



RECEIVED

2009 APR 20 PM 4:47

IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Senior Counsel

April 20, 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
GREEN TAGS

Dear Ms. Jewell:

Enclosed please find for filing an original and seven (7) copies of Idaho Power Company's Reply Brief on Reconsideration 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:csb
Enclosures

LISA D. NORDSTROM (ISB No. 5733)
BARTON L. KLINE (ISB No. 1526)
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
Tel: 208-388-5825
Fax: 208-338-6936
lnordstrom@idahopower.com
bkline@idahopower.com

RECEIVED
2009 APR 20 PM 4:47
IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Street Address for Express Mail:
1221 West Idaho Street
Boise, Idaho 83702

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 COMPANY'S REPLY
OF ITS GREEN TAGS.) BRIEF ON RECONSIDERATION
_____)

Idaho Power Company ("Idaho Power" or the "Company" or the "Applicant"), pursuant to Order No. 30743, hereby respectfully submits its Reply Brief on Reconsideration.

I. INTRODUCTION

A. Idaho Power's Request

In its Application filed on November 14, 2008, Idaho Power requested that the Commission authorize it to retire the Green Tags, or Renewable Energy Credits ("RECs"), associated with its renewable resources on behalf of its customers. By

acquiring, retaining, and later retiring the Green Tags generated with Company-sponsored renewable projects, Idaho Power can: (1) comply with standards regarding characterization of its resource portfolio while clearly communicating the Company's renewable portfolio to customers, (2) meet customer expectations for increased use of renewable energy, (3) align with state interests in promoting renewable energy, and (4) plan to align with future federal Renewable Portfolio Standard ("RPS") legislation. On January 16, 2009, Idaho Power filed Reply Comments to clarify several of the terms and concepts used in its Application and comments filed by others.

Idaho Power respectfully requests that the Commission affirm its findings in Order No. 30720 that approved the Company's request to retire its Green Tags generated by the Elkhorn Valley Wind Project and the Raft River Geothermal Project. However, in light of recently proposed legislation to institute a federal Renewable Portfolio Standard,¹ the Company requests the Commission authorize Idaho Power to "bank" Green Tags as well as retire them to satisfy state or federal RPS requirements. Allowing Idaho Power the option to either retire or bank its Green Tags will enable the Company to stockpile tags now, when the Green Tags are presumably less expensive to acquire, in anticipation of federal mandatory renewable energy requirements. Assuming that banked tags will be applied to a federal RPS or otherwise consumed/retired, Idaho Power will also be acting in accordance with the goals set out in the 2007 Idaho Energy Plan and the Idaho Strategic Energy Alliance initiated by Governor Otter's 25 x '25 initiative.

¹ Renewable Portfolio Standards require a certain percentage of a utility's power plant capacity or generation to come from renewable sources by a given date.

B. Green Tag Conceptual Overview

A Green Tag is a tradable financial instrument that represents the environmental attributes of renewable energy, typically associated with one megawatt-hour (“MWh”) of renewable energy. In a Green Tag market, the environmental attributes can be disassociated from the renewable energy (MWh) and sold as a separate product whose price reflects the premium paid for the environmental attributes associated with renewable energy. Once a Green Tag is sold separately (or “unbundled”) from the energy, the energy has no favorable environmental attributes and the energy becomes a homogenous (“null power” or “brown power”) product.

The market value of a Green Tag is determined by its age, geographic origin, and type of generation, as well as supply and demand. Two markets exist for Green Tag transactions: the compliance market and the voluntary market.

The compliance (involuntary) market has been created by the various requirements that a Green Tag buyer must satisfy to comply with a RPS. A typical RPS will allow the buyer (utility) to meet the RPS requirements by creating Green Tags from their own qualifying renewable generation units and/or purchasing Green Tags from another party’s qualifying renewable generation units.

