

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN)	CASE NO. PAC-E-20-18
POWER'S APPLICATION FOR APPROVAL)	
OR REJECTION OF AN ENERGY SALES)	ORDER NO. 35262
AGREEMENT WITH AMY FAMILY)	
<u>HOLDINGS, LLC</u>)	

On December 3, 2020, Rocky Mountain Power (“Company”) applied to the Commission seeking approval or rejection of an amendment to extend for one-year an existing Energy Sales Agreement (“ESA”) the Company has with Amy Family Holdings, LLC (“Seller”) to allow the parties to secure a stand-alone interconnection agreement replacing the interconnection provision in the existing ESA. The Company’s Application includes an Amendment to the Power Purchase Agreement (“PPA”) between Seller and the Company (“Attachment 1”). The Company reasoned that if the ESA was not extended or renewed it would expire on December 31, 2021.

After the Company filed its Application to extend the ESA’s term by one-year, the Seller significantly progressed on the new interconnection provisions to the point the Company became confident the Seller could complete the required interconnection before the energy sales agreement expired, thus negating the need for the one-year extension. On March 10, 2021, the Company filed an Unopposed Motion for Stay with the goal of allowing the Seller to complete the new interconnection provisions.

On March 25, 2021, the Commission granted the Company’s motion with the condition that if the Seller had not completed its interconnection requirements by October 15, 2021, the Company must seek continuance. Order No. 34971.

On September 23, 2021, the Company filed an Unopposed Motion to Lift Stay requesting the Commission consider its Application and issue a final order by December 31, 2021 citing that the transmission upgrades necessary for the long-term power purchase agreement with Seller cannot be completed until May 2022. The Company states “the existing contract must be extended so the Seller can maintain its current interconnection rights until the transmission upgrades are complete.”

On October 22, 2021, the Commission issued notice of the Company’s Application and established public comment and Company reply deadlines. Order No. 35208. Staff filed the only comments. The Company did not reply.

On November 17, 2021, the Company filed an Errata to its Application. The Errata corrected the nameplate capacity of the Facility, the contracted capacity of the Facility, and estimated net output over the extended term. The updated Facility nameplate capacity is 650 kilowatts (“kW”), the updated contract capacity is 600 kW, and the updated estimated net output is 1,904 megawatt-hours (“MWh”).

Having reviewed the record in this case, we now issue this Order granting the Company’s authority to extend its existing ESA with the Seller for one-year.

THE APPLICATION

The ESA was entered on January 3, 1985 prior to the Company separating its energy supply and transmission functions as required by federal law. The ESA contains provisions addressing both energy supply and interconnection requirements.

The Seller and the Company are in the process of securing a stand-alone interconnection agreement to replace the interconnection provision in the ESA. Before a new agreement can be entered, the stand-alone interconnection agreement requires all distribution system upgrades to be constructed and in place.

The necessary upgrades for a new agreement will not be completed before the ESA expires on December 31, 2021. The Seller expressed a desire to continue selling electricity generated by the Facility to the Company consistent with the requirements of the Public Utilities Regulatory Policies Act of 1978 as implemented by Idaho.

While the distribution system upgrades are being completed the Seller and the Company have agreed to a limited one-year extension of the existing contract with updated pricing for energy sales during the extended term—January 1, 2022 through December 31, 2022 (“Extended Term”). *See* Exhibit A to Attachment 1. During the Extended Term, the total nameplate capacity of the Facility—450 kW— remains unchanged.¹ The Facility’s estimated net output during the Extended Term is 2,087 MWhs.²

¹ The Company updated this in the November 17, 2021 Errata filed in this case. The Errata explained that the installed nameplate capacity of the Facility was incorrectly listed in the Application and should be 650 kW.

² *See id.*

STAFF'S COMMENTS

Staff recommended the Commission approve the proposed Amendment for a one-year extension between the Company and the Seller, if the contracting parties update the Amendment to:

1. Correct the nameplate capacity to reflect the installed nameplate capacity of 650 kW;
2. Use of two sets of avoided cost rates. One set of rates that uses avoided costs of capacity and energy as contained in the Amendment and approved in Order No. 34683 for up to 600 kilowatt-hours (“kWhs”) each hour. A second set that uses avoided cost of energy rates approved in Order No. 34683 for any hourly generation greater than 600 kWhs until the Company’s first capacity deficiency date; and
3. Modify Table No. 1 in Exhibit A to reflect the adjusted rates available:³

Table No. 1: Updated Table 1 Energy Annual Rates

Year	Energy Annual Rate for hourly generation of 600 kWhs or less (\$/MWh)	Energy Annual Rate for hourly greater than 600 kWhs (\$/MWh)
2022	\$51.58	\$23.90

Staff discussed the history of the Facility. The original 1985 PPA reflected a nameplate capacity of 450 kW. In 1987, a MOU was entered acknowledging the nameplate capacity to 600 KW—the PPA has reflected this since. The actual installed nameplate capacity is 650 kW, which Staff believed should be accurately stated in the Amendment.

