

YAKIMA-TIETON IRRIGATION DISTRICT

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Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Comments on PacifiCorp 2013 Integrated Resource Plan,
Docket No. *UE-120416*

Dear Chairman *Danner* and Commissioners:

Thank you for the opportunity to provide comments on PacifiCorp's 2013 Integrated Resource Plan (IRP). Yakima-Tieton Irrigation District (YTID) and the Renewable Energy Coalition (Coalition) are providing these joint comments for your review. The Coalition is a large group of primarily existing hydroelectric Public Utility Regulatory Policies Act (PURPA) qualifying facilities (QF) located in PacifiCorp's multi-state service areas. We have two primary issues: 1) the year of resource deficiency in the IRP, and 2) the appropriateness of capacity payments to an existing PURPA facility when entering into a replacement power purchase agreement. This second issue may more properly be addressed in an avoided cost proceeding, but we felt its linkage with the IRP's deficit year made it a reasonable point to raise now.

PacifiCorp's 2013 IRP acknowledges the utility's need for capacity resources immediately, in 2013. However, the utility plans to use short-term power purchases in the wholesale market to meet those needs rather than building a new generating facility. Frequently in the past, a deficit year was anticipated years in advance and a new generating facility planned to come on line on or near the year of deficit. However, the availability of sufficient wholesale power allows PacifiCorp to delay the decision to build a new generating facility. PacifiCorp, in describing its resource situation with regulatory commissions, often refers to the next avoidable resource as a 2024 CCCT. This is questionable, because the next avoidable resource is power purchases in 2013 and demand reductions through demand control programs (DSM). We believe that their decision of how or when to fill a deficit, whether from purchased power DSM or a new generating facility, does not negate the reality of a specific capacity deficit in 2013, which grows significantly each year of the planning horizon (see PacifiCorp 2013 IRP Volume 1, page 99, Table 5.12).

YTID's Cowiche and Orchard Ave. Hydroelectric Projects combined are three-megawatt capacity facilities that have existing and long-standing PURPA contracts with PacifiCorp,

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and have been receiving both capacity and energy payments. Existing PURPA contracts are treated by PacifiCorp as existing resources that continue in the 20-year IRP horizon.

This issue of existing QF's continuing to receive capacity value in replacement power purchase agreements during a resource sufficiency period was initially raised by the Coalition in the Idaho Public Utilities Commission's (IPUC) docket GNR-E-11-03. The IPUC decided that the continuance of capacity payments was appropriate explaining that: "It is logical that, if a QF project is being paid for capacity at the end of the contract term and the parties are seeking renewal/extension of the contract, the renewal/extension would include immediate payment of capacity. An existing QF's capacity would have already been included in the utility's load and resource balance and could not be considered surplus power. Therefore, we find it reasonable to allow QF's entering into contract extensions or renewals to be paid capacity for the full term of the extension or renewal." Idaho Commission Case No. GNR-E-11-03, Order No. 32697 at 21-22 (2012). This issue has also been raised in Oregon and is currently under consideration by the Oregon Public Utility Commission in Docket UM-1610.

YTID generates most of its power during the months of June, July, and August, which coincides with the peak that occurs during the summer months for PacifiCorp. That combined with the 2013 deficit year and need for new resources, argue for capacity payments being part of YTID's compensation for selling 3 MW to PacifiCorp under a PURPA-based replacement power purchase agreement. YTID's existing contract expires in 2015, after which it plans to continue selling power to PacifiCorp as a PURPA qualifying facility, and such replacement power purchase agreement should include both energy and capacity payments.

YTID and the Coalition appreciate the Commission's consideration of these comments. We look forward to working with the Commission and PacifiCorp in establishing fair and reasonable contract terms for YTID.

Sincerely,



Richard Dieker
Secretary-Manager
Yakima-Tieton Irrigation District