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IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Senior Counsel

January 16, 2009

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-08-24
*IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
FOR AN ORDER AUTHORIZING THE RETIREMENT OF ITS GREEN TAGS*

Dear Ms. Jewell:

Enclosed please find for filing an original and seven (7) copies of Idaho Power's Reply Comments in the above matter.

I would appreciate it if you would return a stamped copy of this letter for my file in the enclosed stamped, self-addressed envelope.

Very truly yours,

Lisa D. Nordstrom

LDN:sh
Enclosures

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Attorneys for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION OF IDAHO POWER) CASE NO. IPC-E-08-24
COMPANY FOR AN ORDER)
AUTHORIZING THE RETIREMENT) IDAHO POWER'S REPLY COMMENTS
OF ITS GREEN TAGS)
_____)

COMES NOW, Idaho Power Company ("Idaho Power" or "the Company"), and in response to Comments filed in this docket, submits the following Reply Comments.

TERMINOLOGY

Idaho Power's Application and several comments filed with the Commission discuss "retiring" Green Tags and what timeframes comprise the actual shelf life of Green Tags. Based on the comments filed, Idaho Power believes there may be some confusion about these concepts and will attempt to further clarify them.

1. Shelf Life

Shelf life refers to the concept that Green Tags may no longer have value at some date in the future. The shelf life of Green Tags may vary depending upon the purpose for which they are used.

Green-e has a complicated definition of the shelf life of Green Tags that are Green-e certifiable, a short summary of which was included in Idaho Power's Application on page 3, footnote 5. Generally, the Green-e process establishes a maximum shelf life of approximately 18 – 21 months from the date the MWh associated with the Green Tag was generated. This shelf life can vary depending on how close to the end of a calendar year the Green Tag was created.

States that have adopted Renewable Portfolio Standards (RPS) generally define what resources are eligible to meet the state's RPS requirements and establish the shelf life applicable to Green Tags generated by eligible resources. In order to determine the shelf life for each state, a review of each state's individual RPS documents is required.

2. Disposition of Green Tags

There are various actions that an owner of a Green Tag may take once the Green Tag is created. The Green Tag owner may transfer/sell the tag, hold the tag, or retire the tag. If the owner holds a Green Tag past the oldest shelf life date, it will expire. Until such time as an Idaho Power-owned Green Tag is transferred, retired or expires, the Green Tag simply resides in an Idaho Power Green Tag account awaiting disposition.

a. Transfer

The transfer of a Green Tag is required at the time the owner sells the Green Tag to another party. When the transfer is complete, the seller of the Green Tag will have transferred all ownership rights and environmental attributes associated with the Green Tag to the other party.

b. Expiration

If the Green Tag is a certified Green-e tag, the tag effectively expires or becomes worthless with respect to its value as a Green-e certified Green Tag when the Green-e designated shelf life passes. However, the Green Tag may still satisfy a RPS requirement, in which case the expiration is dictated by the individual state with the RPS requirement. The Oregon RPS specifies that excess Green Tags may be held and used in future years. The Oregon RPS has no reference to a particular shelf life; absent evidence to the contrary, Idaho Power assumes that there is no shelf life limitation on Green Tags used to satisfy the Oregon RPS.

c. Retirement

Retirement is the process by which the owner of a Green Tag actually consumes the Green Tag to meet a specific requirement. Once a Green Tag is retired or consumed it is no longer available to be used for any future transaction or purpose. For an entity to be able to make public statements in regard to the entity being "green", the entity must retire or consume some level of Green Tags on a routine basis. For example, commercial enterprises that claim to be "green" typically retire a quantity of Green Tags each month equivalent to their monthly energy (MWh) consumption (e.g., a

company that consumes 15 MWh in a month also retires 15 Green Tags in the same month).

In order for Idaho Power to represent to its customers it is delivering the renewable generation associated with the Elkhorn Valley Wind Project or the Raft River Geothermal Project, Idaho Power will need to retire (consume) the Green Tags created by those projects. These retired Green Tags will then no longer be available to transfer or sell to other parties and Idaho Power does not anticipate that they will be eligible to meet any future RPS requirements.

If the intended use of a Green Tag is to meet an RPS requirement, then the Green Tag could be kept indefinitely in the utility's Green Tag account (assuming no shelf life) until the time when the utility retires or consumes the Green Tag to meet a RPS requirement. However, if Idaho Power represents that it is delivering renewable energy from the Elkhorn Valley Wind Project or the Raft River Geothermal Project to its customers, the Green Tag has been consumed and should be retired. The problem is that Green-e and the various state RPSs have different shelf lives. Hypothetically, if a utility initially holds a Green Tag in its account to satisfy a RPS requirement (without a specified shelf life) but then circumstances later dictate the Green Tag to be sold instead, the Green Tag will have no value to a buyer if Green-e certification is required and the 18 to 21-month shelf life has passed.

IDAHO RURAL COUNCIL COMMENTS

On the morning of January 7, 2009, Idaho Power received several questions pertaining to this docket from the Idaho Rural Council via email. Although Idaho Rural Council Comments filed with the Commission on January 8, 2008 at 9:39 a.m. state that

the Company had not responded, Idaho Power had in fact fully responded to the Idaho Rural Council's questions by email on January 7, 2009 at 6:49 p.m.

CONCLUSION

Idaho Power takes seriously its obligation to be a good steward of the environment while providing its customers low rates and excellent customer service. The sale of Green Tags pits maximization of revenue from tag sales to offset customer rates against retention of the environmental attributes of renewable generation that customers increasingly insist Idaho Power promote. According to a 2008 national public opinion survey conducted by the Edison Electric Institute, "About nine in ten say they support expanding renewable resources of electric power at an increased cost of up to 20%."¹ As described in the Application, both the State of Idaho Energy Plan and Idaho Power's customers support additional investment in renewable power and retention of the environmental benefits associated with it.

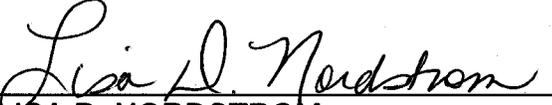
To maximize revenues that offset customer rates through the sale of Green Tags, Idaho Power will be constrained in how it describes its generation resources to customers lest it inappropriately imply that the green properties associated with renewable generation remain with its portfolio. Idaho Power is not concerned about the marketing implications of selling Green Tags. Rather, Idaho Power is concerned that it will not be able to explain in a manner that customers will find satisfactory that the renewable resources in its portfolio are no longer "green" because those property rights have been contracted away. Idaho Power views retention of the renewable attributes of its qualified renewable resources, and subsequent retirement of the Green Tags, as both a customer service and customer satisfaction issue. Customers increasingly want

¹ EEI National Public Opinion Monitor Q1 2008 E-Forum, May 19, 2008.

Idaho Power to supply energy from renewable resources and, to the extent it is in Idaho Power's generation portfolio, customers believe they are paying for it in their rates. The only way the Company can satisfy this customer expectation is to keep the Green Tags -- to do otherwise would strip away the renewable qualities that customers desire.

For these reasons, as well as those stated in its Application, Idaho Power respectfully requests the Commission authorize Idaho Power to retire the Green Tags it has obtained or will obtain in the future.

DATED at Boise, Idaho this 16th day of January 2009.


LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 16th day of January 2009, I served a true and correct copy of the within and foregoing document upon the following named parties by the method indicated below, and addressed to the following:

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