The voluntary market is comprised of the various individuals and businesses that wish to claim they are using renewable energy. Green-e, a voluntary consumer-protection program administered by the Center for Resource Solutions, has established industry recognized standards² for Green Tags. These “Green-e standards” have been adopted by the majority of the participants in the voluntary market. Voluntary market

² The Standard may be found online at: [http://www.green-e.org/docs/energy/Appendix%20D Green-e%20Energy%20National%20Standard.pdf](http://www.green-e.org/docs/energy/Appendix%20D%20Green-e%20Energy%20National%20Standard.pdf).

buyers include Intel, PepsiCo, Dell, Whole Foods Market, the Pepsi Bottling Group, Johnson & Johnson, the U.S. Air Force, Cisco Systems, the City of Houston, and the City of Dallas. These entities are the top ten (10) green power purchasers in the Environmental Protection Agency's U.S. Green Power Partnership.³

Although the compliance and voluntary markets may set separate values for the Green Tags, they are interrelated in that a Green Tag may qualify to be used in either market. Thus, the two markets do not necessarily operate independently of each other.

Once a Green Tag is used by the owner to satisfy a voluntary or RPS requirement, the Green Tag cannot be sold, used for future compliance, or for any other "green" representation. Green Tag tracking systems like the Western Renewable Energy Generation Information System ("WREGIS") are accounting systems that create a Green Tag based upon the energy generated at a qualifying renewable energy generation facility and then track the use and disposition of the individual Green Tag to ensure that it is not used for multiple purposes.

II. DISCUSSION

In Order No. 30743, the Commission requested Idaho Power clarify its position with regard to the following six issues:

1. The concept of "shelf life" for a Green Tag that is neither retired nor sold;
2. Federal and/or state guidelines regarding shelf life;
3. Federal and/or state rules that disallow the use of previously retired Green Tags to meet current/future renewable portfolio standards;

³ www.epa.gov/greenpower

4. The monetary value that the disputed Green Tags would have if sold in the present market;

5. The differential that such value would have if credited back to each ratepayers' bill (i.e., what difference an individual ratepayer would see in his or her bill if the Green Tags were sold and credited back to the ratepayers) and the amount of time that such credit would be in place; and

6. Whether retiring Green Tags in order to use credits to promote Idaho Power's renewable resources amounts to image advertising.

A. The Concept Of "Shelf Life" For A Green Tag That Is Neither Retired Nor Sold

"Shelf life" generally refers to a time limit on the use of each Green Tag. If a Green Tag is not sold or otherwise "consumed" on a timely basis, its value will dissipate. No universal definition of shelf life exists; each jurisdiction's RPS has its own definition of Green Tag shelf life and viability. Shelf life also has an indirect impact on the banking of Green Tags. While Green Tags may be banked indefinitely in WREGIS, a banked Green Tag that is older than the shelf life requirements of a particular jurisdiction cannot be used to satisfy that jurisdiction's RPS requirement.

Green-e and WREGIS are complimentary programs that both use verifiable data to log renewable electricity transactions. For renewable electricity generated within the Western Interconnect, Green-e requires that participants use WREGIS to provide retirement reports for certified products sources within the WREGIS footprint. WREGIS was developed by the Western Electricity Coordination Council ("WECC") in cooperation with numerous utility, governmental, and environmental groups to provide a universal, independent, Green Tag tracking system. The goal of WREGIS is to provide

a standard of reporting and to prevent double counting. Since its inception in late 2007, WREGIS has quickly become the tracking system preferred by many western states and regulatory agencies.

In essence, WREGIS acts like a bank into which generators like Idaho Power may deposit qualifying generation. WREGIS then issues⁴ a Green Tag certificate for each MWh of qualifying generation to the generator's WREGIS active account. The generator may then choose to sell or transfer the certificate to another party, or move it to a reserve or retirement sub-account.

When the Green Tag is transferred to a retirement or reserve account, the purpose of the transfer is recorded.⁵ *Reserved* certificates can be sold to someone who does not have an account in WREGIS. Reserved certificates are considered "used" and are taken out of circulation permanently with no further transfers allowed in WREGIS. When Green Tags are committed to a compliance purpose, they are typically transferred to the participant's WREGIS *retirement* sub-account. WREGIS certificates may be retired only once and the retirement is permanent. Retirement can be used to show compliance with state or voluntary programs. Regulators may then use WREGIS data to verify that a utility's certificates meet their jurisdiction's specific eligibility requirements. WREGIS still tracks the Green Tags in the retirement sub-account, but those Green Tags may not be traded or used for any other purpose. By comparison,

⁴ One MWh = one WREGIS certificate. WREGIS issues certificates ninety (90) days after the end of the generation period. WREGIS certificates never expire.

