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A T T O R N E Y S A T L A W

November 15, 2011

Co-Chair Representative George Eskridge
Co-Chair Senator Curt McKenzie
Energy, Environment & Technology Interim Committee
Idaho Legislature

Subject: Energy Plan Recommendation regarding Guidelines for Procuring Supply-Side Resources

In 2008 the Idaho Public Utilities Commission (“Commission” or “IPUC”), at the request of the Northwest and Intermountain Power Producers Coalition, J.R. Simplot Company, the Irrigation Pumpers Association and the Industrial Customers of Idaho Power (the “Petitioners”) opened a docket to investigate and establish competitive bidding guidelines for the procurement of supply-side (i.e., generation) resources by Idaho Power, PacifiCorp and Avista Utilities.¹ In this 2008 docket PacifiCorp and Avista presented convincing arguments that each of them was already required to comply with competitive bidding rules in the surrounding states of Washington, Oregon and Utah, and that, for their respective purposes, Idaho based rules were redundant and unnecessary. The Commission agreed, and in early 2010, opened a new Idaho Power only docket to address this matter.²

Reasons given by the Petitioners and others for establishing Commission approved competitive bidding guidelines included: (i) designing a RFP (Request for Proposals) process that encourages robust competitive responses from a large number of market participants with creative, market based responses, (ii) establishing a “fair and objective” evaluation criteria of bids, especially where a utility is allowed to submit a bid in its own RFP process³, (iii) greater bid evaluation transparency, so all bidders have confidence that their bid was evaluated fairly, (iv) an efficient and timely bidding process, and (v) implementation of a resource acquisition process that is orderly, affirmed by the Commission in advance of resource selection, and committed to securing the best and lowest cost resource for Idaho consumers.

In late February, 2010, a workshop was held at the IPUC where Idaho Power presented a draft set of RFP guidelines for conducting competitive bidding for generation resources. Staff and various parties provided comments at the workshop. No additional workshops, hearings or proceeding have been conducted in this case, or are scheduled.

¹ GNR-E-08-03

² IPC-E-10-03

³ Most states use an “Independent Evaluator” that reports to the regulatory commission, where the Utility is allowed to submit a bid into its own RFP.

While IPUC Staff and the parties in this IPUC docket may have differences of opinion as to the “details” of how to establish and implement competitive bidding guidelines for large resource acquisitions by Idaho Power, there seems general agreement that the goals and objectives of establishing such guidelines, as described above, are appropriate. Consequently, I respectfully ask that this Interim Committee include in its 2012 Draft Energy Plan a request that the Commission complete its work in Case No. IPC-E-10-3 and establish competitive bidding guidelines for Idaho Power, before the next major generating resource acquisition by the Company.

Specifically, in Section 6.2 of the draft plan, either in the action items for *Resources* or for *Conventional Generation Resources*, I suggest the following Action Item:

E-XX *Recognizing that PacifiCorp/Rocky Mountain Power and Avista Utilities are already bound to comply with competitive bidding guidelines established by the states of Washington, Oregon and Utah, the Idaho PUC should complete its investigation in Case No. IPC-E-10-03 and implement competitive bidding guidelines for Idaho Power for procurement of supply side resources, before Idaho Power’s next major resources acquisition.*

Thank you for your consideration of this request.

Sincerely,

/s/ *Ron Williams*

Ronald L. Williams