



Idaho Public Utilities Commission

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Paul Kjellander, Commissioner
Mack A. Redford, Commissioner
Marsha H. Smith, Commissioner

Case No. IPC-E-14-18, Order No. 33227

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Parties agree to temporary solar integration costs until a second Idaho Power study is completed

BOISE (Feb. 13, 2015) – The Idaho Public Utilities Commission adopted a settlement that sets the rates solar developers will pay to have their projects integrated into Idaho Power Company’s distribution and transmission system until a new solar integration study can be completed.

The integration charge applies only to larger solar developers and does not impact residential or small-commercial customers who have rooftop solar installations.

The parties agreeing to the settlement include Idaho Power, commission staff, the Sierra Club, the Idaho Conservation League and the Snake River Alliance.

Solar and wind generation that varies in its energy output depending on sun and wind conditions requires 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 proposed a solar integration charge that would be discounted from the amount the utility pays to solar developers. The charge gradually increases as solar generation increases. Developers will 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 amounts are for contracts signed this year and would gradually change during the length of the sales agreement.

Because there was disagreement among the parties regarding the methodology Idaho Power used in its 2014 solar integration study, the parties agreed that Idaho Power will initiate a second study this year. A Technical Review Committee will be used in that study that consists of staff from the Idaho and Oregon public utility commissions, Idaho Power personnel and technical experts from the parties to the settlement. The settlement also outlines the issues a second study will consider.

In the last three months, the commission has approved power purchase agreements between Idaho Power and developers of 13 solar projects totaling 400 megawatts. Integration charges have already been included in those contracts. Idaho Power also buys the output from 60 MW of solar projects in its Oregon territory.

The commission recently reduced the length of solar contracts from 20 years to five years while it processes an Idaho Power application to reduce the length of those contracts even further to two years. Idaho Power claims there are about another 885 MW of solar projects seeking contracts under federal PURPA provisions with the company.

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