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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for the Industrial Customers of Idaho Power

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER FOR AN ORDER)
AUTHORIZING THE RETIREMENT OF ITS)
GREEN TAGS)

CASE NO. IPC-E-08-24

BRIEF ON RECONSIDERATION OF
THE INDUSTRIAL CUSTOMERS OF
IDAHO POWER

COMES NOW, the Industrial Customers of Idaho Power ("ICIP") by and through its attorney of record, Peter J. Richardson, and pursuant to Order No. 30743 issued in the above captioned docket hereby lodges its Brief on Reconsideration.

I INTRODUCTION

The Commission's order granting reconsideration asked the parties to address six discreet issues. Each is addressed below. First, some background may be helpful to the Commission in understanding green tag markets. Green Tags are also known as Renewable Energy Certificates, Tradable Renewable Certificates or Renewable Energy Credits. Green tags are a tradable environmental commodity with represent proof that one megawatt hour of electricity was generated from an eligible renewable energy resource. The purchaser of a Green Tag has

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purchased nothing more than the right to publically assert that it has purchased renewable energy attributes. Green Tags have no physical properties – they are essentially bragging rights.

There are two distinct markets for Green Tags. The first market is the voluntary market. The voluntary market may be broken down into two categories, verified and unverified. A purchaser of an unverified Green Tag has no assurance that it is paying for the generation of a megawatt of renewable energy. Therefore there is essentially no market for unverified Green Tags – an unverified green tag can be likened to blue sky in a securities sense. The voluntary verified Green Tag market does exist. For example if a coffee shop or chain of book stores wishes to advertise it is buying green power it will purchase a Green Tag that has been independently certified or verified by someone other than the seller. The leading entity for certification of voluntary Green Tags is known as Green-e.

The second market for Green Tags is the Mandatory market. This market is created by a state mandate that requires an electric utility to meet a Renewable Portfolio Standard (RPS). An RPS is a mandate that a utility achieve a certain amount of generation capacity from renewable resources by a date certain. All states that have an RPS permit the utilities to meet that standard by building and owning renewable generating resources. Most states also allow the utility subject to an RPS to meet that standard by buying Green Tags from third party generators. When a utility buys a Green Tag from a third party generator in order to comply with its RPS, it is participating in the mandatory Green Tag market. See the map attached as Exhibit 1 for a list of states with RPS requirements and the percentage of each utility's load that must be met with renewable energy.

Each state that has created an RPS has its own unique standards that must be met. For example, the way hydro electric power is treated varies - with some states allowing small hydro

and other states excluding hydro power from counting towards meeting that state's RPS. Each state also specifies the method that compliance with the RPS through the purchase of a Green Tag is accomplished.

II

SHELF LIFE OF A GREEN TAG

The Commission's first issue:

- **The concept of "shelf life" for a Green Tag that is neither retired or sold**

The issue identified as "shelf life" of a Green Tag is also known as Green Tag "banking." Banking is not allowed by Green-e. That is, there is a distinct shelf life of the green attribute after which Green-e will no longer certify the environmental attribute of the Green Tag – making its value equate to a non-verified Green Tag which is essentially zero. See Green-e Energy National Standard Version 1.5 Rule III B "Vintage of Eligible Renewables" which provides:

A Green-e certified product may include only renewables that are generated in the calendar year in which the product is sold, the first three months of the following calendar year, or the last six months of the prior calendar year.

In the mandatory marketplace, the issue is less clear cut because the mandatory market is, in reality 28 unique markets. That is because the standards and specifications for each state RPS may be quite different. Looking at the largest market, however it is clear that banking is prohibited. The California PUC issued rulemaking last year that limited the banking of a Green Tags to three years, after which no utility in California would be able to purchase it to satisfy its RPS. See Docket No. 06-08-012 "Order Instituting Rulemaking to Develop Additional Methods to Implement the California Renewables Portfolio Standard Program." WREGIS, the mandatory tracking entity for Green Tag sales in California, will not certify a Green Tag for

meeting California's RPS that is more than three years old. One should be aware that a four year old Green Tag still "exists"; it is just that it can't be sold to satisfy the California mandatory Green Tag market.

It is plausible, but highly unlikely, that a four year old Green Tag could be sold on the voluntary market – even if it is certified by WREGIS. For illustration sake, I have attached as Exhibit 2 a Green Tag price sheet published by a Green Tag brokerage house for last Thursday. According to the price sheet, banked green tags in the voluntary market would only have value to this brokerage house if they are no older than the "back half" of 2007 – which I take to mean the last six months of 2007. Note also that none of the quoted market prices in the mandatory ("compliance") market are quoted that are older than 2008.