⁵ WREGIS retirement categories include: Used by the Account Holder for a Municipal Renewable Portfolio Standard, Used by the Account Holder for a Utility Green Pricing Program, Used by the Account Holder for a Green Electricity Product, Used by the Account Holder for a REC-Only Product, Sold via Paper Attestation, and Other.

maintaining Green Tags within a WREGIS active sub-account keeps the Green Tags available for any purpose.

In the voluntary Green Tag market, the accepted standard “shelf life” as recommended by Green-e is approximately eighteen (18) months.⁶ Most states have decided that voluntary Green Tag sales should not be counted toward meeting the RPS, in part because the purchaser may also be making claims against the environmental attributes of the green power, when that environmental benefit was mandated by the RPS policy.

In the compliance Green Tag market, “shelf life” refers to the length of time a Green Tag can be used to comply with a state’s RPS requirements. For example, if a RPS establishes a shelf life of three (3) years for Green Tags, a Green Tag created in January 2009 could be used to meet a January 2012 RPS requirement if the Green Tag has been “banked.” The banking process is simply the concept of holding the Green Tags for use at a future date. Longer shelf lives increase the market’s ability to smooth out the impact of seasonal and annual weather variations on renewable generation.

WREGIS and other similar regional systems track Green Tag details and activity to enable organizations to monitor the contents of their Green Tag banks. In some states like California, an additional banking designation is made in the state’s RPS compliance system.

Idaho Power’s Green Tags are currently banked in its active WREGIS account while the Company monitors pending federal RPS legislation and the outcome of this docket. If Idaho Power is not required to sell the Green Tags, it may hold them in its

⁶ According to Section III(B) of the Green-e Energy National Standard (Version 1.6), Green-e will only certify renewable energy generated in the calendar year in which the product was sold, the first three (3) months of the following calendar year or the last six (6) months of the prior calendar year.

active account until final rules of a federal RPS are issued while possibly retaining its ability to explain to customers how Idaho Power generates the electricity they consume. If its request to bank or retire Green Tags were approved, Idaho Power now would only “retire” Green Tags in the sense that they would not be marketed for sale; they would be moved to a retirement sub-account when necessary to satisfy a future state or federal RPS.

B. Federal And/Or State Guidelines Regarding Shelf Life

1. Federal Guidelines

The national renewable portfolio standards proposed by the 111th Congress do not address active or retired Green Tags that are currently in existence. Both H.R. 890⁷ and S. 433⁸ would amend Title VI of the Public Utility Regulatory Policies Act of 1987 (“PURPA”)⁹ to require retail electric suppliers to gradually increase their renewable energy generation to 25 percent of a base amount by 2025. Both bills describe the shelf life of a prospective “federal renewable energy credit” as three (3) years after the compliance year in which the federal renewable energy credit was issued. The federal legislation does not indicate how it will reconcile existing state RPS rules with the federal RPS, only that the Secretary of Energy shall coordinate with the state programs and preserve their integrity. While the ability to apply existing Green Tags to the federal RPS requirements is an issue that will be addressed during future rulemaking, this is

⁷ The American Renewable Energy Act was introduced to the U.S. House of Representatives on February 4, 2009, by sponsor Rep. Edward Markey (MA). It has since been referred to the House Committee on Energy and Commerce.

⁸ S. 433 was introduced on February 12, 2009, by Sen. Tom Udall (NM) and has since been referred to the Senate Committee on Energy and Natural Resources.

⁹ 16 U.S.C. 2601, *et seq.*

likely an area in which states and utilities will lobby to have the federal government recognize banked credits in a manner similar to existing state RPSs.

