

Idaho Public Utilities Commission

Case No. IPC-E-14-18, Order No. 33079

Contact: Gene Fadness (208) 334-0339

Commission opens case to allow comment on Idaho Power's proposed solar integration charge

BOISE (July 25, 2014) – The Idaho Public Utilities Commission is opening a case to investigate a proposed integration charge that would be assessed solar developers to cover Idaho Power's costs of integrating solar output into its transmission and distribution system.

Generation sources like wind and solar that vary in their output depending on weather conditions require back-up sources to ensure system reliability. Utilities must provide operating reserves from baseload (non-intermittent) resources – such as a natural gas or hydro plant – that can be quickly ramped up or down to offset changes in generation from variable sources. Restricting the use of baseload resources to provide back-up for intermittent generation results in higher power supply costs that are eventually passed on to customers, Idaho Power claims.

To prevent customers from paying those costs, Idaho Power proposes a solar integration charge that would be discounted from the amount the utility pays to solar developers. The utility recently completed a study and proposes charges that gradually increase as solar generation increases. Idaho Power proposes that developers pay about 40 cents per megawatt-hour when there is 100 megawatts or fewer of solar generation on Idaho Power's system. That cost increases to \$1.50 per MWh when solar penetration is between 100 and 300 MW; \$2.80 per MWh at a solar penetration of between 300 and 500 MW; and \$4.40 per MWh at a solar penetration of between 500 and 700 MW. Those proposed amounts are for contracts signed this year and would gradually change during the length of the sales agreement.

The commission is inviting other parties to intervene in the case to comment on whether an integration charge is necessary, the reasonableness of the charge, the method of determining the charge and other related issues. Interested parties seeking to present evidence, present witnesses or cross-examine witnesses must

file a petition to intervene with the commission by no later than Aug. 6. After that time, the commission will establish a hearing schedule. Comment deadlines will also be established for persons wishing to present their views without formally intervening.

The rapid growth of wind development and solar potential “had led to the recognition that Idaho Power’s finite capability for integrating variable and intermittent generation is nearing its limit,” the company claims in its application. “Even at the current level of wind generation ... dispatchable thermal and hydro generators are not always capable of providing the balancing reserves necessary to integrate variable generation,” the company claims. “This situation is expected to worsen as wind and solar penetration levels increase, particularly during periods of low customer demand.”

Idaho Power recently signed six solar contracts for 60 megawatts in its Oregon service territory and is nearing final agreements for an additional 120 MW of solar in Idaho. The utility claims there are an additional 260 MW of proposed solar projects seeking pricing and contracts. The utility’s wind generation is up to 678 MW, about 505 MW added since 2010. An update to the integration charge now paid by wind developers is the subject of another case before the commission.

Copies of Idaho Power’s solar integration study and other documents related to this case are available on the commission’s Website at www.puc.idaho.gov. Click on “Open Cases” under the “Electric” heading and scroll down to Case No. IPC-E-14-18.

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