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January 27, 2012

VIA ELECTRONIC AND U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: UM ____ – In the Matter of IDAHO POWER COMPANY Application to Lower Standard Contract Eligibility Cap

Enclosed for filing is an original and five copies of Idaho Power Company's Application to Lower Standard Contract Eligibility Cap. A copy of this filing has been served on the parties indicated on the attached certificate of service.

Very truly yours,

Wendy McIndoo

Wendy McIndoo
Office Manager

Enclosures
cc: Service List

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of Idaho Power Company's Application to Lower Standard Contract Eligibility Cap in on the following named person(s) on the date indicated below by U.S. Mail and email addressed to said person(s) at his or her last-known address(es) indicated below.

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DATED: January 27, 2012

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BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM ______

In the Matter of IDAHO POWER COMPANY Application to Lower Standard Contract Eligibility Cap.	**APPLICATION**

I. INTRODUCTION

Pursuant to OAR 860-001-0400(2) and ORS 758.535(2) Idaho Power Company ("Idaho Power") respectfully requests that the Public Utility Commission of Oregon ("Commission") reduce the eligibility cap applicable to standard contracts entered into by Idaho Power and Qualifying Facilities ("QFs") pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA"). Currently, any QF is eligible for a standard contract if its nameplate capacity is less than 10 megawatts ("MW").[1] Idaho Power requests that the Commission lower this eligibility cap to 100 kilowatts ("kW"), thus allowing most, if not all, QF contracts to be individually negotiated, and prices to be set based upon each project's specific and unique operating characteristics.[2] Lowering the eligibility cap would ensure

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[1] *Re Investigation Relating to Electric Utility Purchases from Qualifying Facilities*, Docket UM 1129, Order No. 05-584 at 16-17 (May 13, 2005) ("Order No. 05-584"). A standard contract is a term "used to describe a standard set of rates, terms and conditions that govern a utility's purchase of electrical power from QFs at avoided cost. Standard contracts are made available to a defined class of QFs that are deemed eligible under federal or state law to receive standard rates." Order No. 05-584 at 12.

[2] In Docket UM 1396 the Company requested authorization to use the IRP methodology exclusively to determine standard rates. In Order No. 11-505, the Commission concluded that Idaho Power's request was beyond the scope of UM 1396. *Investigation into Determination of Resource Sufficiency, Pursuant to Order No. 06-538*, Docket UM 1396 Phase II, Order No. 11-505 at 3 n. 1 (Dec. 13, 2011). However, the Commission noted that "Idaho Power may raise the issue again in a properly inroperly noticed proceeding involving Idaho Power stakeholders." *Id.* Idaho Power's request here is consistent with its request in UM 1396 because if the eligibility cap is lowered to 100 kW, the Company will negotiate most, if not all, QF contracts. Because the IRP methodology is the

that the Commission's implementation of PURPA is consistent with regulations promulgated by the Federal Energy Regulatory Commission ("FERC") and would protect Oregon's electric utility customers from bearing excessive costs related to QF generation.

As will be discussed in more detail below, on January 25, 26 and 27, 2012, Idaho Power received formal requests for a Schedule 85 standard contract from seven wind developments representing a total nameplate capacity of 70 MW and two hydro projects representing a total nameplate capacity of 3 MW. For this reason, contemporaneous with this filing, the Company is also making an advice filing requesting an immediate change in Schedule 85 to reflect a reduced eligibility cap for a standard contract. The Company is requesting approval of that change on less than statutory notice as provided for in ORS 757.220. Without this approval, the Company will be required to enter into long-term contracts with these nine developers at avoided cost rates that greatly exceed the Company's actually avoided costs resulting in substantial harm to customers. As reflected on the attached certificate of service, the Company has served this Application on representatives of each of the nine proposed QFs and their counsel.

II. SUMMARY OF ARGUMENT

Since May 13, 2005, when the Commission adopted the 10 MW eligibility cap for standard contracts, Idaho Power has been faced with a deluge of QF project development, and the pace at which new development is added shows no sign of slowing. Prior to May 13, 2005, Idaho Power had under contract 76 projects with a total nameplate rating of 317 MW. As of December 31, 2011, Idaho Power has under contract 119 projects (a 57 percent increase), for a total nameplate rating of 989 MW (a 312 percent increase). A large majority of this QF development has been and continues to be development of intermittent wind generation facilities. This influx of largely intermittent QF power is having

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starting point for those negotiations, this request effectively seeks Commission approval to use the IRP methodology to determine the avoided cost rate.

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significant unintended detrimental operational and financial impacts on Idaho Power's system and customers.

Unfortunately for the utilities and their customers, the current 10 MW eligibility cap requires utilities to purchase the vast majority of QF energy through standard avoided cost contracts, which do not account for the actual costs avoided by the utility for the specific resource being purchased. In particular, the standard avoided costs do not account for integration costs, the intermittent nature of the generation, the timing of the generation, or its usefulness serving load. As a result, utility customers are paying far more for QF power than the cost that is actually avoided by the utility.

When the Commission adopted the current 10 MW eligibility cap in 2005, it did so after concluding that the developers of projects 10 MW and under would lack the sophistication and resources to enter into effective negotiations with the interconnecting utility and that the need to negotiate contracts would create a market barrier to QF development. The Commission also reasoned that the risk to customers from the imprecise standard avoided cost rate was acceptable because the size of the small QFs (less than 10 MW) necessarily limited customer exposure to the cost differential between the actual avoided cost rate and the standard rate.

Experience has demonstrated that both of these conclusions are no longer correct. *First*, the developers of today's QF projects are not unsophisticated or lacking in financial resources. On the contrary, the vast majority of today's QF projects are built by developers that have many projects in development, extensive experience negotiating power purchase agreements, and significant corporate backing. *Second*, while the risk to customers posed by the differential between standard rates and the utility's actual avoided cost may be relatively small for individual small QF projects, as utility systems are inundated by multiple large QF projects, the cumulative impact is significant. Thus,

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customers are bearing significant additional costs in excess of the actual avoided cost rate, in violation of PURPA's mandates.

Idaho Power's request is straightforward. The Company is not seeking to terminate its purchase obligations, nor is it seeking to undermine the fundamental purpose of PURPA. An eligibility cap set at 100 kW will continue to provide a standard contract and a standard avoided cost to small distributed generation projects that are not equipped with the knowledge or financial strength to negotiate an individual contract with the utility. However, at the same time, an eligibility cap set at 100 kW will ensure that utilities are able to negotiate contracts and avoided cost values with larger projects to ensure that the appropriate avoided cost is calculated based on the project's unique operating characteristics.

While the majority of Idaho Power's QF development has occurred in the state of Idaho, the request here is intended to preempt the negative effect of entering into long-term PURPA contracts at inflated standard rates. Indeed, Idaho Power has recently received 10 requests for Oregon PURPA contracts totaling 93.2 MW of new PURPA generation.[3] Of these 10 requests, nine are wind QFs and these nine wind QFs represent 90 MW, or 97 percent, of the total nameplate capacity of the proposed projects. Of these 10 requests, seven were received by Idaho Power on January 25 and 26, 2012.[4] These seven projects total 70 MW. It appears from these requests that at least some of the QFs are larger projects that have been disaggregated so as to receive the standard rates.[5] It is

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[3] Attachment 1 to this Application lists and describes these 10 requests.

