

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1610

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Staff Investigation Into Qualifying Facility
Contracting and Pricing.

ORDER

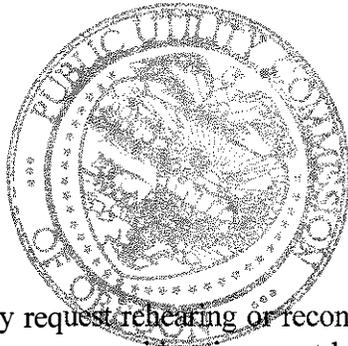
DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the public meeting on May 27, 2014, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 28th day of May, 2014, at Salem, Oregon.



Susan K. Ackerman
Chair


John Savage
Commissioner
Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 27, 2014

REGULAR X CONSENT _____ EFFECTIVE DATE _____ Upon Commission Approval _____

DATE: May 20, 2014

TO: Public Utility Commission

FROM: Brittany Andrus *BA*

THROUGH: *JF RA for MB AA*
Jason Eisdorfer, Maury Galbraith, and Aster Adams

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1610) Revises Schedule 85, Cogeneration and Small Power Production Standard Contract Rates.

STAFF RECOMMENDATION:

Staff recommends that the Commission decline Idaho Power’s request for revisions to Schedule 85 and to standard qualifying energy sales agreements to go into effect May 27, 2014, and that the Commission investigate the filing.

DISCUSSION:

Issues, and Applicable Rule and Statute

On April 25, 2014, Idaho Power (or Company) submitted an application for approval of avoided costs rates in compliance with the requirements of Order No. 14-058, Docket No. UM 1610, Investigation into Qualifying Facility Contracting and Pricing. The filing contains revisions to the Company’s Schedule 85, Cogeneration and Small Power Production Standard Contract Rates. It also includes revisions to each of the Company’s standard qualifying facilities energy sales agreements. Idaho Power requested an effective date of May 27, 2014. The Company’s current Schedule 85, was approved effective April 25, 2012.¹

On May 19, 2014, Community Renewable Energy Association (CREA) filed comments on Idaho Power’s application, stating, “CREA objects to use of an unapproved Integrated Resource Plan (“IRP”) to calculate the rates, and objects to the capacity

¹ Order No. 12-146, Docket No. UM 1593.

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component calculation for solar qualifying facilities ("QF"). CREA also objects to Idaho Power's proposed revisions to the standard contract that have no relation to the directives in Order No. 14-058.²

Analysis

Idaho Power's existing Schedule 85 contains avoided costs that reflect a resource sufficient position through 2015, with resource deficiency beginning in 2016. The avoided costs in this filing are based on the same sufficiency period. As required by Order No. 14-058, the Company modified standard avoided costs to reflect adjustments to deficiency period capacity payments for QFs with different peak hour contributions (baseload, wind, and solar), adjustments for wind integration, and elimination of certain pricing options. In addition, the Company's energy service agreements contain a significant number of changes from the current agreements. Order No. 14-058 required changes to the mechanical availability guarantee and to the criteria for a single project. Staff has not yet determined whether the scope of the contract changes filed exceed those required in the order. The substantial changes to avoided costs and contracts require additional time for review and analysis by Staff and by Docket No. UM 1610 parties.

The Company's application states that, "Avoided cost prices utilize inputs from Idaho Power's 2013 IRP."³ The 2013 IRP has not been acknowledged by the Commission as of this time. No additional information was provided to support the use of an unacknowledged IRP in the avoided cost filing. Staff believes that basing the avoided costs on updated information is generally preferable to using older information. Because Staff expects that an order in Docket No. LC 58 will follow the May 28 special public meeting to address remaining issues in Idaho Power's 2013 IRP, and because Staff recommends further proceedings regarding this filing, Staff does not believe that it is necessary to address the question of whether it is appropriate to use data from an unacknowledged IRP.

Conclusion

Idaho Power's proposed revisions to Schedule 85 and to the related energy sales agreements should be the subject of further analysis due to the scope of the changes required by Order No. 14-058.

²Comments in Objection by the Community Renewable Energy Association, May 19, 2014, p. 1.

³ Idaho Power Company's Application for Approval of Avoided Cost Rates, Schedule 85, and Standard Contracts in Compliance with Order No. 14-058, p. 2.

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PROPOSED COMMISSION MOTION:

The Commission decline Idaho Power's request for revisions to Schedule 85 and to standard qualifying energy sales agreements to go into effect May 27, 2014, and investigate the filing.

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