III

FEDERAL AND STATE STANDARDS

The second issue the Commission asked to be addressed is:

- **Federal and/or state guidelines regarding shelf life**

As noted above, the California PUC has promulgated a rule prohibiting banking of Green Tags for more than three years. The State of Oregon currently has a rulemaking docket open in which the question of banking will be resolved. The Oregon Staff's proposed rules would prohibit banking Green Tags for more than one year. See In the Matter of a Rulemaking to Implement SB 838 Relating to Renewable Portfolio Standard, Docket No. AR 518. Although there is a current rulemaking on the issue in Oregon, it should be noted that that State's RPS does not, at this time, impose a restriction on Green Tag "banking". Washington State places a one year limit on banking. Montana has a two year limit on banking. In summary, it is clear that the

value to the marketplace diminishes the older a Green Tag becomes. In order to prudently maximize the sales prices a Green Tag should be sold not be held for long before it is marketed.

IV

VALUE OF TODAY'S GREEN TAGS

According to the attached brokerage price sheet the monetary value of a WECC Green-e Certifiable Wind Green Tag would have had the following values as of March 26, 2008:

Back Half 2007	0.70 to 1.50
Front Half 2008	0.80 to 1.50
Back Half 2008	4.75 to 5.75
Front Half 2009	5.75 to 8.25
Back Half 2009	6.25 to 9.25

The estimate in Idaho Power's application appears to be on target – around \$5.00 a Green Tag for 2008 generated Green Tags. However, it appears there is also a market for 2009 Green Tags that is much more robust – which validates the observation noted above that as a Green Tag ages it loses its value.

V

IMPACT ON CUSTOMERS' BILLS

The next issue the Commission asked to be briefed is:

- **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**

Dr. Reading did a calculation at the request of the industrial customers to quantify the reduction in retail rates the customers of Idaho Power would enjoy if the Green Tags were sold using Idaho Power's estimate in its Application. The rate reduction would be approximately three tenths of one percent. The ICIP recommend that Idaho Power be ordered to manage its Green Tag portfolio to maximize its value to the ratepayers for as long as a market for Green

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Tags exists or until it is mandated to acquire and retire said Green Tags in order to comply with a mandatory RPS.