[4] These seven wind projects are as follows: Pepper Ridge, Western Desert Energy, Bar MMM Family Trust, Jett Creek Windfarm LLC, Durbin Creek Windfarm, LLC, Benson Creek Windfarm LLC and Prospecter Windfarm LLC.

[5] For example, there are four, 10 MW projects (Jett Creek, Durbin Creek, Benson, Creek, and Prospecter) all being developed near Huntington, Oregon by the same developer, Oregon Windfarms, LLC. This developer is also responsible for the development of several disaggregated projects in Idaho, although in Idaho its corporate entity is "Idaho Windfarms, LLC."

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for these seven requests received on January 25 and 26 that the Company is requesting that the Commission issue an order lowering the eligibility cap for a standard contract immediately so that these projects are ineligible for standard rates. To this end the Company has made an advice requesting that the Commission revise Idaho Power's standard QF contract tariff on less than statutory notice.

By addressing the issues raised in this Application now, rather than after Oregon is inundated with QFs, the Commission can proactively ensure that Idaho Power's customers are not unreasonably harmed by standard rate contracts that fail to ensure customer indifference to QF generation.

III. BACKGROUND

A. PURPA's Avoided Cost Rate.

PURPA was intended to encourage the development of cogeneration and small power production facilities that meet the requirements to become QFs.[6] To this end, Section 210 of PURPA imposes requirements on utilities, the most far-reaching of which is the requirement that a utility purchase energy and capacity from QFs.[7] PURPA mandates that rates paid to QFs for their energy and capacity must be just and reasonable, not discriminate, *and not exceed the utility's avoided cost*.[8] In setting this standard, FERC intended that utility customers should be neither helped nor harmed by the utility's purchase of QF power, and, in fact, should remain "indifferent as to whether the utility used more traditional sources of power or the newly-encouraged alternatives."[9]

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[6] FERC Order No. 69, 45 Fed. Reg. 12,215 (Feb. 25, 1980) ("Order No. 69").

[7] *See generally,* 16 U.S.C. §§ 824a-3.

[8] *See* 16 U.S.C. §§ 824a-3(b), (d) (rates for purchases by utilities must be at the avoided cost).

[9] *So. Cal. Ed. Co.*, 71 F.E.R.C. ¶ 61,269, 62,079 (F.E.R.C. 1995).

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1. FERC's Standard Rate Requirement.

In order to minimize the transaction costs associated with the sale of QF energy and capacity, FERC adopted 18 C.F.R. § 292.304(c), which requires the implementation of standard rates for purchases for all QFs with a design capacity of 100 kW or less. In adopting this requirement, FERC noted that "the supply characteristics of a particular facility may vary in value from the average rates set forth in the utility's standard rate."[10] However, FERC also noted that if it were to require individually-negotiated rates for QFs under 100 KW, "the transaction cost . . . would likely render the program uneconomic for this size of qualifying facility."[11] While FERC understood that the standard rate would necessarily prove a less accurate measure of the utility's actual avoided costs, it apparently found that inaccuracy an unavoidable and acceptable consequence of encouraging small QF development. Notably, when determining standard rates, FERC's regulations nonetheless require state commissions to consider, to the extent practicable, the factors set forth in 18 C.F.R. § 292.304(e), e.g., the availability of QF generation during peak loads, QF dispatchability, QF reliability, and the individual and aggregate value of the QF's energy and capacity to the utility's system.[12]

2. The Commission's Adoption of Standard Rates.

Although FERC's rules require standard rates for QFs smaller than 100 kW, the rules also provide that individual state commissions may adopt standard rates for larger QFs "provided that these standard rates accurately reflect the costs that the utility can avoid as a result of such purchases."[13] Pursuant to this authority, the Commission has steadily

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[10] Order No. 69 at 12,223.

[11] Order No. 69 at 12,223.

[12] 18 C.F.R. § 292.304(c)(3).

[13] 18 C.F.R. § 292.304(c)(2); Order No. 69 at 12,223.

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increased the eligibility cap for Oregon QFs from 100 kW to the current level of 10 MW. Initially, the Commission set the eligibility cap at 100 kW, the minimum level mandated by FERC.[14] Then, in Order No. 91-1383 the Commission increased the cap to 1 MW out of concerns that the transaction costs of negotiating an agreement "could be prohibitive" and therefore harm small QFs.[15]

In UM 1129 the Commission again revisited the issue, and after a full contested case hearing, adopted the current 10 MW eligibility cap—over the strong opposition of the utilities.[16] In reviewing the issue, the Commission sought to balance two fundamental policy objectives. In particular, the Commission stated that the eligibility cap must be set at a level that effectively mitigates customer risk caused by the inherent differential between the standard rate and the actual avoided cost rate.[17] At the same time, the Commission found that the eligibility cap must also be set at a level that will mitigate market barriers to QF development.[18] After examining the evidence and arguments, the Commission came to the following conclusions:

First, with respect to market barriers, the Commission found that for projects smaller than 10 MW, the costs to negotiate a QF contract would represent too great a fraction of total investment costs (which the evidence suggested was approximately $1 million per MW), while for projects above 10 MW, the costs to negotiate a QF contract represented a

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[14] *See Re Competitive Bidding by Investor-Owned Electric Utility Company's*, Docket UM 316, Order No. 91-1383, 127 P.U.R.4th 306 (Oct. 18, 1991); *Re OAR 860-029-040(5)(a) Relating to Qualifying Facilities*, Docket AR 246, Order No. 91-1605, 1991 WL 537183 (Nov. 26, 1991).

[15] *Id.*

[16] Order No. 05-584 at 16-17.

[17] *Id.* at 16.

[18] *Id.* at 16.

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reasonable fraction of an overall investment.[19] Similarly, the Commission found that while "other market barriers, such as asymmetric information and an unlevel playing field obstruct the negotiation of non-standard QF contracts,"[20] for QFs larger than 10 MW, "improved negotiation parameters and guidelines [subsequently adopted in Order No. 07-360] and greater transparency in the negotiation process" will overcome these "other market barriers."[21] Based on these finding, the Commission adopted the recommendation of Staff and Oregon Department of Energy ("ODOE") to raise the standard contract eligibility cap to 10 MW.[22]

With respect to the risk posed to customers by the differential between standard rates and avoided costs, the Commission made no specific findings. However, it is worth noting that the testimony relied on by the Commission *anticipated minimal wind penetration.* Indeed, ODOE testified that a total of 50 MW of wind development across the service territory of both PGE and PacifiCorp "would be an aggressive goal in the next five years or so."[23]

B. QF Development since Order No. 05-584.

Since 2005, Idaho Power has been inundated with QF projects. As noted above, Idaho Power currently has nearly 989 MW of QF projects under contract and is aware of at least 340 MW of additional wind QF projects, plus 200 MW of other QF resources that may be requesting QF agreements. Assuming that these QFs are developed, in the near

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[19] *Id.* at 17.

[20] *Id.* at 16-17.

[21] *Id.* at 17.

[22] Order No. 05-584 at 17.

[23] UM 1129, ODOE/Exhibit No. 2, DeWinkel/Page 5, ll. 13-14.

