

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. 30868**

On June 8, 2009, the Industrial Customers of Idaho Power (ICIP) filed a Petition for Clarification of the Commission's reconsideration Order No. 30818 issued on May 20, 2009, regarding Idaho Power's Application for authority to retire its Green Tags. After reviewing the initial Application, our prior Orders and the Petition for Clarification, the Commission declines to grant the Petition.

PROCEDURAL HISTORY

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. A Green Tag is a tradable environmental commodity attributable to renewable energy generation. The entity possessing a Green Tag¹ allegedly has a right to make claims about the environmental benefits associated with renewable energy. For example, a utility that possesses a Green Tag may claim that it is producing renewable energy and that it satisfies a state renewable portfolio standard (RPS). Each megawatt-hour (MWh) of electricity generated by an eligible renewable energy resource is equal to one Green Tag. Order No. 30701 at 1.

On December 11, 2008, the Commission issued a Notice of Application/Notice of Modified Procedure and set a 28-day comment period. Order No. 30701. Several organizations, individuals, and Staff filed comments. On January 16, 2009, the Company filed reply comments. On January 26, 2009, the Commission issued final Order No. 30720 approving the Company's request to retire its Green Tags.

On February 17, 2009, the Industrial Customers of Idaho Power (ICIP) filed a Petition for Reconsideration alleging that retirement of Green Tags sets poor ratemaking precedent and senselessly destroys the value of ratepayer property. Petition for Reconsideration at 2. Thereafter, the Commission granted reconsideration by written briefs, followed by oral argument in order to more fully examine the issues presented by ICIP.

¹ A Green Tag is often referred to as a "renewable energy credit" (REC).

FINAL ORDER NO. 30818

On May 20, 2009, the Commission issued its Final Order on Reconsideration granting ICIP's Petition. The Order directed Idaho Power to sell its eligible 2007 and 2008 Green Tags generated by the Elkhorn Valley Wind Project and the Raft River Geothermal Project and to include the proceeds from the sale in the Company's 2010 PCA calculation. Order No. 30818.

The Commission found no compelling evidence that banking Green Tags generated in 2007 and 2008 would lessen the Company's burden in meeting a future federal standard. Accordingly, the Commission determined that "the best use of the Green Tags at issue in this case is to sell them and use the proceeds to benefit Idaho Power ratepayers." Order No. 30818 at 4. In addition to ordering Idaho Power to sell its 2007 and 2008 Green Tags, the Commission directed the Company "to formulate a prudent business plan outlining how it plans to manage Green Tags generated in 2009 and later. This plan should be submitted to the Commission no later than December 31, 2009." *Id.*

THE PETITION FOR CLARIFICATION

ICIP seeks clarification regarding the treatment of Green Tags generated in 2009. Specifically, ICIP argues that "[a]llowing until the end of [2009] to decide what to do with vintage-2009 Green Tags will foreclose the option of maximizing their value for ratepayer benefit." Petition for Clarification at 2. ICIP requests that the Commission determine "whether or not the diminished value of 2009 Green Tags sold in 2010 will be a shareholder liability." *Id.*

DISCUSSION AND FINDINGS

After reviewing ICIP's Petition for Clarification and the record in this case, we deny the Petition for two reasons. First, ICIP's request that we address the value of 2009 Green Tags is clearly beyond the scope of this case. This docket required the Commission to address the treatment of Idaho Power's 2007 and 2008 Green Tags. On reconsideration we granted ICIP's request that the 2007 and 2008 Tags be sold. As part of our reconsideration Order we directed Idaho Power to devise a business plan to address future Green Tags. We anticipate that after Idaho Power files its business plan that we will initiate a new case to examine the plan and the Company's proposed treatment of its 2009 Tags.

Second, ICIP asks us to declare that shareholders will be liable for any reduction in value if the 2009 Green Tags are sold in 2010. This statement is predicated on the assumption

that the 2009 Tags are to be sold. However, this assumption is speculative and premature. What the Commission ordered was for Idaho Power “to formulate a prudent business plan” to address 2009 and future Green Tags. The development of a business plan takes time to research and prepare. After Idaho Power’s business plan has been filed with the Commission and reviewed, it will serve as the starting point for determining the best use of 2009 and future Green Tags. Consequently, there is not a sufficient evidentiary record to serve as the basis for addressing ICIP’s liability concerns. We correspondingly await Idaho Power’s submission of a business plan that will maximize the value of its future Green Tags and we deny the Petition for Clarification.

ORDER

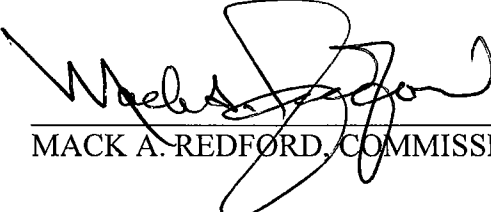
IT IS HEREBY ORDERED that the Industrial Customers of Idaho Power’s Petition for Clarification is denied.

THIS IS A FINAL ORDER ON CLARIFICATION. 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.

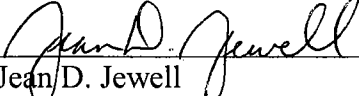
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28th
day of July 2009.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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