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IDAHO PUBLIC UTILITIES COMMISSION



www.wildidaho.org

Idaho Conservation League

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IDAHO PUBLIC UTILITIES COMMISSION

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RE: Case No. IPC-E-07-18, Order No. 30495 - Customer input sought on how to treat emission sale revenues

Dear Commissioners:

Thank you for the opportunity to comment on the proposed use of revenue generated by the sale of Idaho Power Company's sulfur dioxide emissions allowances. For thirty-four years, the Idaho Conservation League has been Idaho's voice for clean water, clean air, and wilderness—values that are the foundation to Idaho's extraordinary quality of life. Idaho Conservation League works to protect these values through citizen action, public education, and professional advocacy. As Idaho's largest state-based conservation organization we represent over 9,500 members, many of whom have a deep personal interest in protecting our clean air, clean water, and quality of life.

According to the 2007 Boise State University Energy Policy Survey, 50% of Idahoans believe that the development of "green" or renewable electricity sources is of the highest priority when addressing Idaho's electricity needs. Idahoans have made their decision to support renewable energy and Idaho Power, as a public utility, has an obligation to listen to the will of its customers. In Idaho and surrounding states, new wind and geothermal projects are being developed annually. Renewable energy project development brings needed investment into Idaho's rural communities and offers "clean" energy solutions to the region.

Of the four options presented by Idaho Public Utilities Commission and Idaho Power Company, Idaho Conservation League supports the third option:

"... to allow Idaho Power to enter negotiations or solicits bids to buy a wind project's development rights. In essence, the company would be purchasing a wind project with capital – proceeds from the SO₂ sales – contributed by customers."

Idaho Conservation League supports this option for a number of reasons. This option conforms to existing policy to increase the reduction of hazardous emissions, supports

renewable energy resources, and allows Idaho Power Company to invest in generation facilities while benefiting from the "green tags" these facilities provide. In addition, this option most closely follows the 20-year plan set forth in Idaho Power Company's *Integrated Resource Plan* (IRP) (2006). Idaho Power plans to add 250 MW of wind energy by 2025. Investment into wind energy can be further facilitated with the sulfur dioxide credit proceeds.

It is no secret that the cost of energy generation is increasing. According to the U.S. Energy Information Administration, natural gas used to power electrical plants has more than tripled in price since 1999 and coal prices are up 45 percent over the same period. The worldwide demand for steel, concrete, and other industrial materials has led to upward price pressures for the development of energy facilities. It is appropriate, in light of these economic factors, to turn to sources of energy with stable cost projections and long-term economic benefits for customers. The lack of fuel costs allows renewable sources, like wind facilities, to offer a relatively stable price over the life of the facility. Estimates from the Energy Information Association place the cost of wind energy between 3 and 5.5 cents per kilowatt-hour. The average retail price of electricity for Idaho consumers is 6.21 cents per kilowatt-hour. By increasing investment into wind energy Idaho Power could reduce overall electricity costs to retail consumers. No other energy resource guarantees economically viable development costs and long-term price stability. Additionally, in light of expected federal carbon regulations, and possible federal or regional portfolio standards, Idaho Power can reduce the initial costs associated with compliance to programs. Idaho Power Company should use the allowances to invest in wind energy facilities, reducing Idaho's carbon risk while meeting projected energy demands.

By investing in wind facilities, Idaho Power Company would also own the renewable energy credits or "green tags" that are associated with these facilities. Currently, Idaho Power is required to purchase the output of qualified Public Utility Regulatory Policies Act of 1978 (PURPA) projects, but does not own the green tags associated with the PURPA generation. Investing in wind facilities allows Idaho Power to provide for increasing energy demands while benefiting from the environmental attributes of green tags associated with the wind facilities.

Finally, option three fits most appropriately with Idaho Power Company's 2006 IRP. Idaho Power Company has planned to accommodate 11,000 – 12,000 new retail customers through 2025. This growth is expected to increase demand by an additional 1300 MW over a 20-year planning period. The IRP calls for 250 MW of wind generation by 2025. Providing for additional wind generation would further support the two primary goals of the 2006 IRP: 1) Identify sufficient resources to reliably serve the growing demand for energy within Idaho Power's service area throughout the 20-year planning period; and 2) Ensure the portfolio of selected resources balances costs, risks, and environmental concerns.

Using the sulfur dioxide allowances to invest in further renewable energy generation in the near term will aid in protecting consumers from the dramatic cost increases associated

with the development of generation facilities. If the allowances today are used to prepare for the regulations of tomorrow, Idaho Power can dilute the overall cost to consumers.

Thank you for the opportunity to comment on the use of these funds. Please feel free to contact me with for further clarification or questions at (208) 345-6933 ex. 23.

Sincerely,

A handwritten signature in black ink, appearing to be 'Sara Cohn', with a long horizontal stroke extending to the right.

Sara Cohn
Community Conservation Associate
Idaho Conservation League