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future Idaho Power may have over 1,400 MW of QF projects under contract.[24] Of the 989 MWs of QF projects under contract, 68 percent of the capacity has been developed since 2005. And with respect to QF projects, wind development has eclipsed all others. Indeed, when considering only those QFs that are either in operation or under contract, wind constitutes 70 percent of QF capacity. In contrast, as of 2005, wind represented only 44 percent of Idaho Power's QF capacity. Moreover, if the currently known QF wind projects are developed, the QF wind nameplate capacity of over 1,000 MW may surpass Idaho Power's minimum loads.

For Idaho Power the financial impact of QF development is also substantial. In 2004, Idaho Power's power supply expense related to PURPA projects was $40 million annually. In 2009, this annual expense reached $60 million. By 2012 the expense will reach $120 million—double the expense just three years prior. By 2014, Idaho Power expects that all PURPA projects currently operating on Idaho Power's system, all PURPA projects currently under construction, and all PURPA projects with IPUC-approved contracts will be online and fully operational. The associated annual power supply expense attributable to only these PURPA projects will be $164 million—an amount that increases to $186 million in 2026. These numbers reflect only those PURPA projects known at this time and do not account for PURPA projects developed between now and 2026. Indeed, as of today, Idaho Power's estimated contractual commitment related to PURPA projects Idaho Power already has under contract equals more than *$4.7 billion*, which exceeds Idaho Power's total rate base utilized to serve a 24,000 square mile service territory.

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[24] Attached to this Application as "Attachment 2" is a summary of all Idaho Power's QFs.

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IV. ARGUMENT

A. Idaho Power's Request is Consistent with PURPA and Commission Policy.

1. Lowering the Eligibility Cap Will Result in a More Accurate Avoided Cost Calculation.

The avoided cost requirement ensures that a utility's customers remain indifferent to the purchase of QF power and that QFs are not subsidized at ratepayers' expense.[25] As FERC explained:

> PURPA requires an electric utility to purchase power from a QF, but only if the QF sells at a price no higher than the cost the utility would have incurred for the power if it had not purchased the QF's energy and/or capacity, i.e. would have generated itself or purchased from another source.[26]

To implement PURPA, FERC adopted regulations reiterating the avoided cost requirement. Section 292.304(2) of FERC's regulations, codified as 18 C.F.R. § 292.304(2), states unequivocally that "[n]othing in this subpart requires any electric utility to pay more than the avoided costs for purchases." When FERC's rules were challenged, the United States Supreme Court upheld the rules concluding that PURPA "sets full avoided cost as the *maximum* rate that [FERC] may prescribe."[27]

Similarly, ORS 758.525 requires utilities to purchase QF energy and capacity at no "less than the utility's avoided costs." In Order No. 05-584, the Commission noted that one of its fundamental objectives under PURPA is to accurately price QF power to ensure

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[25] *Independent Energy Producers Association v. California Public Utilities Comm'n*, 36 F.3d 848, 858 (9th Cir. 1994) ("If purchase rates are set at the utility's avoided cost, consumers are not forced to subsidize QFs because they are paying the same amount they would have paid if the utility had generated energy itself or purchased energy elsewhere."); *see So. Cal. Ed. Co.*, 71 F.E.R.C. ¶ 61,269, 62,080 (F.E.R.C. 1995) ("The intention [of PURPA] was to make ratepayers indifferent as to whether the utility used more traditional sources of power or the newly-encouraged alternatives.").

[26] *So. Cal. Ed. Co.*, 71 F.E.R.C. ¶ 61,269, 62,079 (F.E.R.C. 1995).

[27] *American Paper Institute, Inc. v. American Elec. Power Service Corp.*, 461 U.S. 402, 413 (1983).

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that customers remain indifferent to QF generation.[28] The Commission emphasized that it has "consistently interpreted its PURPA mandate to be the adoption of policies and rules that promote QF development, using among other tactics, accurate price signals and full information to developers, while ensuring that utilities pay no more than avoided costs."[29]

Both FERC and the Commission have recognized that standard rates are an approximation of a utility's actual avoided costs because the standard rate does not take into account the QF's specific project characteristics.[30] For example, standard rates do not consider costs imposed on the utility by the need to integrate QF wind, the fact that QF energy is not dispatchable, or the fact that QF energy and capacity must be purchased regardless of the utility's capacity or energy needs. None of these costs are insignificant and under the current standard rate methodology they are borne exclusively by customers.

For instance, standard QF contracts require Idaho Power to take all energy the QF project delivers at any time of the year or day, at a specified price. As a result, it is not unusual for Idaho Power to be required to back down less expensive generation resources to accommodate the QF deliveries; alternately the QF generation must be sold into the market, which can occur at a loss if the standard rate is greater than market prices at the time of the sale. Both of these options result in additional costs that are passed on to customers.

Moreover, standard rates do not consider the dispatchability (or lack thereof) of a QF resource. For Idaho Power this is a particular concern because the methodology used to

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[28] Order No. 05-584 at 11 ("We seek to provide maximum incentives for the development of QFs of *all* sizes, while ensuring that ratepayers remain indifferent to QF power by having utilities pay no more than their avoided costs.") and 19 ("A primary goal in this proceeding is to accurately price QF power.").

[29] Order No. 05-584 at 11.

[30] *See* Order No. 05-584 at 16; Order No. 69 at 12,223.

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calculate its standard rates uses a natural gas-fired combined cycle combustion turbine ("CCCT") as the proxy resource avoided by the purchase of the QF's output. However, if Idaho Power owned and operated a CCCT, it would operate the plant only when economic to do so. If market prices were less than the cost to operate the CCCT, Idaho Power would look to the market for energy purchases. And the CCCT would be run only when Idaho Power's load required. These facts are not captured in the methodology used to calculate standard rates, which assumes that Idaho Power would operate the CCCT whenever the QF is generating, regardless of contemporaneous market prices or existing load.

Finally, the aggregate impact of QFs on the utility's system is also not accounted for in the standard rates. The cumulative impact is of particular concern for Idaho Power given the amount of QF energy it is currently facing, and the failure to account for this impact in the avoided cost rate is contrary to FERC regulations. Specifically, in 18 C.F.R. § 292.304(e)(2)(vi), FERC directed state commissions to consider in their calculation of the avoided cost rates, to the extent practicable, the aggregate value of the energy and capacity from all QFs on the utility's system. In Order No. 69, FERC found that small, dispersed QFs may provide, in total, an amount of capacity sufficient to allow the utility to offset other purchases.[31] In other words, even if the energy and capacity from one QF does not, when considered in isolation, allow the utility to avoid a particular cost, FERC directed state commissions to consider the impact to a utility's system of all QFs when calculating the standard rates for purchases. FERC correctly concluded that the cumulative impact of all QFs may allow a utility to defer an investment that any one individual QF would not.

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[31] Order No. 69 at 12,224.

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In this case, for Idaho Power specifically, the opposite is occurring—the aggregate impact of all QFs, especially intermittent QFs, on Idaho Power's system is not allowing Idaho Power to avoid costs; rather it is causing Idaho Power to incur costs that are not reflected in the standard rates. This flaw can be corrected, however, by lowering the eligibility cap to require individualized avoided costs that consider the total impact of the dramatic influx of QFs on Idaho Power's system.