Although the Industrial Customers of Idaho Power may imply otherwise, the federal legislation does NOT specifically state that existing Green Tags will not count toward federal requirements. S. 433 and H.R. 890 envision a 2012 effective date. Given the investment many utilities may have to make to come into compliance so quickly, it is not unreasonable that future rules implementing a federal RPS may allow Green Tags from previous years as a way to mitigate rate impacts and smooth interactions between state and federal requirements. Moreover, precedent exists in state RPS programs for allowing existing Green Tags to meet future requirements. For example, the Oregon RPS was passed in 2007 with 2011 as its first compliance year. The final rules permit Green Tags generated the year the law was passed and later to be used to comply with the Oregon RPS.¹⁰

2. State Guidelines

Many states allow banked Green Tags to be used for compliance with their Renewable Portfolio Standards. The “shelf life” of a Green Tag can be as short as three (3) months (New England), or as long as five (5) years (Colorado).¹¹ Oregon,¹²

¹⁰ OAR 330-160-0030.

¹¹ 4 CCR 723-3-3654(i)(III).

¹² ORS 469A.140(2) states: “Renewable energy certificates that are not used by an electric utility or electricity service supplier to comply with a renewable portfolio standard in a calendar year may be banked and carried forward indefinitely for the purpose of complying with a renewable portfolio standard in a subsequent year.” Although page 4 of the Industrial Customers’ brief states that the proposed rulemaking in AR 518 would limit Green Tag banking to one (1) year, Idaho Power disagrees. Under the proposed rules, an electric company may use a Green Tag to comply with both the RPS and power source disclosures under OAR 860-038-0300 only if both uses occur in the same year. See also OPUC Staff Comments filed on January 7 and 12, 2009, in AR 518 (Phase II).

California,¹³ Utah,¹⁴ and Arizona¹⁵ currently allow Green Tags to be “banked” for an indefinite period for RPS compliance. States allowing banked credits subject to an expiration date include Nevada,¹⁶ Washington,¹⁷ and Montana.¹⁸ The California Public Utilities Commission’s Rulemaking 06-02-012 currently proposes Green Tags be maintained in active WREGIS sub-accounts for up to three (3) compliance years (including the year of generation) from the date the electricity associated with the Green Tag is generated. Although the Industrial Customers of Idaho Power interpreted this as creating a three-year shelf life, the draft decision would require that California utilities either sell or transfer Green Tags into a WREGIS retirement account by the end of the third compliance year. The purpose of this proposed rule change is to maintain market liquidity while allowing a utility to make a good estimate of its future compliance needs, yet discourage hoarding of Green Tags that may distort the market.¹⁹ The proposed rules do not affect the unlimited time period for which a utility could apply Green Tags to

¹³ California Pub. Util. Code § 399.14(a)(2)(C)(1) provides in relevant part: “The commission shall adopt . . . [f]lexible rules for compliance, including rules permitting retail sellers to apply excess procurement in one year to subsequent years or inadequate procurement in one year to no more than the following three years.”

¹⁴ Utah Code Section 54-17-603(7). Renewable energy certificates do not expire and may be banked.

¹⁵ ACC R14-2-1804(C). An Affected Utility may use Renewable Energy Credits acquired in any year to meet its Annual Renewable Energy Requirement.

¹⁶ NAC 704.8931. Portfolio energy credits expire four (4) years after the compliance year in which the portfolio energy credits are certified.

¹⁷ WAC 480-109-020 (2). Renewable energy credits produced during the target year, the preceding year, or the subsequent year may be used to comply with this annual renewable resource requirement provided that they were acquired by January 1 of the target year.

¹⁸ MCA 69-3-2004 (9). The public utility may carry forward the amount by which the standard was exceeded to comply with the standard in either or both of the two (2) subsequent compliance years.

¹⁹ Proposed Decision of ALJ Simon Authorizing Use of Renewable Energy Credits for Compliance with the California Renewables Portfolio Standard, Rulemaking 06-02-012 at pp. 53-56 (mailed 3/26/2009). This can be found online at: <http://docs.cpuc.ca.gov/efile/PD/99016.pdf>.

satisfy the California RPS. So while the Green Tags might reside in a WREGIS “retirement sub-account,” a utility could still bank excess WREGIS certificates in the retirement account for California’s RPS compliance indefinitely.

