Idaho Public Utilities Commission

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Case No. IPC-E-14-18, Order No. 33173
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Technical hearing in solar integration case vacated while parties negotiate possible settlement

BOISE (Nov. 6, 2014) – A technical hearing regarding Idaho Power Company's application to implement a solar integration charge that had been scheduled for Nov. 13 has been vacated to allow an opportunity for parties to the case to enter into settlement negotiations.

The parties, including Idaho Public Utilities Commission staff, the Idaho Conservation League, the Snake River Alliance and the Sierra Club, filed a joint stipulation asking that today's rebuttal testimony deadline and the Nov. 13 hearing be vacated as the parties pursue a resolution of the issues through settlement. The parties have agreed to meet for a settlement conference on Nov. 17. If the parties are not able to reach a settlement, then a mutually agreeable schedule for rebuttal testimony and a hearing will be determined.

The integration charge Idaho Power proposes would be assessed larger solar developers to compensate Idaho Power for costs it incurs to integrate solar output into its transmission and distribution system. This application does not impact residential or small-commercial customers who have rooftop solar installations.

Pre-filed direct testimony from the parties and Idaho Power has already been filed and can be accessed from 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-14-18.

Solar and wind generation is intermittent, meaning that that they vary in energy output depending on sun and wind conditions. That intermittency requires that Idaho Power have back-up generation to ensure system reliability. Utilities must provide operating reserves from baseload (non-intermittent) generation resources – such as a natural gas or hydro plant – that can be quickly ramped up or down to offset changes in generation from variable generation.

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 is proposing a solar integration charge that would be discounted from the amount the utility pays to solar developers.

Idaho Power proposes charges that gradually increase as solar generation increases. It 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 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. It currently has applications before the commission for approval of 13 solar projects totaling about 400 MW. Idaho Power's wind generation is up to 678 MW, about 505 MW added since 2010. The commission recently updated the integration charge now paid by wind developers.

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