Idaho Power's requested relief, lowering the eligibility cap, will ensure that the avoided cost rate paid by the Company and its customers is specifically tailored to the QF's unique operational characteristics. This will result in a more accurate avoided cost rate because the rate will specifically consider the individual QF's availability, dispatchability, reliability, and the usefulness of the QFs energy and capacity during system emergencies. These factors are all specifically identified by FERC as factors that state regulatory commissions must take into account, to the extent practicable, when determining the avoided cost of a utility.[32] Because it is now practicable to consider these factors, the Commission should do so.

2. Lowering the Eligibility Cap Reduces Customer Risk Arising from Standard Rates.

When adopting the 10 MW eligibility cap in Order No. 05-584, the Commission struck a balance between reducing market barriers to QF development and the "goal of ensuring that a utility pays a QF no more than its avoided costs for the purchase of energy."[33] The Commission recognized that standard contracts ignore costs associated with unique project characteristics, but reasoned that the relatively small size of the QFs entitled to standard rates rendered the risk to customers acceptable. However, the assumptions on

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[32] *See* 18 C.F.R. § 292.304(e).

[33] Order No. 05-584 at 16.

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which the Commission based its risk analysis have not proved valid, and therefore it is appropriate for the Commission reconsider its decision.

In adopting the 10 MW cap, the Commission relied heavily on testimony provided by ODOE[34]—which analyzed the risk associated with the cost differential between the actual and standard rates for wind (based on the standard rates not including an integration component) as follows:[35] ODOE started by assuming a total of 50 MW of wind divided equally across the service territories of PGE and PacifiCorp.[36] Using this example, and assuming a wind integration charge of $3 per MWh, ODOE concluded that the rate impact caused by the differential between the standard rate and the actual avoided cost is "de minimus." Time and experience have proved ODOE wrong.

First, wind development has dramatically exceeded ODOE's expectations. As discussed above, Idaho Power currently has nearly 692 MW of QF wind either in operation or under contract. In just the last year alone, Idaho Power has received additional requests and inquiries for 90 MW of new Oregon QF wind standard contracts. If ODOE's analysis is updated for Idaho Power's actual wind penetration only (ignoring all other costs), the annual cost impact is $5.5 million.[37] In other words, $5.5 million in actual costs incurred by the utility will not be accounted for in the avoided cost rate. This $5.5 million cost will be paid by customers and is anything but de minimus.

Second, ODOE's analysis examined only one source of cost differential—wind integration costs. Because ODOE assumed such minimal wind penetration it never even

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[34] *Id.* at 17.

[35] UM 1129, ODOE/Exhibit No. 2, DeWinkel/Page 5.

[36] UM 1129, ODOE/Exhibit No. 2, DeWinkel/Page 5, ll. 13-14.

[37] This assumes 691.92 MW of wind. Using ODOE's 0.30 capacity factor, this results in approximately 208 aMW or 1,822,080 MWh per year. At a wind integration charge of $3/MWh, this translates to a rate impact of $5.5 million per year.

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contemplated total system impacts of nearly 700 MW of wind on a utility's system, as Idaho Power will soon experience. And the wind integration charge assumed by ODOE is dramatically less than the actual expenses currently incurred to integrate wind. Idaho Power's current studies indicate that wind integration expenses are approximately $7 to $8 per MWh. Updating ODOE's analysis for both Idaho Power's actual wind penetration and its current wind integration charge of $6.50 per MWh results in an annual increase in costs of approximately $11.8 million—a cost that is paid by customers, not QFs. Importantly, these figures are based only on the wind integration charge and do not take into account the timing of the wind generation or any other negative characteristics of intermittent generators.

Thus, the Commission's risk assessment relied on two flawed assumptions—minimal wind penetration and a minimal cost differential. Because neither of these assumptions proved accurate, the Commission should reevaluate the balance struck in UM 1129.

3. Market Barriers No Longer Necessitate a 10 MW Eligibility Cap.

In Order No. 05-584, the Commission supported its decision to increase the eligibility cap from 1 MW to 10 MW with two key factual findings. *First*, the Commission found that the market barrier caused by transactional costs could be mitigated with a 10 MW cap because for projects larger than 10 MW the "costs of negotiation become a reasonable fraction of total [$10 million] investments costs."[38] *Second*, the Commission found that market barriers other than transactional costs were also an impediment to QF development that could be mitigated by increasing the standard contract eligibility cap. Neither of these rationales applies today.

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[38] Order No. 05-584 at 17.

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a. QF Developers are Highly Sophisticated.

In UM 1129, ODOE's testimony in support of the 10 MW cap appears to have been significantly influenced by its experience with community and locally owned wind energy development,[39] leading ODOE to assume that the QFs for which it was crafting policies would be primarily "community wind projects and small wind farms owned by one or more farmers."[40] This assumption has proven to be incorrect. On the contrary, experience has shown that as a group, QF developers are highly sophisticated, have access to contract experts, possess sufficient financial resources to negotiate a PURPA contract, and are willing and able to disaggregate large projects specifically to obtain standard rates.[41] For example, Exergy Development Group ("Exergy") is responsible for the development of 19 different QF wind projects interconnected to Idaho Power, totaling 321.72 MW.[42] According to its website, Exergy is a large-scale developer of renewable energy projects and is responsible for commercial-scale wind energy development.[43] As is typical of Idaho Power's experience, Exergy's QF projects are in no way isolated developments. Indeed,

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[39] UM 1129, ODOE/Exhibit No. 2, DeWinkel/Page 6, ll. 13-14.

[40] UM 1129, ODOE/Exhibit No. 2, DeWinkel/Page 7, ll. 4-6.

[41] In Idaho, the Company has seen that virtually all of the wind developers seeking standard rates are developers of large projects that disaggregated in order to obtain standard rates. Although these projects are greater than the 10 MW cap currently in place in Oregon, they are frequently at or near the previous 10 aMW cap in Idaho. This fact demonstrates that these developers size their projects at the maximum capacity to allow access to standard rates, even if that means disaggregating a much larger development. Based on the current requests for standard contracts in Oregon and the Company's experience in Idaho, the Company believes that QF developers here will likewise disaggregate in order to receive standard rates here in Oregon.

[42] These projects are as follows: Burley Butte, Camp Reed, Fossil Gulch, Golden Valley, Horseshoe Bend, Oregon Trail, Thousand Springs, Tuana Gulch, Milner Dam, Payne's Ferry, Pilgrim Station, Salmon Falls, Yahoo Creek, Cottonwood Park, Deep Creek, Lava Beds, Notch Butte, Rogerson Flats, and Salmon Creek.

[43] <http://www.exergydevelopment.com/who-we-are/organization>

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11 of Exergy's QF projects[44] are together described as one $500 million development called "Idaho Wind Partners," which is touted as "Idaho's largest wind power project."[45] This development was disaggregated so that each individual project was eligible for Idaho Power's standard rate in Idaho.[46] According to a press release issued by GE Energy Financial Services (a unit of General Electric and an investor in the project), "Exergy is one of the major independent renewable energy developers in the USA . . . The Company has assembled a renewables projects queue of over 4,000 MW across the Western and Midwestern United States."[47]

Another developer of five separate previously-proposed PURPA projects in Idaho is Cotterel Wind Energy Center, LLC, a Houston-based company that is developing the project for Shell Oil, the project's owner.[48] A press release issued by the IPUC summarizes this development as follows:

> The five projects submitted by Cotterel Wind Energy Center LLC and owned by Shell, initially responded to a 2009 Idaho Power bid request as one large project of 150 MW. After an agreement was not reached, Cotterel submitted five PURPA contracts requesting the published avoided-cost rate for five

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[44] Burley Butte, Camp Reed, Golden Valley, Oregon Trail, Thousand Springs, Tuana Gulch, Milner Dam, Payne's Ferry, Pilgrim Station, Salmon Falls, and Yahoo Creek.

