Idaho Public Utilities Commission
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Idaho Power, Simplot renew contract for power at Pocatello plant

BOISE (March 5, 2019) – The Idaho Public Utilities Commission has approved the renewal of an energy sales agreement between Idaho Power and J.R. Simplot Company.

The agreement is for electricity generated at Simplot's fertilizer plant near Pocatello and spans three years.

Simplot's plant contains a cogeneration facility, which produces electricity from the excess heat or steam that is the byproduct of a manufacturing process.

Cogenerators qualify for contracts under the Public Utility Regulatory Policies Act (PURPA), which was enacted in 1978 "to lessen the country's dependence on foreign oil and to encourage the promotion and development of renewable energy technologies as alternatives to fossil fuels."

PURPA requires regulated utilities to buy energy from qualifying facilities at a rate established by state commissions.

That rate is referred to as the avoided cost rate because it is based on the cost the utility avoids by not having to generate the energy itself or purchase it from another source.

In Idaho, cogeneration facilities up to 10 average megawatts (aMW) are eligible for contracts at the published avoided cost rate based on the cost of energy at a proxy resource, a combined-cycle combustion turbine. This rate is updated annually to reflect the most recent natural gas forecasts.

The avoided cost rate in this case is adjusted seasonally and for heavy- and light-load hours. It ranges from $36.07 per megawatt-hour (MWh) to $73.92 per MWh.

Simplot's cogenerator is capable of producing up to 15.9 MW, but it is operated so as not to exceed 10 aMW per month under normal conditions. The agreement calls for Idaho Power to accept inadvertent energy that exceeds that amount without reimbursement.

Idaho Power has received the output from the plant since 1991, most recently under an energy sales agreement that ended Feb. 28.

The agreement approved by the Commission includes capacity payments for the entire three-year term since it is the renewal of an agreement receiving capacity payments when it expired.

The agreement was modified slightly from prior contracts for output at the cogeneration facility in that it contains a generation forecasting provision that requires the facility to provide its monthly generation forecast five days ahead of the month estimated rather than a full month ahead. This change represents a compromise among the parties to the case and could provide the utility with more accurate generation forecasting, the Commission said in its order.

"We will continue to evaluate Agreements submitted to us on a case-by-case basis and will evaluate the reasonableness of the provisions in those Agreements in light of the data and information presented to us," the Commission said in its order.

All documents file in this case are available here. Or go to the Commission's web site, www.puc.idaho.gov, click on "Open Cases" under the "Electric" heading and scroll down to IPC-E-19-01.