

ENTERED: MAY 16 2016

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1725

In the Matter of

IDAHO POWER COMPANY,

Application to Lower Standard Contract Eligibility Cap and to Reduce the Standard Contract Term, for Approval of Solar Integration Change, and for Change in Resource Sufficiency Determination.

ORDER

DISPOSITION: MOTION FOR CLARIFICATION GRANTED; POLICY AFFIRMED

In this order we clarify Order No. 16-129 and affirm that the 15-year period of fixed prices under standard contracts offered by Idaho Power Company begins at the time the Qualifying Facility (QF) commences commercial operation, rather than the date upon which the power purchase agreement (PPA) is executed.

I. PROCEDURAL HISTORY

The Community Renewable Energy Association (CREA) and the Renewable Energy Coalition (REC) seek clarification of Order No. 16-129, in which we granted, in part, Idaho Power’s request to modify certain terms contained in standard QF contracts. Specifically, CREA and REC seek a clear statement that the 15 years of fixed prices under standard contracts commences on the date of operation, not contract execution.

Obsidian Renewables, LLC, (Obsidian) and the Commission Staff support the motion; Portland General Electric Company (PGE) opposes it. Idaho Power, the applicant in this proceeding, did not file any response.

II. POSITIONS OF THE PARTIES

CREA and REC ask that we clarify Order No. 16-129 to eliminate any potential ambiguity as to when the 15-year period of fixed prices begins under a standard contract. CREA and REC note that Idaho Power’s Schedule 85 standard contract clearly provides that the period begins once the QF project commences operation: “[T]he period commencing each calendar year on the same calendar date as the *Operation Date* and

ending 364 days thereafter.”¹ CREA and REC note, however that language in Order No. 16-129 might be interpreted to read that the 15-year period commences at the time the standard contract is executed. That language provides:

Longer term contracts help align the financing period with an asset’s useful life, making the investment less risky and likelier to obtain far more reasonable financing terms * * *. [W]e conclude that our current policy appropriately balances these interests. That policy provides for 20-year contracts, with prices fixed at avoided cost rates in place *at the time of signing* remaining in effect for a 15-year period, and indexed pricing for the remaining five years, continues to have merit.²

CREA and REC ask us to remove any ambiguity and confirm that the 15-year period begins at the time the QF achieves operation.

Obsidian and Staff support the motion. Staff explains that the Commission did not intend to modify any terms of Idaho Power’s standard contracts in Order No. 16-129 other than to reduce the eligibility cap for standard contracts with solar QFs and to allow a pricing update.

PGE takes an opposing view, arguing that the current Commission policy requires utilities to offer contracts of up to 20 years from the date the contract is executed with fixed rates during the first 15 years and market rates in the final five years. PGE urges the Commission to either deny the motion or clarify that the 15-year period is measured from the date the contract is executed.

III. DISCUSSION

We grant the motion for clarification by CREA and REC, and affirm that the 15-year period for fixed prices under Idaho Power’s standard QF contracts commences at the time the QF projects begins commercial operation.

Although Idaho Power sought in this docket certain changes to the terms and conditions of its standard contracts offered under Schedule 85, the company sought no change with respect to the duration of standard contracts. Indeed, the order only addressed the specific questions in the application regarding Idaho Power QF contracts, and did not seek to change the *status quo ante* in any other regard. As Obsidian correctly notes, our use of “in place at the time of signing” in Order No. 16-129 meant only that the fixed avoided cost rate to be paid during the first 15-year period following commercial operation, is the rate that existed at the time of signing. Thus, Order No. 16-129 made no changes to Idaho Power’s Schedule 85, which unambiguously provides that the 15-year period commences at the time the QF’s “Operation Date.”

¹ Idaho Power Company Schedule 85, Standard Energy Sales Agreement, at Article 1 (emphasis added). See also Article 5.

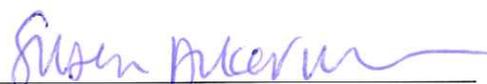
² Order No. 16-129 at 8 (emphasis added).

We note that the standard contract approved by PacifiCorp, dba Pacific Power, contains language similar to Idaho Power's; however, PGE's standard QF contract differs with regards to when the 15-year period commences. Because this docket specifically addressed the terms and conditions of QF agreements to be entered into by Idaho Power and not one to address overall QF policy, we respond only to CREA's and REC's motion and do not address the provisions of PGE's standard contract at this time.

IV. ORDER

IT IS ORDERED that Order No. 16-129 is clarified consistent with the terms of this Order.

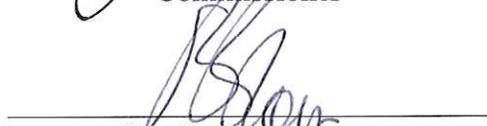
Made, entered, and effective MAY 16 2016.



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.