[45] <http://www.geenergyfinancialservices.com/fact_sheets/Project%20Fact%20Sheet.pdf> and <http://www.exergydevelopment.com/docs/press-releases/2011/04/06/2010-06-29-ge-unit-invests-in-183-mw-idaho-wind-power-portfolio-states-largest-wind-deal-to-bring-jobs-clean-energy-to-idaho.pdf>

[46] <http://www.geenergyfinancialservices.com/fact_sheets/Project%20Fact%20Sheet.pdf>

[47] <http://www.exergydevelopment.com/docs/press-releases/2011/04/06/2010-06-29-ge-unit-invests-in-183-mw-idaho-wind-power-portfolio-states-largest-wind-deal-to-bring-jobs-clean-energy-to-idaho.pdf>

[48] The contracts for these five projects were rejected by the IPUC after determining that they were not finalized before the eligibility cap for standard rates was reduced to 100 kW. The Company believes that these projects will seek to negotiate an avoided cost rate but those negotiations have yet to begin.

10-aMW projects with a scheduled online date of Oct. 31, 2014.[49]

Another five proposed PURPA projects are being developed by companies owned by American Wind, Inc., a holding company that "includes a host of daughter companies involved in creating and building wind farms throughout the region."[50] According to its website, American Wind, Inc. has

> extensive background in manufacturing, technology, transfer & development, and . . . is fully capable of launching this business as the culmination of decades of project development experience from internal company resources and long standing relationships with key outside advisors.[51]

Four Idaho Power wind QFs were developed by a subsidiary of farm equipment giant John Deere.[52] Another six wind farms are now owned by Terna Energy Overseas Limited, a Cyprus company that acquired 10 wind farms in March, 2011.[53] These wind farms were developed by Idaho Wind LLC, a subsidiary of PowerWorks, which is itself an affiliate of Pacific Winds.[54] PowerWorks boasts on its website that it is currently developing 18

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[49] <http://www.puc.idaho.gov/internet/press/072711_Allwinddenials.htm>

[50] <http://www.americanwind.net/about/> These projects are the Murphy Flat Energy, Murphy Flat Wind, Murphy Flat Mesa, Rainbow Ranch Wind and Rainbow West Wind. The contracts for these five projects were rejected by the IPUC after determining that they were not finalized before the eligibility cap for standard rates was reduced to 100 kW. The Company believes that these projects will seek to negotiate an avoided cost rate but those negotiations have yet to begin.

[51] <http://www.americanwind.net/about/>

[52] The projects are Bennett Creek, Cassia, Hot Springs, and Tuana Springs.

[53] <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=129266660> The wind farms are Cold Springs, Two Ponds, Ryegrass, Mainline, Desert Meadow, Mainline and Sawtooth.

[54] <http://www.powerworks.com/aboutus.aspx>; <http://cleantechnica.com/2011/01/03/san-francisco-wind-developer-sells-power-to-idaho-utility/>

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projects in 12 states, totaling over 1,500 MW. When describing itself, PowerWorks states that

> Our principals and engineering staff has extensive experience during the last 14 years with numerous wind and solar projects, involving development, permitting, engineering, design, *power marketing*, finance, construction, equipment procurement, and installation, and operation and maintenance.[55]

The Rockland Wind QF was developed by a company called Ridgeline Energy. That company's website states that, "Ridgeline Energy has a portfolio of more than 4,000 megawatts of wind and solar renewable energy power generation" stretching across the entire United States and Canada.[56] And Ridgeline Energy is a direct subsidiary of Veolia Environmental, which Ridgeline Energy's website describes as

> the world leader in environmental services. With operations on every continent and more than 330,000 employees, Veolia provides customized solutions to meet the needs of municipal and industrial customers in four complementary segments: water, environmental services, energy services and passenger transportation. The Company recorded revenue of 34.6 billion Euros in 2009.[57]

Examining Idaho Power's PURPA contracts demonstrates that of the 33 total wind QFs currently either online or under contract, only one QF, developed by Joseph Millworks, Inc., was not developed by a sophisticated renewable energy development company with years of experience developing renewable projects. And that one QF has a total capacity of 3 MW, or approximately 0.4 percent of Idaho Power's total QF wind capacity.

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[55] <http://www.powerworks.com/aboutus.aspx> (emphasis added).

[56] <http://www.ridgeline.veolia.com/projects/>

[57] <http://www.ridgeline.veolia.com/about-us/veolia-leadership/>

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It borders on the absurd to argue that these developers, who collectively are responsible for 32 of Idaho Power's current 33 contracts for QF wind,[58] lack either the sophistication or financial resources to negotiate with Idaho Power. The Commission's rationale for adopting a 10 MW eligibility cap was to "eliminate negotiations for QF projects for which they would be *economically prohibitive.*"[59] For these developers, who are overwhelmingly the developers of wind QFs in Idaho Power's service territory, negotiating an individualized PURPA contract is well within their means.

Moreover, the Commission's conclusion in Order No. 05-584 assumes that one developer is constructing one QF as an individual, isolated development. The transactional costs, therefore, must be viewed in isolation and compared to the development costs of that single QF. Idaho Power's experience does not support this assumption. Indeed, the vast majority—all but three—of Idaho Power's wind QFs were constructed by a developer that was also more or less simultaneously developing several other QFs.[60] As an example, Exergy has developed 11 wind QFs as part of one $500 million development. To examine each of these 11 QFs individually to determine if the transactional costs are economically prohibitive is therefore the wrong analysis. Rather, the Commission must examine whether the transactional costs associated with negotiating a QF contract are economically prohibitive for a $500 million project. It is difficult to persuasively argue that if Exergy was required to negotiate a QF contract for each of its 11

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[58] If one includes in this calculation the wind QFs that were disallowed by the IPUC, the total number of contracts increases to 46.

[59] Order No. 05-584 at 40 (emphasis added).

[60] Idaho does not have a dissaggregation rule similar to Oregon's. Therefore, it is arguably easier for QF developers in Idaho to chop up a 100 MW project into smaller sizes to take advantage of standard avoided cost rates. However, a not insignificant advantage of Idaho Power's request here is that if the eligibility cap is lowered, disaggregation will cease to be a problem.

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projects the costs of doing so would be economically prohibitive when the total investment is $500 million.

Moreover, while the Commission's rules have been largely successful in preventing large scale developers from disaggregating their projects into smaller ones that are eligible for the standard rate, developers are beginning to work around the disaggregation rules. In light of the actual QF development that has occurred since the Commission issued Order No. 05-584, and the scale of these developments, the Commission's assumptions regarding transactional costs simply no longer apply.

b. The Commission's Negotiation Guidelines Mitigate Other Market Barriers.