Although the state of Idaho does not have a mandatory RPS requirement, Governor C. L. “Butch” Otter’s 25 x ’25 initiative established the Idaho 25 x ’25 Renewable Energy Council (later renamed the Idaho Strategic Energy Alliance) to further the goal of providing 25 percent of Idaho’s energy needs through renewable sources by the year 2025.²⁰ The original 25 x ’25 effort was focused primarily upon using agricultural and forestry resources to meet 25 percent of the state’s energy needs by 2025 but was later expanded by Idaho’s Office of Energy Resources (“OER”) to include sustainable resources, energy efficiency and conservation, and energy development in accordance with the 2007 Idaho Energy Plan.²¹ The policies set forth in the Idaho Energy Plan promote development of renewable resources, diversification of Idaho Power’s generation portfolio, and preservation of the Company’s ability to meet changes in energy policy. Even in the unlikely event a federal RPS was not implemented in the next several years, retention of the Green Tags will benefit Idaho’s renewable energy goals rather than those of other states or businesses outside Idaho.

C. Rules That Disallow Use of Retired Green Tags to Meet Current/Future RPS

The word “retired” exists in a number of contexts with regard to Green Tags. In the most general sense, “retirement” is the process by which the owner of a Green Tag actually consumes the Green Tag to meet a specific RPS requirement for a given year

²⁰ Executive Order 2007-20 can be found at: http://gov.idaho.gov/mediacenter/execorders/eo07/eo_2007_20.html.

²¹ The 2007 Idaho Energy Plan can be found at: http://www.energy.idaho.gov/energy_plan_0126.pdf (page 47).

rather than merely banking it. It is unlikely that a Green Tag used to satisfy a state RPS could be used for any future transaction or purpose (e.g., to meet a future federal RPS requirement) because it has already been used. This is in contrast to the so-called “retirement” of California RECs into a WREGIS sub-account described above, when California utilities irrevocably designate but do not actually consume specific Green Tags to satisfy the California RPS at some indeterminate point in the future.

If the intended use of a Green Tag is to meet a RPS requirement, the Green Tag could be kept indefinitely in the utility’s Green Tag account (assuming no shelf life limitations) until such time when the utility retires the Green Tag to meet a RPS requirement. Should Idaho Power represent 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 for purposes of the voluntary market and cannot be sold without running afoul of Green-e²² certification or Federal Trade Commission²³ rules. However, Idaho Power would still be able to describe its power source mix to customers and possibly fulfill its obligations under a RPS because it has retained the Green Tags to back up its claims. However, it should be noted that Oregon has a proposed rulemaking in AR 518 in which it would allow a utility to use a Green Tag to comply with both the RPS and power source disclosures required by OAR 860-038-0300, only if both uses occur in the same calendar compliance year. In other words, if

²² The Green-e Code of Conduct and Customer Disclosure Requirements can be viewed at: <http://www.green-e.org/docs/energy/Appendix B-National Code of Conduct Cust Disclosure.doc>.

²³ The Federal Trade Commission’s Guides for the Use of Environmental Marketing Claims are outlined in 16 CFR Part 260. See <http://www.ftc.gov/bcp/qnrule/guides980427.htm>. The National Association of Attorneys General Environmental Marketing Guidelines for Electricity can be found at: http://apps3.eere.energy.gov/greenpower/buying/pdfs/naag_0100.pdf.

approved, a REC banked for future RPS compliance could be included in power source disclosures only for the year the REC is used for RPS compliance.

As previously stated, the federal RPS legislation does not address whether active or retired Green Tags may be used to satisfy a federal renewable generation requirement. In the states of Oregon, Utah, and Colorado, utilities that use Green Tags to satisfy the state RPS may also use them to satisfy a federal RPS, but not those of other states.²⁴ Although Arizona's Green Tags have unlimited shelf life, once a Renewable Energy Credit is used to satisfy Arizona's Renewable Energy Standard, "the credit is retired and cannot be subsequently used to satisfy these rules or any other regulatory requirement."²⁵

