
IDAHO PUBLIC UTILITIES COMMISSION

For Immediate Release

Case No. IPC-E-04-2

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PUC says “green tag” issue not ripe for judgment

Boise – The Idaho Public Utilities Commission has denied an Idaho Power Co. request to issue an order declaring who owns the “green tags,” associated with renewable power projects that qualify for federal PURPA* provisions.

Green tags, or “renewable energy credits,” are a currency that can be traded to individuals and entities wishing to support renewable energy. They are becoming more valuable as a growing number of states are starting to require their regulated utilities to buy or generate a certain amount of power from renewable sources. Because green tags are created by the states, their ownership is not addressed by the federal PURPA legislation.

Idaho Power asked the commission to determine who owns the green tags: PURPA project owners or the utility that contracts to buy the power from the project owners. Idaho Power proposed that the commission allow project owners to retain ownership of the green tags because that would encourage development of green resources. However, Idaho Power proposed to retain the “right of first refusal” to purchase the tags before project owners offer them to another buyer.

The commission’s order says the matter is “not ripe for declaratory judgment.” The Idaho Legislature has not enacted renewable portfolio standards, has not created a green tag program and has not established a trading market for green tags.

Idaho Power has contracts with about 70 PURPA projects.

Since PURPA was enacted, regional organizations, such as the Bonneville Environmental Foundation, have been created to certify projects as “green energy compliant.” Power projects found to be compliant are issued green tags that can be traded.

Idaho’s other large electric utilities, PacifiCorp and Avista Utilities, filed comments in the case stating that the green tags are the property of the purchasing utility. The Bonneville Environmental Foundation, Northwest Energy Coalition and the Advocates for the West asked the commission to confirm that project owners own the green tags. Commission staff and other small power producers who filed comments intervened in the case said the commission had no jurisdiction or authority to decide the issue.

Idaho Power claimed the tags represented a value to the utility because they have monetary value separate from the actual energy produced. Idaho Power claimed that if it were granted ownership rights to the green tags, the revenue from them could be used to lower energy costs to Idaho Power customers or be reinvested in the development of additional renewable resources in the state.

PURPA project owners contended keeping ownership of the tags benefits the state because the ability to sell green tags provides incentive for more renewable development. It also compensates owners for their projects' environmental attributes and rewards them for the risk they take to invest in and operate a renewable energy plant.

While the commission's order does not allow Idaho Power to include a right of first refusal provision in PURPA contracts, it does not preclude parties from voluntarily negotiating the sale and purchase of green tags. However, the price a regulated utility would pay for the green tags is not a PURPA cost that the utility can recover from ratepayers, the commission said. "Recovery of those expenses will be reviewed as all other non-PURPA costs," the commission said.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site at www.puc.state.id.us. Click on "File Room" and then on "Electric Cases" and scroll down to Case No. IPC-E-04-2.

END

***PURPA** - The Public Utilities Regulatory Policies Act or PURPA, passed during the energy crisis in the late 1970s, requires utilities to buy energy from qualifying small power producers that generate power from sources other than fossil fuels. The Public Utilities Commission sets the rate the utilities must pay small power producers. The rate, called an avoided cost rate, is based on the cost the utility avoids if it would have had to generate the power itself or purchase it from another source.