
IDAHO PUBLIC UTILITIES COMMISSION

For Immediate Release

Case No. IPC-E-04-7

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Idaho Power seeks approval of sales agreement with Simplot

Boise – The Idaho Public Utilities Commission will accept comments through April 16 on Idaho Power's request that the commission approve a 10-year energy sales agreement with J.R. Simplot Company's 15.9-megawatt cogeneration facility at its industrial site near Pocatello.

The project generates electricity from the excess heat used in the manufacturing process at the Simplot fertilizer plant.

The current contract, negotiated in 1991, expired on Feb. 29. Idaho Power is asking that the proposed agreement be effective retroactive to March 1.

For the first 10 megawatts, Idaho Power will pay Simplot the commission's published rate for all renewable projects that qualify under the federal Public Utilities Regulatory Policies Act or PURPA. One megawatt is enough to power about 750 homes.

Passed during the energy crisis in the late 1970s, PURPA requires utilities to buy energy from qualifying small power producers that generate power from sources other than fossil fuels. The Public Utilities Commission publishes the rate the utilities must pay small power producers, a rate based on the cost the utility avoids by not generating the power itself or buying it from another source. However, that published rate applies only to projects up to 10 MW in size. For sales beyond 10 MW, Idaho Power and Simplot negotiate a price based on market prices.

The company is also asking for a commission finding that all payments for purchases of energy under this agreement be treated as expenses for ratemaking purposes.

Further, the company asks that the agreement not be approved until the commission rules on a separate docket before it. That docket, IPC-E-04-2, is about the ownership of the environmental attributes or "green tags" associated with renewable small-power projects like Simplot and several others from which Idaho Power buys energy. The green tags are a currency that can be traded to individuals and entities wishing to support renewable or "green" energy. They are becoming more valuable since a growing number of states are starting to require their regulated utilities to buy or generate a certain amount of power from renewable sources.

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 Power is recommending that the commission allow small-power producers to retain ownership of the green tags because it may encourage the development of additional green resources in Idaho without the need to increase energy prices. However, Idaho Power would like to retain the "right of first refusal" to purchase the tags before project owners offer the tags to another purchaser. The commission has yet to rule on the question.

The commission has determined that a public hearing in the Simplot matter may not be necessary and that this case

can be processed through written comments. The deadline for comments is April 16.

Persons wishing to submit comments can do so via e-mail by accessing the commission's homepage at www.puc.state.id.us and clicking on "Comments & Questions." Fill in the case number (IPC-E-04-7) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

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