Federal regulator: Idaho Power must buy wind power

REBECCA BOONE - Associated Press - Associated Press

Idaho Power's long-term purchase agreement with wind farms requires the utility to buy electricity from the farms even when demand for power is low, the Federal Energy Regulatory Commission said Thursday.

Idaho Power officials have contended that the Public Utilities Regulatory Policies Act, or PURPA, should allow the company to halt contractually required electricity purchases during periods of light load, such as at night in the spring and fall.

The utility company said the requirement to buy from wind farms even during times of low demand forces it to back down other energy generators like coal-fired plants, and bringing the other systems back up when demand increases costs the utility more. Those costs are passed on to consumers, the company said.

But wind developers maintain that PURPA only allows utilities to limit wind farms' output during operational emergencies, and that Idaho Power is trying to sway public opinion by unfairly basing its cost arguments on historically low natural gas prices. Longer-term pricing models are the proper comparison, the wind farms argue.

Idaho Power spokesman Brad Bowlin said the company was examining FERC's order and evaluating options.

Steve Eisenberg, the managing director of RP Wind ID LLC, the managing partner of Idaho Wind Partners 1, said the wind farms were pleased with the decision.

"We applaud FERC's decision today, which upholds the sanctity of our qualified facility power purchase agreements with Idaho Power," Eisenberg said.

Idaho Power's curtailment plan first went to the state regulatory agency, the Idaho Public Utilities Commission, for review. Commission staffers testified that limiting wind power during times of light load is allowable under commission rules and under precedent-setting decisions in similar cases. But wind farms, fearing that they'd get an unfavorable decision from the state regulator, appealed to the federal commission.

State regulators argued to FERC officers that the matter simply wasn't ripe for federal review because the state commission hadn't yet ruled.

Idaho Wind Partners 1, which has 11 subsidiary project companies in Idaho, told the federal commission that the Idaho Power plan would violate PURPA and expose the wind farms to immediate financial harm. Each of the farms has a 20-year

agreement with Idaho Power that has already been approved by state regulators.

The federal regulatory commission found that PURPA doesn't allow a utility company to unilaterally curtail electricity purchases during times of light load.

Moreover, the commission emphasized, those purchases are part of long-term power purchase agreements, and when those agreements are created they reflect the costs that each party anticipates over the life of the contract in a variety of circumstances, including light loads. In other words, Idaho Power likely considered those costs — or at least should have — when it entered the agreements with the wind farms in the first place.

Peter Richardson, a renewable energy attorney in Boise, said FERC's decision was a major victory for Idaho's wind industry.

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