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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ROCKY MOUNTAIN )**  
**POWER'S APPLICATION FOR APPROVAL )** **CASE NO. PAC-E-20-18**  
**OR REJECTION OF AN ENERGY SALES )**  
**AGREEMENT WITH AMY FAMILY )** **COMMENTS OF THE**  
**HOLDINGS, LLC )** **COMMISSION STAFF**  
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**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 December 3, 2020, PacifiCorp dba Rocky Mountain Power (“Company”) applied to the Commission seeking approval or rejection of an Amendment to extend an existing Power Purchase Agreement (“PPA”) the Company has with Amy Family Holdings, LLC (“Seller”) for up to one-year to allow the parties to secure a stand-alone interconnection agreement. The extension will expire upon the earlier of (i) the effective date of a renewal power purchase agreement between the Company and the Seller; or (ii) December 31, 2022. The Company reasoned that if the PPA was not extended or renewed, it would expire on December 31, 2021.

After the Company filed its Application to extend the PPA’s term, the Seller significantly progressed on the new interconnection provisions to the point where the Company became confident the Seller could complete the interconnection requirements before the PPA expired, thus

negating the need for the extension. On March 10, 2021, the Company filed an unopposed motion to stay the Application.

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, because the transmission upgrades necessary for a renewal power purchase agreement will not be completed until May 2022. The Company states that the existing PPA must be extended so the Seller can maintain its current interconnection rights until the transmission upgrades are complete.

**STAFF ANALYSIS**

Staff recommends approval of the proposed Amendment between the Company and the Seller, if the parties update the Amendment to:

1. Include provisions that correct the nameplate capacity to reflect the installed nameplate capacity of 650 kilowatts (“kW”);
2. Include provisions that describe the use of two sets of avoided cost rates. One set of rates uses avoided cost of capacity and avoided cost of energy as contained in the Amendment and approved in Order No. 34683 for up to 600 kilowatt-hours ("kWhs") each hour. The second set of rates uses avoided cost of energy only, as approved in Order No. 34683 and effective November 18, 2020, when the Amendment was signed by both parties, for production greater than 600 kWh until the Company’s first capacity deficiency date; and
3. Modify Table No. 1 in Exhibit A as follows:

**Table No. 1: Updated Table 1 Energy Annual Rates<sup>1</sup>**

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

<sup>1</sup> Energy Annual Rates will be further adjusted by monthly on-peak/off-peak multipliers to derive hourly avoided cost rates for each month.

Staff's review has focused on the nameplate capacity, the eligibility of capacity payments, the avoided cost rates, and the 90/110 Rule.

### Nameplate Capacity

Staff recommends that the parties update the proposed Amendment to include provisions that correct the nameplate capacity, by reflecting the actual installed nameplate capacity of 650 kW. The original 1985 PPA listed the nameplate capacity as 450 kW. In 1987, the parties entered a Memorandum of Understanding ("MOU") that increased the listed nameplate capacity to 600 kW. *See* Order No. 21018. However, the actual installed nameplate capacity is 650 kW. Through discovery, Staff learned that both the new transmission interconnection agreement and the renewal contract will accurately reflect the nameplate capacity of 650 kW.

### Capacity Payment Eligibility

Staff believes the Facility should receive immediate capacity payments for the up to 600 kWhs hourly because the 600 kW is the nameplate capacity last recognized by the Commission in Order No. 21018.

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." The Facility is being paid for capacity at the end of the contract term; thus, Staff believes the Facility should be granted capacity payments up to 600 kWhs hourly for the full term of the Amendment contract.

Although the Amendment is only effective for one-year or less, Staff believes the Facility should receive capacity payments during the period the Amendment is operable because the Interconnection Agreement was executed on September 15, 2021, and the completion of the transmission upgrades necessary for a long-term contract depends on the workload of the Company's engineering staff, not the Seller. *See* Production Response No. 3.

However, because the Commission has approved the nameplate capacity of 600 kW for the Facility, not 650 kW actually installed, Staff believes the Facility is only eligible for capacity payments up to 600 kWhs hourly because this is the amount of maximum capacity the Company could rely upon to avoid resource acquisition in the future. Thus, production greater than 600 kWhs hourly should receive avoided cost of energy only.

### Avoided Cost Rates

Staff reviewed the avoided cost rates proposed in the Amendment and verified that the proposed rates reflect the rate authorized in Order No. 34683, which were in effect when the Amendment was signed by both parties. However, Staff believes that these rates, which include avoided cost of capacity and energy, should only apply to generation up to 600 kWhs hourly. For generation exceeding 600 kWhs hourly avoided cost of energy as approved in Order No. 34683 should be used until the Company's first capacity deficiency date. The "Energy Annual Rate for hourly" exceeding 600 kWhs is contained in the "Updated Table 1 Energy Annual Rates" shown above.

Staff also recommends that the parties use two sets of avoided cost rates for the new renewal contract that the parties will submit to the Commission after the transmission upgrades are complete. The two sets of avoided cost rates should include the 600-kW capacity payment cap in place until the capacity deficiency date, that are authorized at the time when the parties sign the contract.

### The 90/110 Rule

Although the proposed Amendment does not include the 90/110 Rule related provisions, Staff believes the 90/110 provision is not necessary for the limited term of the Amendment because the Commission recently approved a contract extension that did not include the provision. See Order No. 35123. However, Staff believes that the parties should include the 90/110 provisions in the renewal contract when it is submitted for Commission approval.

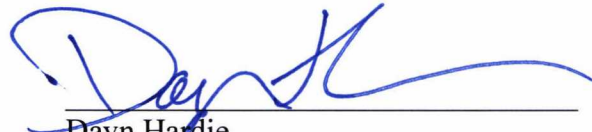
### **STAFF RECOMMENDATION**

Staff recommends approval of the proposed Amendment between the Company and the Seller, if the parties update the Amendment to:

1. Include the nameplate capacity for the installed nameplate capacity of 650 kilowatts ("kW");
2. Describe the use of two sets of avoided cost rates by capping capacity payments for any throughput up to 600 kWhs in any hour as described above;
3. Replace Table 1 in Exhibit A with the Updated Table 1 Energy Annual Rates; and
4. File the updated Amendment with the Commission.

Staff also recommends that, if the parties update the Amendment, the Commission declare that the avoided cost rates in the updated Amendment are just and reasonable, in the public interest, and that the Company's incurrence of such costs are legitimate expenses.

Respectfully submitted this 22nd day of November 2021.



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Dayn Hardie  
Deputy Attorney General

Technical Staff: Yao Yin

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 22<sup>nd</sup> DAY OF NOVEMBER 2021, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-20-18, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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