Because the original PPA operated as a 600 kW Facility, Staff did not believe the Facility should be eligible for avoided cost of energy and capacity payments for its entire 650 kW installed nameplate capacity. Staff cited Order No. 32697 that describes the eligibility for immediate capacity payments in a renewal contract. Since the Facility is currently being paid capacity payments under the expiring contract, Staff believed the Seller should be paid for the avoided cost of energy and capacity for hourly generation up to 600 kWhs, but not for any hourly generation exceeding 600 kWhs. Until the Company’s next capacity deficiency date, Staff argued the Facility should only be paid for the avoided cost of energy for any hourly generation above

³ Energy Annual Rates will be further adjusted by monthly on-peak/off-peak multipliers to derive hourly avoided cost rates for each month.

600 kWhs, because the Company has not been relying on that much generation capacity for planning purposes. Staff believed the applicable avoided costs rates authorized in Order No. 34683 should be applied to the one-year extension.

Staff also recommended the parties use two sets of avoided cost rates for their renewal contract. These rates should include avoided costs of capacity and energy for hourly generation up to 600 kWhs and avoided cost of energy only for any hourly generation exceeding 600 kWhs until the Company's next capacity deficiency date.

Staff also recommended that the parties include the 90/110 provision in their renewal contract when it is filed but did not believe it was necessary in the extension.

COMMISSION DECISION AND FINDINGS

The Commission has jurisdiction over this matter under Title 61 of the Idaho Code. 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. The Commission also has authority under PURPA and Federal Energy Regulatory Commission ("FERC") regulations to set avoided cost rates, 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.

The Commission has reviewed the record, including the Application, Errata, and Staff's comments. Based on our review, we find it fair, just, and reasonable to approve the Company's one-year extension with the Seller to allow the Seller to complete the requirements for a standalone interconnection agreement necessary for a long-term renewal contract.

The Commission further finds it reasonable to direct the contracting parties to update their ESA Amendment to include the correct nameplate capacity of 650 kW. This should be filed with the Commission once corrected. The actual installed nameplate capacity should also be used in any renewal contract if the generator is not modified prior to its execution.

The Commission finds it reasonable and in the public interest to require the Company and the Seller to apply two sets of avoided cost rates to the Facility's generation. The Amendment shall include energy plus capacity payments for hourly generation up to 600 kWhs and energy only payments for any hourly generation above 600 kWhs, until the Company's next capacity deficit

year. Avoided cost rates approved in Order No. 34683 shall be applied to the hourly generation as described above.

Finally, we direct the contracting parties to employ the bifurcated avoided cost rate structure described above to any long-term renewal contract for the Facility. Given the recent update to the correct Facility's nameplate capacity, we find separate rates for hourly generation below or exceeding 600 kWhs until the Company's first capacity deficit year are reasonable in any renewal contract. We also note that the 90/110 provision has become standard in these types of contracts.

ORDER

IT IS HEREBY ORDERED that the Amendment extending the Company's ESA with the Seller for up to one-year is approved, effective January 1, 2022, subject to the following conditions:

1. The Amendment reflects the actual installed nameplate capacity of the generator as 650 kW; and
2. The contracting parties agree to include bifurcated rates during the one-year extension—avoided cost of energy and capacity for any hourly generation up to 600 kWhs and avoided cost of energy only for any hourly generation exceeding 600 kWhs until the Company's next capacity deficit year. The Company should use the applicable avoided cost rates approved in Order No. 34683.


IT IS FURTHER ORDERED that the contracting parties should include the bifurcated avoided cost rate structure (described above) until the Company's next capacity deficit year.

IT IS FURTHER ORDERED that all payments made by the Company to the Seller under the one-year ESA extension, as modified herein, are allowed as prudently incurred expenses for ratemaking purposes.

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 about 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 20th
day of December 2021.



PAUL KJELLANDER, PRESIDENT

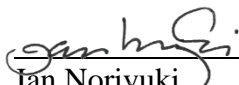


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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