D. Monetary Value of Disputed Green Tags if Sold in Present Market

Idaho Power Company's resource portfolio includes both renewable resources and electricity purchased from renewable energy resources. From November 2007 through March 2009, Idaho Power will have obtained approximately 356,021 Green Tags from the 101-MW Elkhorn Valley Wind Project located in eastern Oregon. The Company has also obtained 3,452 Green Tags from the Raft River Geothermal Project from May 2008 through March 2009. Attachment No. 1 details the number of Green Tags received monthly for each project. Each of these Green Tags, depending on their ability to become Green-e certified, could have value in the voluntary market that varies according to its vintage. Attachment No. 2 is an April 17, 2009, market quote provided by Spectron Energy Inc., a broker of energy and environmental products. Using the

²⁴ ORS 469A.140(4). Utah Code Section 54-17-603(9). 4 CCR 723-3-3654(m).

²⁵ ACC R14-2-1804(D).

midpoint between the bid and offer quotes²⁶ listed for WECC Green-e Certifiable Wind, Idaho Power has estimated the present value of its November 2007-March 2009 Green Tags at \$1,313,797. This amount presumes that Idaho Power can meet Green-e certification standards (i.e., has not already consumed the environmental attributes of its 2007-2008 Green Tags). As described in its Application, Idaho Power believes that its customer communications in 2007 and 2008 may have impaired the Company's ability to certify its Green Tags from those years.

E. Potential Credit to Customer Bills

If the Commission determined that Green Tags generated by the Elkhorn Valley Wind Project and the Raft River Geothermal Project should be sold, it is conceivable that the proceeds would offset the 2009 Power Cost Adjustment ("PCA") much like SO₂ allowances do. Using the \$1,313,797 value estimated above, the Idaho base revenue requirement would decrease by 0.17 percent. As shown on Attachment No. 3, the potential credit to a typical residential customer using 1,050 kWh/month during the 2009 PCA year would be 9 cents a month (\$1.09 for the PCA year).

F. Image Advertising

Although the Industrial Customers of Idaho Power's Reconsideration Petition and Brief refer to "image advertising," neither document explains specifically what is encompassed by that term. Idaho Power interprets "image advertising" as utility-funded advertising that is designed to make customers feel more favorable toward that utility or to consume additional services of that utility. Such advertising is not generally recoverable in utility rates. On the contrary, informational advertising that is of an

²⁶ The "bid" quote is the price Green Tag buyers are willing to pay. The "offer" quote is the price at which Green Tag owners are willing to sell.

educational nature or otherwise beneficial to utility customers does not constitute “image advertising” and may be included in utility rates.

Although Idaho does not have codified rules about the recovery of advertising expenses, Oregon’s rules govern a portion of Idaho Power’s service territory and may be instructive here. The state of Oregon presumes that “Utility Information Advertising Expenses” are just and reasonable in a rate proceeding up to 0.125 percent of gross retail operating revenues.²⁷ The Oregon Administrative Rules define Utility Information Advertising Expenses as those “advertising expenses, the primary purpose of which is to increase customer understanding of utility systems and the function of those systems, and to discuss generation and transmission methods, utility expenses, rate structures, rate increases, load forecasting, environmental considerations, and other contemporary items of customer interest.”²⁸ To the extent Idaho Power’s explanation of its generation resource mix or retirement of Green Tags can even be considered “advertising,” it would likely be recoverable in Idaho Power’s Oregon jurisdiction as informing customers of its generation methods and addressing “contemporary items of customer interest.” While the concept of “image advertising” implies self-promotion, the source of Idaho Power’s electricity is the very type of information that the Company is required to report to customers under the 2007 Idaho Energy Plan²⁹ and Oregon’s Labeling Requirements Rules.³⁰

²⁷ OAR 860-026-0022(3)(a).

²⁸ OAR 860-026-0022(1)(g).

²⁹ Action E-18: Idaho utilities shall report annually to their retail customers their sources of electricity (their “fuel mix”).