With respect to other market barriers, the Commission recognized that QFs of all sizes face asymmetrical access to information and an unlevel playing field. The Commission concluded, however, that for QFs greater than 10 MW these barriers could be sufficiently mitigated through the adoption of the large QF guidelines in Order No. 07-360.[61] It follows that if those guidelines are applied to all QFs larger than 100 kW, the market barriers for those smaller QFs could be mitigated as well. For instance, for Idaho Power the negotiation guidelines require the use of the IRP methodology to determine the avoided cost rate to begin negotiations. This transparency ensures that QFs know exactly how the avoided cost rate is calculated when negotiations begin. And because these developers are so large and sophisticated, these market barriers, like transaction costs, are not as significant an impediment as the Commission assumed in Order No. 05-584.

Idaho Power's experience negotiating contracts in Idaho also suggests that such negotiation is not necessarily a market barrier. Historically, Idaho Power has negotiated

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[61] *See* Order No. 05-584 at 17. The Commission concluded that market barriers for QFs greater than 10 MW "will be best overcome for those QFs by improved negotiation parameters and guidelines and greater transparency in the negotiation process."

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six PURPA contracts totaling 200.9 MW of capacity.[62] Two of these contracts were negotiated since the eligibility cap was lowered in Idaho. Idaho Power negotiated and submitted to the IPUC for approval a negotiated contract for the 40 MW High Mesa wind project.[63] Idaho Power also negotiated a contract for a 20 MW solar QF called Murphy Flats, which was approved by the IPUC on October 20, 2011.[64] These negotiations occurred without comparable guidelines to those that govern the Oregon negotiation process.

c. Transactional Costs have decreased as a Fraction of Overall Investment Costs.

With respect to transactional costs, the Commission relied in particular on evidence presented by ODOE demonstrating that "10 MW represented a point at which the costs of negotiation become a reasonable fraction of total investment costs."[65] This conclusion assumed that a 10 MW project costs approximately $10 million to develop.[66] In essence, the Commission found that the eligibility cap should be set at the level commensurate with a $10 million investment because at that level the transaction costs are a "reasonable fraction of total investment costs."

Today, experience has demonstrated that wind developments cost substantially more than the Commission found in Order No. 05-584 and therefore transactional costs are an even smaller fraction of the total investment. In Order No. 05-584, the record

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[62] By way of comparison, the Company has executed a total of 61 contracts; approximately 1 in 10 PURPA contracts were negotiated.

[63] The case number for the IPUC docket is IPC-E-11-26.

[64] The case number for the IPUC docket is IPC-E-11-10 and the IPUC order is Order No. 32384.

[65] Order No. 05-584 at 17.

[66] Order No. 05-584 at 14 ("at 10 MW, negotiation costs become a relatively small fraction of total $10 million investment costs.").

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demonstrated that it cost approximately $1 million per MW to develop a QF.[67] While development costs are not readily available, according to a newspaper article, the 3 MW Lime Wind QF in Oregon cost $7 million to develop, or approximately $2.33 million per MW.[68] While larger projects benefit from economies of scale, publicly available evidence suggests that even for these larger wind projects the cost per MW is comparable. As discussed in more detail above, the "Idaho Wind Partners" development, a recent 183 MW wind project in Idaho, cost approximately $500 million, or $2.73 million per MW.[69] Based on these numbers it is unlikely that a 10 MW wind project could be developed today for $10 million. Rather such a project would likely cost closer to two to three times that amount. Thus, negotiation costs are now an even smaller fraction of total $20 to $30 million investment costs—meaning transaction costs are an even smaller market barrier. In other words, as development costs increase (as they have done), the Commission's reasoning supports a reduction in the eligibility cap because negotiation costs become an ever smaller percentage of the overall investment.

3. For Idaho Power, Lowering the Eligibility Cap Will Prevent Regulatory Arbitrage.

Finally, the Commission should lower the eligibility cap for Idaho Power to allow for consistency between the Company's Oregon and Idaho service territory, and to thus discourage regulatory arbitrage. Indeed, two QFs—Western Desert Energy, LLC and Tumbleweed Energy II, LLC—have already sought to take advantage of the current

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[67] Order No. 05-584 at 13 ("PacifiCorp also observes that a 3 MW QF project requires approximately $3 million in capital costs to construct . . .); Order No. 05-584 at 14 ("ODOE represents that at 10 MW, the negotiation costs become a relatively small fraction of total $10 million investment costs.").

[68] <http://www.bakercityherald.com/Local-News/Baker-County-s-first-wind-farm-scheduled-to-open-in-November>

[69] <http://www.geenergyfinancialservices.com/fact_sheets/Project%20Fact%20Sheet.pdf>

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difference between the Idaho and Oregon standard rates and eligibility cap by attempting to force Idaho Power to accept delivery of the QF's power in Idaho and then wheel the power to an undisclosed place in Oregon where Idaho Power would then "purchase" the power at the Oregon standard rates.[70] And another non-wind QF—Kootenai Electric Cooperative, Inc.—has also filed a complaint with the Commission seeking Oregon rates rather than Idaho rates for a generation project physically located in the state of Idaho.[71] These attempts to game the system are clear and unapologetic and emblematic of what is likely to continue to occur as QF developers retain counsel and file complaints seeking Commission approval of their proposed transactions (transactions Idaho Power maintains are blatant violations of PURPA).

V. CONCLUSION

For all of the reasons stated above, Idaho Power requests that the Commission immediately reduce the standard contract eligibility cap to 100 kW for all QFs. Granting

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[70] *See* Dockets UM 1552 and 1553.

[71] *See* Docket UM 1572.

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this relief will ensure that Oregon customers are not subsidizing QF development in violation of PURPA and Oregon law.

Respectfully submitted this 27th day of January, 2012.

McDowell Rackner & Gibson PC

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IDAHO POWER COMPANY

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Attorneys for Idaho Power Company

Attachment 1

To

Idaho Power Company's
Application to lower Standard Contract Eligibility Cap

Idaho Power Company

Cogeneration and Small Power Production

Oregon PURPA contract requests

Project Name	Resource type	Project developer	Date Request received	Project Size	Location
Western Desert Energy	Wind	Western Desert Energy/ Sandy Sanderson / Peter Richardson	24-Jun-11	10.00 MW	Oreana, Idaho
Tumble Weed	Wind	Bill Weaver / Peter Richardson	24-Jun-11	10.00 MW	Near Moutain Home Idaho
Kootenal County Landfill	Biomass	Kootenai County / Peter Richardson	19-Oct-11	3.20 MW	Kootenai County, idaho
Pepper Ridge	Wind	Bill Weaver / Peter Richardson	25-Jan-12	10.00 MW	Jordan Valley, Oregon
Western Desert Energy	Wind	Mike Chase / Peter Richardson	25-Jan-12	10.00 MW	Jordan Valley, Oregon
Bar MMM Family Trust	Wind	Sandy Sanderson / Peter Richardson	25-Jan-12	10.00 MW	Jordan Valley, Oregon
Jett Creek Windfarm LLC	Wind	Oregon Windfams LLC, Maurice Miller	26-Jan-12	10.00 MW	Near Huntington, Oregon
Durbin Creek Windfarm LLC	Wind	Oregon Windfams LLC, Maurice Miller	26-Jan-12	10.00 MW	Near Huntington, Oregon
Benson Creek Windfarm LLC	Wind	Oregon Windfams LLC, Maurice Miller	26-Jan-12	10.00 MW	Near Huntington, Oregon
Prospecter Windfarm LLC	Wind	Oregon Windfams LLC, Maurice Miller	26-Jan-12	10.00 MW	Near Huntington, Oregon
Cowiche Hydro Project	Hydro	Yakima-Tieton Irrigation District	27-Jan-12	1.5 MW	In Yakima,Wastington, requeted delivery to Idaho Power via PAC point to point transmission at Enterprise, OR
Orchard Avenue Hydro Project	Hydro	Yakima-Tieton Irrigation District	27-Jan-12	1.5 MW	In Yakima,Wastington, requeted delivery to Idaho Power via PAC point to point transmission at Enterprise, OR

