



Idaho Public Utilities Commission

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Commission OKs power purchase agreements between Idaho Power, small hydro projects

BOISE (August 27, 2014) – The Idaho Public Utilities Commission is approving Idaho Power Company applications to buy energy from three small hydroelectric projects while the procedural schedule for a fourth is temporarily suspended.

The projects qualify under the provisions of the Public Utility Regulatory Policies Act of 1978, or PURPA. The act requires that electric utilities offer to buy power produced from qualifying small-power producers. The rate to be paid small-power producers is determined by the commission and is called an “avoided-cost rate” because it is to be equal to the cost the electric utility avoids if it would have had to generate the power itself or purchase it from another source. The commission must ensure the avoided-cost rate is reasonable for utility customers because 100 percent of the price utilities pay to qualifying small-power producers is included in customer rates.

The Head of U Canal Project is near Jerome. The 20-year power purchase agreement for that project is with North Side Energy Co., John Beukers of Twin Falls, president. The 1.28-megawatt project is scheduled to be online by May 1, 2015.

Head of U Canal is a “seasonal” project. Seasonal projects are typically connected to irrigation or canal systems that provide at least 55% of their generation during June, July and August. The power purchase agreement includes non-levelized payments from Idaho Power to the developer that gradually increase throughout the life of the contract. Beginning in 2015 when the project is scheduled to be online, the avoided-cost rate for seasonal hydroelectric projects is \$75.71 per megawatt-hour, though that amount is adjusted slightly downward during light-load hours of the day and season and upward during heavy-load hours and seasons. In 2034, at the end of the contract, the price would be \$137.38 per MWh.

The **Little Wood River Ranch II Project** near Shoshone is non-seasonal and also 1.28 MW. The project, owned by William Arkoosh, is 1.28 MW. The scheduled online date is June 1, 2015.

The 2015 avoided-cost rate for non-seasonal hydro projects is \$57.48 per MWh, increasing to \$113.35 per MWh at contract's end. The rate can also be adjusted to accommodate for light- and heavy-load hours of the day and season.

The **Eightmile Hydro** project is a 360-kilowatt facility near Leadore. The power purchase agreement is for 20 years and the scheduled operation date is August 30, 2014.

The contract is for a non-levelized rate that gradually increases throughout the life of the 20-year agreement. The 2014 rate is about \$55.79 per megawatt-hour, increasing to a 2033 rate of \$108.89 per MWh. The rate is adjusted to account for heavy and light load seasons and hours. The agreement is with Eightmile Hydro Corporation, Jordan and Susan Whittaker of Leadore owners.

Under the three sales agreements, revenue earned from the environmental attributes or "green tags" associated with the projects will go the developers.

A fourth Idaho Power application has been filed with the Commission for a much larger project, **Clark Canyon Hydro**. However, the commission granted a request by the parties to suspend the procedural schedule until Idaho Power and Clark Canyon can reconcile some discrepancies discovered between Clark Canyon's Federal Energy Regulatory Commission license and the proposed power purchase agreement.

The project, near Dillon, Montana, was proposed for 7.55 MW with a scheduled operation date of June 1, 2017. Idaho Power had reached an agreement with a smaller version (4.7 MW) of this project earlier, but the project was not able to meet its December 2013 operation date.

A full text of the commission's orders, along with other documents related to these cases, is available on the commission's Web site at www.puc.idaho.gov Click on "Open Cases" under the "Electric" heading and scroll down to Case No. IPC-E-14-06 for Little Wood River Ranch II Project, IPC-E-14-07 for Head of U Canal Project, IPC-E-14-12 for Eightmile Hydro Project and IPC-E-14-15 for Clark Canyon Hydro Project.

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