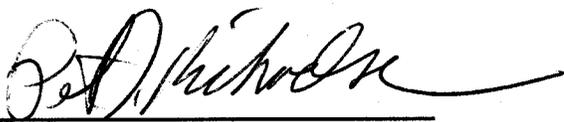
VI

IMAGE ADVERTISING

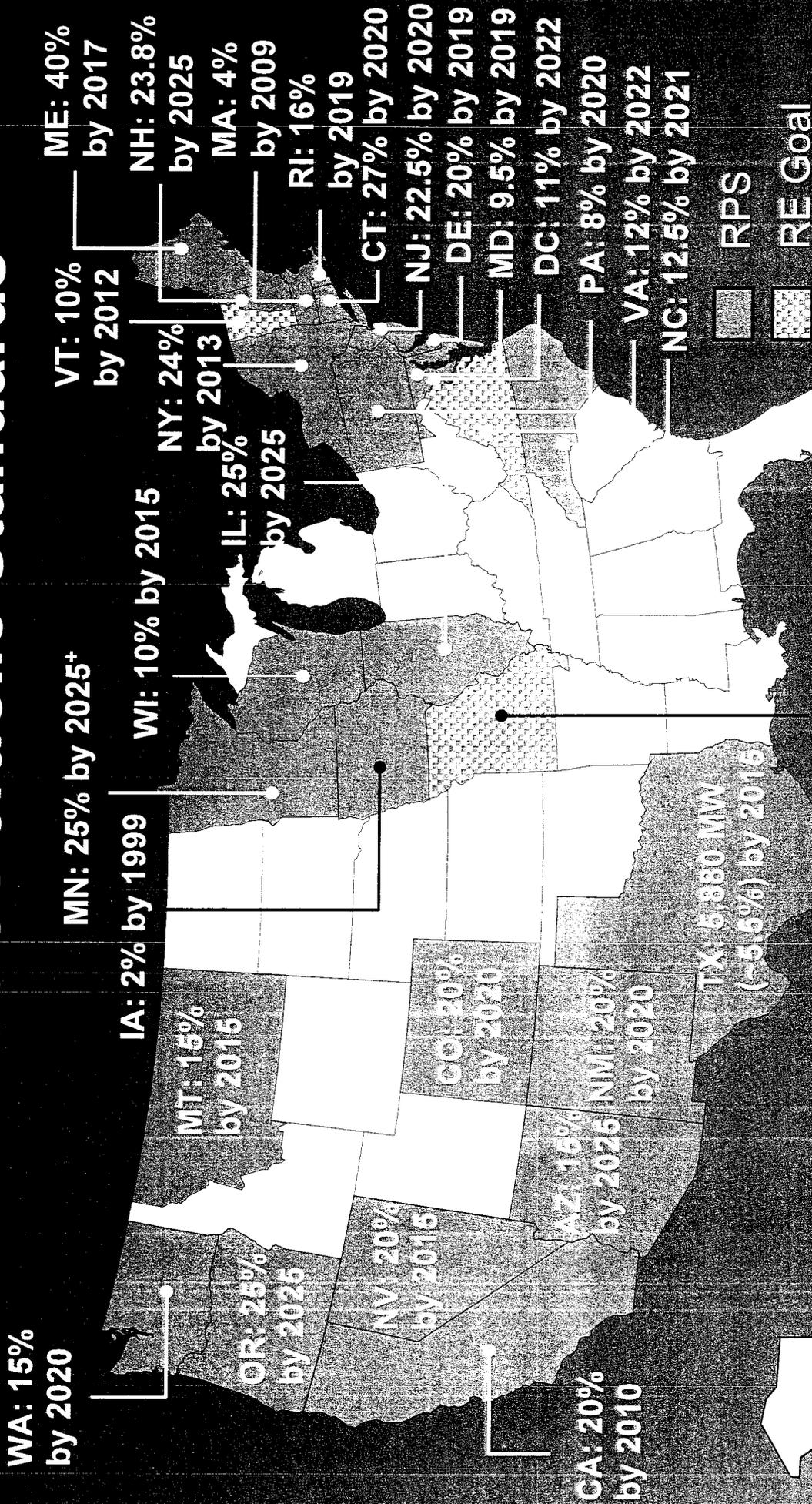
As argued in the ICIP's Petition for Reconsideration, it is the position of the ICIP that retiring Green Tags so that the Company can promote itself as a green utility is, indeed, image advertising. Idaho Power did not file an answer to the ICIP's Petition and the ICIP has not changed its position since the date it file its Petition for reconsideration. No other party responded to the ICIP's position and therefore the ICIP hereby reasserts and incorporates by reference its arguments made it its Petition for Reconsideration on this issue.

Respectfully submitted this 30th day of March, 2009.

RICHARDSON & O'LEARY PLLC

By 
Peter J. Richardson
Attorneys for the Industrial Customers of
Idaho Power

Renewable Portfolio Standards*

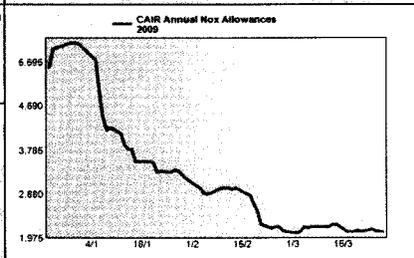


Sources: Union of Concerned Scientists and NREL

EMISSIONS

SO2			CAIR Annual NOx			EUA		
	Bid	Offer		Bid	Offer		Bid	Offer
2009	59	64	2009	2050	2150	Spot	10.50	10.55
2010	30	34	2010	1460	1600	Dec-09	10.85	10.90
2011	29	32	2011	700	900	Dec-10	11.53	11.58
2012	27	30	CAIR Ozone Seasonal NOx			Dec-11	12.28	12.33
2013	25	28	2009	475	550	Dec-12	13.31	13.36
2014	23	27	2010	475	550	Dec-09-12	11.99	12.04
2015	12	18						

RGGI		\$/short ton
2009	3.85	3.90



RECLAIM NOx		
	Bid	Offer
Cycle 2 2008	0.60	1.50
Cycle 1 2009	1.00	2.40
Cycle 2 2009	1.50	3.00
Cycle 1 2010	2.00	3.75
Cycle 2 2010	2.00	4.00

CER		
	Bid	Offer
Dec-09	9.70	9.80
Dec-10	9.90	10.00
Dec-11	10.12	10.22
Dec-09-12	10.02	10.12

RECLAIM SOx		
	Bid	Offer
Cycle 2 2008	0.30	1.50

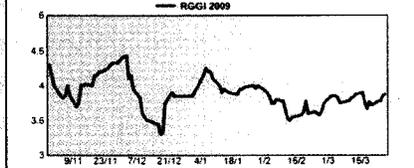
SOUTH COAST and SAN JOAQUIN ERCs

NOx	Available solely to trading clients
SOx	enviro.us@spectrongroup.com
SC ROG and SJ VOC	Available solely to trading clients
PM10	enviro.us@spectrongroup.com