Attachment 2

To

Idaho Power Company's
Application to lower Standard Contract Eligibility Cap

Attachment 2

Idaho Power Company
Cogeneration and Small Power Production
As of December 31, 2011

	Project Number	Resource Type	Project Name	State	County	Project Size (MW)		
	Projects Online							
1	11766002	Biomass	Tamarack Cspp	ID	Adams	5.00		1
2	12618100	Biomass	Cogen Co	OR	Grant	10.00	15.00	2
3	31765150	Cogen	Magic Valley	ID	Minidoka	10.00		1
4	21765151	Cogen	Magic West	ID	Elmore	10.00		2
5	21662100	Cogen	Tasco - Nampa	ID	Canyon	2.00		3
6	31616082	Cogen	Tasco - Twin Falls	ID	Twin Falls	3.00	25.00	4
7	31616150	Digester	B6 Anaerobic Digester	ID	Gooding	2.28		1
8	31615100	Digester	Bettencourt Dry Creek BioFactory, LLC	ID	Twin Falls	2.25		2
9	31616100	Digester	Big Sky West Dairy Digester (DF-AP #1, LLC)	ID	Gooding	1.50		3
10	31616115	Digester	Double A Digester	ID	Lincoln	4.50		4
11	41455091	Digester	Pocatello Waste	ID	Bannock	0.46	10.99	5
12	21615205	Hydro	Arena Drop	ID	Canyon	0.45		1
13	21615078	Hydro	Barber Dam	ID	Ada	3.70		2
14	31214058	Hydro	Birch Creek	ID	Gooding	0.05		3
15	31415065	Hydro	Black Canyon #3	ID	Gooding	0.14		4
16	31615139	Hydro	Blind Canyon	ID	Gooding	1.50		5
17	31416013	Hydro	Box Canyon	ID	Twin Falls	0.36		6
18	31515100	Hydro	Briggs Creek	ID	Twin Falls	0.60		7
19	31715126	Hydro	Bypass	ID	Jerome	9.96		8
20	31416020	Hydro	Canyon Springs	ID	Twin Falls	0.13		9
21	31616081	Hydro	Cedar Draw	ID	Twin Falls	1.55		10
22	31516014	Hydro	Clear Springs Trout	ID	Twin Falls	0.52		11
23	31615057	Hydro	Crystal Springs	ID	Twin Falls	2.44		12
24	31415023	Hydro	Curry Cattle Company	ID	Twin Falls	0.22		13
25	31615106	Hydro	Dietrich Drop	ID	Jerome	4.50		14
26	11615077	Hydro	Elk Creek	ID	Idaho	2.00		15
27	41717137	Hydro	Falls River	ID	Fremont	9.10		16
28	31615121	Hydro	Faulkner Ranch	ID	Gooding	0.87		17
29	31415134	Hydro	Fisheries Dev.	ID	Gooding	0.26		18
30	31615098	Hydro	Geo-Bon #2	ID	Lincoln	0.93		19
31	31315093	Hydro	Hailey Cspp	ID	Blaine	0.06		20
32	31715128	Hydro	Hazelton A	ID	Jerome	7.70		21
33	31715140	Hydro	Hazelton B	ID	Jerome	7.60		22
34	11715144	Hydro	Horseshoe Bend Hydro	ID	Boise	9.50		23
35	31415094	Hydro	Jim Knight	ID	Gooding	0.34		24
36	31615031	Hydro	Kasel & Witherspoon	ID	Twin Falls	0.90		25
37	31615030	Hydro	Koyle Small Hydro	ID	Gooding	1.25		26
38	31615056	Hydro	Lateral # 10	ID	Twin Falls	2.06		27
39	31316015	Hydro	Lemoyne	ID	Gooding	0.08		28
40	31615105	Hydro	Little Wood Rvr Res	ID	Blaine	2.85		29
41	31515107	Hydro	Littlewood / Arkoosh	ID	Lincoln	0.87		30
42	31715099	Hydro	Low Line Canal	ID	Twin Falls	7.97		31
43	31615130	Hydro	Low Line Midway Hydro	ID	Twin Falls	2.50		32
44	31615125	Hydro	Lowline #2	ID	Twin Falls	2.79		33
45	31715123	Hydro	Magic Reservoir	ID	Blaine	9.07		34
46	31515009	Hydro	Malad River	ID	Gooding	0.62		35
47	31615117	Hydro	Marco Ranches	ID	Jerome	1.20		36
48	31615154	Hydro	Mile 28	ID	Jerome	1.50		37
49	12618250	Hydro	Mill Creek (City of Cove)	OR	Union	0.80		38
50	12614070	Hydro	Mitchell Butte	OR	Malheur	2.09		39

Idaho Power Company
Cogeneration and Small Power Production
As of December 31, 2011

