

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) **CASE NO. IPC-E-08-24**
AUTHORITY TO RETIRE ITS GREEN)
TAGS.)

) **ORDER NO. 30720**

On November 14, 2008, Idaho Power Company filed an Application with the Commission seeking authority to “retire” the Green Tags it has obtained or will obtain in the future. By acquiring, retaining, and retiring the Green Tags, Idaho Power can conform with certification standards while improving its renewable portfolio¹, increasing its use of renewable energy, and aligning with Idaho’s interests in promoting renewable energy.

On December 11, 2008, the Commission issued a Notice of Application and Notice of Modified Procedure and set a 28-day comment period. Order No. 30701. Several organizations and individuals, including Staff, filed comments. The Company filed reply comments in an effort to clarify what it believed to be confusion about several of the Green Tag terms and concepts. After reviewing the Application and comments, we approve Idaho Power’s request to retire its Green Tags.

THE APPLICATION

Idaho Power’s Application describes Green Tags as tradable environmental commodities that create value for the environmental and social benefits of the non-energy attributes of renewable energy generation. Essentially, the entity that possesses a Green Tag holds the legal right to make claims about the environmental benefits associated with renewable energy. A Green Tag is produced for each megawatt-hour (MWh) of electricity generated by an eligible renewable energy resource. An active market exists for the purchase and sale of Green Tags.

Idaho Power has two facilities (the Elkhorn Wind Project and the Raft River Geothermal Project) that qualify as renewable energy resources. These facilities have generated more than 320,000 MWh of Green Tags in 2007 and 2008. If Idaho Power were to sell the Green Tags from these facilities then, according to the certification standards, Idaho Power

¹ “Renewable portfolio” generally refers to the portion of the Company’s electricity produced by renewable resources such as wind, solar, biomass, and geothermal energies.

would lose the right to claim any environmental attributes associated with these two renewable energy resources. Under the certification standards, a person or entity buying the Green Tag possesses the exclusive right to claim to have purchased “renewable” energy. In contrast, by “retiring” or retaining the Green Tags, Idaho Power can communicate that it is generating and promoting renewable energy.

Idaho Power contends that the acquisition and retention of Green Tags is necessary to accurately represent the renewable energy component of its resource portfolio. Acquiring and retaining Green Tags assures Idaho Power’s customers that it acquires or generates energy from renewable resources. The Company recognizes that the State of Idaho has no requirement that electric utilities possess Green Tags. But because Idaho Power’s portfolio includes both renewable resources and purchases from renewable energy resources, retaining Green Tags would allow the Company to satisfy future federal or state laws imposing renewable energy standards.

Idaho Power’s Application states that the Company remains committed to developing a diverse generation portfolio to better provide reliable, responsible, and affordable energy for future generations.

THE COMMENTS

Staff reviewed the Application and recommended that the Commission deny the retirement and approve the sale of Green Tags generated by Idaho Power. Because Idaho law does not currently mandate that utilities comply with a Renewable Portfolio Standard (RPS), the only way for an Idaho utility to realize value in a generated Green Tag is through its sale. Staff argued that, should Idaho adopt RPS requirements, there is no guarantee previously “retired” Green Tags would be counted toward the utility’s portfolio. Thus, Staff recommended that the Green Tags be sold and that the proceeds be returned back to customers through the PCA. Alternatively, Staff recommended that Idaho Power hold the proceeds in a dedicated account to be applied toward power purchased from new renewable projects.

The Industrial Customers of Idaho Power, the Idaho Rural Council, and two residential customers submitted comments in support of the sale of Idaho Power’s Green Tags. These comments submit that the only tangible benefit that can be realized by Green Tags is through their sale, with proceeds applied toward the cost of energy for ratepayers. The proponents of selling the Green Tags maintain that the environmental benefits of Idaho Power’s

“green” energy facilities are realized by Idaho residents, regardless of whether the Company is able to advertise its green facilities’ “attributes” as a condition of Green Tag sales.

The Idaho Conservation League, the Renewable Northwest Project, the Snake River Alliance, and one residential customer submitted comments in support of Green Tag retirement. The proponents of retirement argue that it allows the Company to promote renewable energy generation by advertising current renewable energy projects. In addition, retirement reduces the Company’s exposure in the event of future RPS or Green Tag regulations.

Idaho Power filed reply comments stating that it viewed retirement of Green Tags as both a customer service and customer satisfaction issue. Retiring Green Tags would allow the Company to communicate to its customers that it employs renewable resources as part of its energy generation.

COMMISSION FINDINGS

Having fully reviewed the Application and comments in this proceeding, the Commission approves Idaho Power Company’s request to retire its Green Tags. The likelihood of federal regulation regarding renewable energy and carbon emission cannot be overstated. The Commission finds that any potential savings through rates for customers in the short-term might result in the need for exponentially greater increases in rates in the future in order to meet mandated renewable energy standards. Moreover, by retiring the Green Tags, Idaho Power retains the right to publicize and promote its renewable energy resources in a way that informs customers and satisfies their expectations of the utility.

We further find that approving the present Application comports with several policies of the Idaho Energy Plan. In particular, retiring Green Tags at this time promotes the development of renewable resources, diversifies Idaho Power’s generation portfolio, and yet preserves the Company’s ability to meet changes in energy policy. State Energy Plan, Policies 1-2, 5, 10-11. Retiring these Green Tags now does not foreclose sales of future tags depending on possible changes in energy policies.

ORDER

IT IS HEREBY ORDERED that Idaho Power Company’s Application to retire its Green Tags generated by the Elkhorn Valley Wind Project and the Raft River Geothermal Project is approved.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd day of January 2009.



MACK A. REDFORD, PRESIDENT

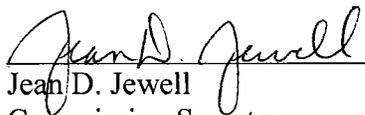


MARSHA H. SMITH, COMMISSIONER



JIM D. KEMPTON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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