COMPLIANCE RENEWABLE ENERGY CREDITS

NEPOOL		
	Bid	Offer
Massachusetts Class I		
2008	17.00	22.00
2009	32.00	34.00
2010	35.00	37.00
Massachusetts Class II		
2009	1.00	2.50
2010	1.00	2.50
Connecticut Class I		
2008	15.75	18.00
2009	22.00	28.50
2010	26.00	28.50
Connecticut Class II		
2008	0.40	0.60
2009	1.15	1.35
2010	1.50	2.00
Connecticut Class III		
2008	24.00	27.00
2009	23.00	26.00
2010	22.00	25.00

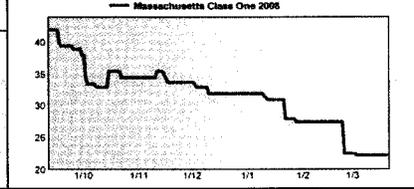
Maine New		
	Bid	Offer
2008	18.00	23.00
2009	33.00	36.00
2010	35.00	38.00
Maine Existing		
2008	0.05	0.20
2009	0.05	0.25
2010	0.05	0.35
Rhode Island New		
2008	18.00	23.00
2009	33.00	36.00
2010	35.00	38.00



Rhode Island Existing		
	Bid	Offer
2008	0.75	1.25
2009	1.00	1.50
2010	1.00	1.50
New Hampshire Class I		
2009	34.00	37.00
2010	36.00	38.00
New Hampshire Class II		
2010	100.00	125.00
New Hampshire Class III		
2008	19.00	22.00
2009	20.00	24.00
2010	20.50	24.50
New Hampshire Class IV		
2008	20.00	24.00
2009	25.00	27.00
2010	25.00	27.00

PJM		
	Bid	Offer
New Jersey Class I		
2009	4.00	7.00
2010	16.00	17.00
2011	17.00	19.00
New Jersey Class II		
2009	0.80	1.20
2010	1.00	1.50
2011	1.10	1.50
New Jersey SREC		
2009	650.00	685.00
2010	800.00	650.00
2011	450.00	550.00
DC Tier I		
2008	0.75	1.15
2009	1.00	2.00
2010	1.10	2.50
DC Tier II		
2008	0.10	0.40
2009	0.15	0.50
2010	0.15	0.60

Pennsylvania Tier I		
	Bid	Offer
2009	1.50	4.00
2010	9.00	11.50
2011	10.00	13.00
Pennsylvania Tier II		
2009	0.05	0.40
2010	0.05	0.45
2011	0.10	0.50
Pennsylvania SREC		
2009	265.00	285.00



Maryland Tier I		
	Bid	Offer
2008	0.75	1.15
2009	1.00	2.00
2010	1.10	2.50
Maryland Tier II		
2008	0.10	0.45
2009	0.15	0.50
2010	0.15	0.60
Maryland Solar		
2008	425.00	450.00
Delaware New		
2008	6.00	8.00
2009	17.00	18.00
2010	18.00	20.00
Delaware Existing		
2008	0.75	1.25
2009	1.00	1.50
2010	1.00	1.50
Delaware SREC		
2009	210.00	235.00

TEXAS		
	Bid	Offer
Texas REC		
2008	1.10	1.60
2009	1.25	2.25
2010	1.50	2.65
2011	2.75	4.20

VOLUNTARY RENEWABLE ENERGY CREDITS

National Green-e Certifiable Wind		
	Bid	Offer
Back Half 2007	0.50	1.20
Front Half 2008	0.75	1.20
Back Half 2008	0.90	1.35
Front Half 2009	1.00	2.00
Back Half 2009	1.25	2.50
Front Half 2010	1.50	2.65

WECC Green-e Certifiable Wind		
	Bid	Offer
Back Half 2007	0.70	1.50
Front Half 2008	0.80	1.50
Back Half 2008	4.75	5.75
Front Half 2009	5.75	8.25
Back Half 2009	6.25	9.25

National Green-e Certifiable Any Technology		
	Bid	Offer
Back Half 2007	0.50	1.20
Front Half 2008	0.75	1.20
Back Half 2008	0.90	1.35
Front Half 2009	1.10	1.90
Back Half 2009	1.25	2.50
Front Half 2010	1.50	2.65



2008, 2007 Broker of the Year

2008 US Emissions House of the Year **energy risk**

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 30th day of March, 2009, a true and correct copy of the within and foregoing BRIEF ON RECONSIDERATION OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER, was served in the manner shown to:

Ms. Jean Jewell

Commission Secretary
Idaho Public Utilities Commission
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