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Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

IDAHO PUBLIC
UTILITIES COMMISSION

RE: Idaho Conservation League and Renewable Northwest Project Comments in Response to the Industrial Customers of Idaho Power Petition for Reconsideration of Order No. 30720 Granting Idaho Power Company Authority to Retire its Green Tags, Case No. IPC-E-08-24.

The Honorable Commissioners:

Idaho Conservation League (ICL) and Renewable Northwest Project (RNP) appreciate the opportunity to submit comments in support of the Commission's Order No. 30720 granting Idaho Power Company the authority to retire its Green Tags (i.e. Renewable Energy Certificates (RECs)). For Idaho Power and other utilities to claim renewable energy in its portfolio, REC retirement is required. Renewable energy provides many benefits to utilities and their customers. ICL and RNP applaud Idaho Power for taking this action to facilitate renewable energy inclusion in its portfolio.

The Commission decision in Order 30720 rightly prioritized the financial and environmental values derived from retirement of the RECs associated with energy generation. REC retirement will ensure Idaho Power is accurately accounting for the renewable energy serving its customers. ICL and RNP add the following comments in response to Order No. 30743 granting Industrial Customers of Idaho Power's Petition for Reconsideration.

Shelf Life

The "shelf life" of a REC is variable depending on the type of market in which the REC is used. Idaho Power has several options regarding the use of RECs that provide value to its customers.

First, Idaho Power could use banked RECs for Renewable Portfolio Standard (RPS) compliance. A banked REC is a REC that is not used (retired) by a utility to comply with a RPS or voluntary renewable energy program in the calendar year that it is generated. Instead, the REC is carried forward and held (banked) for the purpose of compliance with a RPS in a subsequent year. Idaho Power is subject to the Oregon RPS, which contains a REC banking provision and allows for using banked unbundled RECs to meet up to 20 percent of a requirement for any compliance year. If a national Renewable Energy Standard (RES) is enacted, Idaho Power may be able apply banked RECs towards RES compliance. For example, RES legislation introduced in the U.S. Senate by Senator Tom Udall calls for four year REC banking.

Idaho Power could also sell its RECs to other utilities for RPS compliance. Washington utilities may use RECs from a compliance year, the preceding year, or the following year. A decision is pending on the use of unbundled RECs to meet the California RPS, but that may be yet another market available to Idaho Power.

Another market for RECs is the voluntary market. Green-e Energy, an independent program for REC certification and verification, has a national standard for renewable energy products it certifies. To be a Green-e Energy certified product, the renewable energy must be 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.

Once a REC is retired, for voluntary markets or RPS compliance, it may not be used to meet another current or future RPS.

Monetary Value

WECC Green-e Energy Certified RECs for the back half of 2008 and 2009 are selling for between \$5.50 and \$6 per REC and the national market price for the same REC vintage is around \$1.30 per REC. Older vintage RECs have little to no market value, having exceeded the Green-e Energy vintage eligibility.

Despite the lack of market value for older vintage RECs, renewable energy has environmental value to customers such as reduced air pollutants and reduced fuel resource extraction. For example, the 320,000 MWh of renewable energy generated by Idaho Power facilities in 2007 and 2008 represent over 190,000 metric tons of avoided carbon dioxide emissions. The lack of fuel costs and associated fuel price volatility for Idaho Power's wind and geothermal generation presents significant monetary benefit and risk reduction to ratepayers. Finally, a more diverse generation base provides value to a utility and its ratepayers. Ratepayers cannot reap these benefits unless RECs associated with the power generation are retired.

Imaging

If Idaho Power includes energy from renewable resources in its portfolio, truth in advertising requires REC retirement. Renewable generation presents environmental and financial values as described above, not to mention the value associated with customer satisfaction from a cleaner resource mix.

The Commission should continue to prioritize the value of financial and environmental risk-reduction and truth in advertising derived from REC retirement. Upholding the Commission's decision to grant Idaho Power the authority to retire Green Tags (i.e. RECs) associated with renewable power generation accomplishes these priorities.

Please contact us with further questions by calling Renewable Northwest Project at 503-223-4544 or Idaho Conservation League at 208-345-6933.

Sincerely,

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