	Project Number	Resource Type	Project Name	State	County	Project Size (MW)		
51	21615200	Hydro	Mora Drop Small Hydroelectric Facility	ID	Ada	1.85		40
52	31515004	Hydro	Mud Creek/S & S	ID	Twin Falls	0.52		41
53	31414111	Hydro	Mud Creek/White	ID	Twin Falls	0.21		42
54	12616071	Hydro	Owyhee Dam Cspp	OR	Malheur	5.00		43
55	31615067	Hydro	Pigeon Cove	ID	Twin Falls	1.89		44
56	31415164	Hydro	Pristine Springs #1	ID	Jerome	0.13		45
57	31415165	Hydro	Pristine Springs Hydro #3	ID	Jerome	0.20		46
58	21415119	Hydro	Reynolds Irrigation	ID	Canyon	0.26		47
59	31216020	Hydro	Rim View	ID	Gooding	0.20		48
60	31615003	Hydro	Rock Creek #1	ID	Twin Falls	2.05		49
61	31615104	Hydro	Rock Creek #2	ID	Twin Falls	1.90		50
62	31515103	Hydro	Sagebrush	ID	Lincoln	0.43		51
63	31617100	Hydro	Sahko Hydro	ID	Twin Falls	0.50		52
64	41515122	Hydro	Schaffner	ID	Lemhi	0.53		53
65	11415009	Hydro	Shingle Creek	ID	Adams	0.22		54
66	31615158	Hydro	Shoshone #2	ID	Lincoln	0.58		55
67	31416001	Hydro	Shoshone Cspp	ID	Lincoln	0.37		56
68	31315021	Hydro	Snake River Pottery	ID	Gooding	0.07		57
69	31414075	Hydro	Snedigar	ID	Twin Falls	0.54		58
70	41717139	Hydro	Tiber Dam	MT	Liberty	7.50		59
71	31415027	Hydro	Trout-Co	ID	Gooding	0.24		60
72	12616072	Hydro	Tunnel #1	OR	Malheur	7.00		61
73	31315029	Hydro	White Water Ranch	ID	Gooding	0.16		62
74	31715141	Hydro	Wilson Lake Hydro	ID	Jerome	8.40	141.75	63
75	41866112	Industrial	Simplot Pocatello	ID	Power	12.00	12.00	
76	21615100	Landfill gas	Hidden Hollow Landfill Gas	ID	Ada	3.20	3.20	
77	21615101	Wind	Bennett Creek Wind Farm	ID	Elmore	21.00		1
78	31765170	Wind	Burley Butte Wind	ID	Cassia	21.30		2
79	31315050	Wind	Camp Reed Wind Park, LLC	ID	Elmore	22.50		3
80	31318100	Wind	Cassia Wind Farm LLC	ID	Twin Falls	10.50		4
81	31315035	Wind	Fossil Gulch Wind	ID	Twin Falls	10.50		5
82	31765160	Wind	Golden Valley Wind	ID	Cassia	12.00		6
83	41718140	Wind	Horseshoe Bend Wind	MT	Cascade	9.00		7
84	12618200	Wind	Lime Wind Energy	OR	Baker	3.00		8
85	31315075	Wind	Oregon Trail Wind	ID	Twin Falls	13.50		9
86	31315055	Wind	Thousand Springs Wind	ID	Twin Falls	12.00		10
87	31315065	Wind	Tuana Gulch Wind	ID	Twin Falls	10.50		11
88	21615105	Wind	Hot Springs Wind Farm	ID	Elmore	21.00		12
89	31720190	Wind	Milner Dam Wind	ID	Cassia	19.92		13
90	31315060	Wind	Payne's Ferry Wind Park, LLC	ID	Twin Falls	21.00		14
91	31315045	Wind	Pilgrim Stage Station Wind	ID	Twin Falls	10.50		15
92	41455300	Wind	Rockland Wind Project	ID	Power	80.00		16
93	31618100	Wind	Salmon Falls Wind	ID	Twin Falls	22.00		17
94	21615110	Wind	Sawtooth Wind Project	ID	Elmore	21.00		18
95	31315150	Wind	Tuana Springs Expansion	ID	Twin Falls	35.70		19
96	31315070	Wind	Yahoo Creek Wind Park, LLC	ID	Twin Falls	21.00	397.92	20
					Projects Online	**605.86**		

Attachment 2

Idaho Power Company
Cogeneration and Small Power Production
As of December 31, 2011

Projects Under contract not yet online

	Project Number	Resource Type	Project Name	State	County	Project Size (MW)	Estimated First Energy Date	Estimated Operation Date	
1	11866075	Biomass	Yellowstone Power	ID	Gem	10.00	Sep-11	Dec-11	
2	21615400	Biomass	Dynamis	ID	Ada	22.00	Oct-13	Feb-14	32.00
3	31616120	Digester	Double B Dairy	ID	Cassia	2.00	Oct-11	Dec-12	
4	31616110	Digester	Rock Creek Dairy	ID	Twin Falls	4.00	May-11	May-12	
5	31616130	Digester	Swager Farms	ID	Twin Falls	2.00	Sep-11	Oct-12	8.00
6	21615215	Hydro	Fargo Drop Hydro	ID	Canyon	1.27	Jun-12	Jul-12	
7	41455600	Hydro	Clark Canyon Dam	ID	Ada	4.70	Nov-12	Mar-13	5.97
8	21615102	Landfill Gas	Hidden Hollow Energy II Landfill Gas Project	ID	Ada	3.20	Feb-12	Feb-12	3.20
9	21615150	Solar	Grand View Solar	ID	Elmore	20.00	Dec-10	Dec-11	
10	12616650	Solar	Murphy Solar	ID	Owyhee	20.00	Jun-12	Jul-12	40.00
11	21615115	Wind	Cold Springs Windfarm	ID	Elmore	23.00	Dec-11	Dec-12	
12	31721100	Wind	Cottonwood Wind Park	ID	Twin Falls	20.00	May-12	Jun-12	
13	31721200	Wind	Deep Creek Wind Park	ID	Twin Falls	20.00	May-12	Jun-12	
14	21615120	Wind	Desert Meadow Windfarm	ID	Elmore	23.00	Dec-11	Dec-12	
15	21615125	Wind	Hammett Hill Windfarm	ID	Elmore	23.00	Dec-11	Dec-12	
16	31315160	Wind	High Mesa	ID	Elmore	40.00	Nov-12	Dec-12	
17	41455200	Wind	Lava Beds Wind	ID	Bingham	18.00	Jul-11	Jul-11	
18	21615130	Wind	Mainline Windfarm	ID	Elmore	23.00	Dec-11	Dec-12	
19	31615300	Wind	Notch Butte Wind	ID	Jerome	18.00	Jul-11	Jul-11	
20	31721300	Wind	Rogerson Flats Wind Park	ID	Twin Falls	20.00	May-12	Jun-12	
21	21615135	Wind	Ryegrass Windfarm	ID	Elmore	23.00	Dec-11	Dec-12	
22	31721400	Wind	Salmon Creek Wind Farm	ID	Twin Falls	20.00	May-12	Jun-12	
23	21615140	Wind	Two Ponds Windfarm	ID	Elmore	23.00	Dec-11	Dec-12	294.00
				Subtotal		**383.17**			

119	**Total Projects online or not online but under contract**	**989.03**

Contracts that the IPUC disapproved on June 8, 2011

	Project Number	Resource Type	Project Name	State	County	Project Size (MW)	Estimated First Energy Date	Estimated Operation Date
1	41455301	Wind	Alpha Wind Project	ID	Cassia	29.90	Oct-14	Dec-14
2	41455350	Wind	Bravo Wind Project	ID	Cassia	29.90	Oct-14	Dec-14
3	41455400	Wind	Charlie Wind Project	ID	Cassia	27.60	Oct-14	Dec-14
4	41455450	Wind	Delta Wind Project	ID	Cassia	29.90	Oct-14	Dec-14
5	41455500	Wind	Echo Wind Project	ID	Cassia	29.90	Oct-14	Dec-14
6	41455250	Wind	Grouse Creek I		Lynn, Ut	21.00	Jun-13	Dec-13
7	41455225	Wind	Grouse Creek II		Lynn, Ut	21.00	Jun-13	Dec-13
8	12616500	Wind	Murphy Flat Energy	ID	Owyhee	20.00	Dec-11	Dec-12
9	12616550	Wind	Murphy Flat Mesa	ID	Owyhee	20.00	Dec-11	Dec-12
10	12616600	Wind	Murphy Flat Wind	ID	Owyhee	20.00	Dec-11	Dec-12
11	31615500	Wind	Rainbow Ranch Wind	ID	Cassia	20.00	Dec-11	Dec-12
12	31615550	Wind	Rainbow West Wind	ID	Cassia	20.00	Dec-11	Dec-12
13	12616700	Wind	Western Desert Energy	ID	Owyhee	5.00	Dec-12	Dec-12
						294.20		