³⁰ OAR 860-038-030), *et seq.*

As previously explained in Idaho Power's Application, the sale of its Green Tags would limit Idaho Power's ability to communicate on a basic level with customers on subjects related to its generation portfolio. Because Idaho Power is not permitted under the Green-e Standard to imply that customers are receiving the benefits of the renewable energy in its system when Green Tags are sold, Idaho Power will have difficulty clearly stating the resources in Idaho Power's generation mix and those delivered to customers. Under the Green-e Standard, Idaho Power would be prohibited from using visuals (including charts, graphs, line art, etc.) depicting green resources as part of the energy delivered to customers. The sale of all of its Green Tags that are (or capable of being) Green-e certified would also preclude Idaho Power from using photographs or other imagery depicting wind turbines, solar, or other green resources when describing or displaying its resource portfolio if all environmental attributes have been relinquished.

To maximize revenues that offset customer rates through the sale of Green Tags, Idaho Power would 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

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.

The term "image advertising" suggests that somehow Idaho Power would be creating a perception of the Company that may not be backed by its functional attributes. Idaho Power's commitment to acquire and integrate renewable energy is not a mere perception; it is outlined in its Integrated Resource Plan and demonstrated by the renewable wind and geothermal energy it currently has under contract. As customers increasingly inquire³¹ of the Company's renewable generation portfolio and carbon emissions, Idaho Power simply wishes the opportunity to forthrightly answer its customers without the double-speak and asterisks that Green-e certification would require in order for Idaho Power to the sell Green Tags in the voluntary market.

III. CONCLUSION

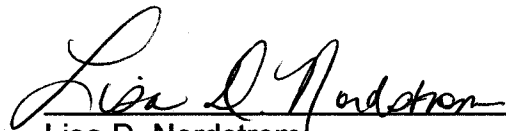
Idaho Power is doing its best to balance its need to be responsive to customer needs and inquiries while maximizing the value of Green Tags for its customers. Although much uncertainty exists as to what a federal RPS will look like and whether pre-existing Green Tags may be used to satisfy its requirements, few doubt that a federal RPS will be enacted in the next several years. To best position the Company and its customers to transition to those new regulatory requirements, Idaho Power believes it should bank the Green Tags in the anticipation of a federal RPS rather than

³¹ This is true even of industrial customers. Of nearly 100 Idaho Power industrial customers surveyed quarterly, industrial customer inquiries about renewable energy have doubled from 2004 to 2008.

sell them. In this manner, the Green Tags would be "retired" only in the sense that Idaho Power customers would claim the environmental attributes at some point and the Green Tags would not be sold on the voluntary market.

In light of the foregoing, Idaho Power more specifically respectfully requests that the Commission issue an Order authorizing the Company to bank and/or retire Green Tags to meet future state and/or federal RPS requirements rather than sell them in the voluntary market.

DATED at Boise, Idaho, this 20th day of April 2009.

A handwritten signature in cursive script, reading "Lisa D. Nordstrom", written over a horizontal line.

Lisa D. Nordstrom
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 20th day of April 2009 I served a true and correct copy of IDAHO POWER COMPANY'S REPLY BRIEF ON RECONSIDERATION upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Kristine A. Sasser
Deputy Attorney General
Idaho Public Utilities Commission
472 W. Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kris.sasser@puc.idaho.gov

Industrial Customers of Idaho Power

Peter J. Richardson, Esq.
RICHARDSON & O'LEARY PLLC
515 North 27th Street
P.O. Box 7218
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email peter@richardsonandoleary.com

Snake River Alliance

Ken Miller
Snake River Alliance
P.O. Box 1731
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kmiller@snakeriveralliance.org

Idaho Rural Council

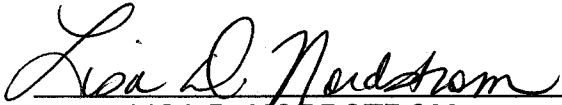
Richard Carlson
P.O. Box 21
Filer, Idaho 83328

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email carlsonr@filertel.com

Renewable Northwest Project

Idaho Conservation League
Suzanne Leta Liou and Betsy Bridge
P.O. Box 844
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email bbridge@wildidaho.org


LISA D. NORDSTROM

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-08-24

IDAHO POWER COMPANY

MONTHLY GREEN TAGS RECEIVED

ATTACHMENT NO. 1

