lowering the eligibility cap for these other QF technologies is necessary or in the public interest.[5]

As in the generic avoided cost docket, there is no record suggesting a need to reduce the maximum contract length for any type of resource other than wind and solar. Indeed, there may not be sufficient evidence to support such a change for wind and solar, however Idaho Power's Petition has not alleged any problems with the other types of QF technologies that would warrant what amounts to a suspension of PURPA for them as well.

WHEREFORE, Clearwater Paper Corporation and the J. R. Simplot Company respectfully request that Order No 33222 be clarified as discussed above.

DATED this 25th day of February, 2015.

RICHARDSON ADAMS, PLLC

By _____
Peter J. Richardson

Attorneys for Clearwater Paper Corporation, and the J. R. Simplot Company

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[4] *In the Matter of the Joint Petition of Idaho Power Company, Avista Corporation, and PacifiCorp DBA Rocky Mountain Power to Address Avoided Cost Issues and to Adjust the Published Avoided Cost Rate Eligibility Cap,* Docket No. GRN-E-10-04.
[5] Order No. 32176 p. 9. Emphasis in orginal.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 26th day of February, 2015, a true and correct copy of the within and foregoing PETITION FOR CLARIFICATION AND CROSS-PETITION FOR CLARIFICATION was served as shown to:

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Signed _____
Nina M. Curtis