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Jean Jewell

From: annieb.boise@gmail.com
Sent: Monday, April 19, 2010 6:15 AM
To: Jean Jewell; Beverly Barker; Gene Fadness
Subject: PUC Comment Form

A Comment from Annie Black follows:

Case Number: IPC-E-08-24
Name: Annie Black
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Name of Utility Company: Idaho Power
Add to Mailing List: yes

Please describe your comment briefly:
April 19, 2010

Dear Honorable Commissioners:

The Commission has been asked whether it wishes to accept the Idaho Power REC Management Plan ("Plan") submitted by Idaho Power Company ("Company") on December 30, 2009 as part of Case No. IPC-E-08-24. I am writing to request that the Commission deny the Plan as submitted, evaluate a handful of issues brought up by the Plan and request a revised plan be submitted.

I would like to disclose some of my background and my association with interested parties in this issue. In the early 1990s, I worked in the utility regulatory industry as a consultant for a firm active in the California market. Years later, I was hired by the Company to run programs using the Company's BPA Conservation and Renewable Discount dollars. I was a Company employee from 2002 to 2007, at which time I left to be a full-time mother. That remains my occupation. My primary role with the Company was in energy efficiency, but I also worked on a variety of projects including the Company's Green Power Program. Finally, I am a member of the Idaho Conservation League (ICL), an intervener in Case No. IPC-E-08-24. It is important to note that the views expressed in this letter are solely my own, not those of the Company nor ICL.

Some might argue that any comments relative to this Plan should have been brought prior to the Commission's earlier rulings in Case No. IPC-E-08-24. I would like to explain why this is the first point at which I am engaging with the Commission on this issue.

I became aware of Case No. IPC-E-08-24 some time after the Commission issued its initial ruling in Order No. 30720 in which the Commission approved the Company's request to retire Green Tags. I was pleased to hear this and, given my current pursuits at home, did not take the time to check back about any reconsideration filings. I heard after the fact about the reconsideration proceedings and subsequent orders. At that time, the best course of action seemed to be to ask about RECs as a policy issue in the 2009 Integrated Resource Planning (IRP) process. At a 2009 IRP public hearing, I learned the Company had filed its REC Plan and was awaiting acceptance by the Commission. That brings us to today.

In evaluating the submitted Plan, the Commission is ruling on the nature of renewable energy on Idaho Power's system for the foreseeable future. The Plan outlines four components: (1) Existing Long-Term PPAs, (2) Existing PURPA and REC Generating Contracts, (3) New Long-Term PPAs and (4) Qualified Renewable Projects. While the Company's plans reflect the Commission's Order No. 30818 in Case No. IPC-E-08-24, I urge the Commission to reevaluate some of the key issues associated with RECs prior to accepting the Plan.

From my perspective, there are four critical issues:

- Is energy produced from a wind resource in any significant way different from energy produced from coal or natural gas if its associated RECs are not retired?
- What role should the State's Energy Plan and other State policies play in determining the appropriate energy mix for Idaho Power?
- Does the Commission believe that non-hydroelectric renewable energy on Idaho Power's system is currently merely a hedge against a future federal or state Renewable Portfolio Standard (RPS) or a resource with inherent benefits to the Company and its customers?
- Does selling RECs undermine the Company's Green Power Purchase Program and leave it as the only option for purchasing non-hydroelectric renewable energy?

Certainly there are a number of subsequent issues such as the shelf life of tags, the monetary value of tags to customers, the clarity of communication to customers regarding the status of owned or sold RECs and more. Some of the critical issues I've mentioned above did surface during deliberations of Case No. IPC-E-08-24 but were not answered to my satisfaction. Furthermore, I am concerned that these critical issues are not understood by many who are interested in Idaho's energy policy and resource mix but are not central players in this case.

With regards to the critical issues, I offer up a few comments and welcome the opportunity to discuss them further.

Wind vs. Coal or Natural Gas

Most people would argue three significant differences between wind and coal or natural gas as an energy source - dispatchability and associated integration costs, fuel costs and environmental impacts. RECs are not relevant to the first two but are at the crux of the third. If the Commission finds no merit in the environmental impacts and thereby requires the Company to sell its RECs, it implies that the environmental (or carbon) risks and costs associated with coal or natural gas are not relevant.

Role of State's Energy Plan and Other State Policies The State issued an Energy Plan in 2007 and has subsequently set up the Idaho Office of Energy Resources. Both the Plan and the Office have references to the role of renewable energy in Idaho's energy equation. I assume that the Commission intends to regulate utilities in a way that supports the State's energy policies. In fact, the Commission did address this in Order No. 30720 where in its findings it writes,

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.

It is unclear how the State's policies were treated in the Petition for Reconsideration as most of that petition was focused on the subsequent issues outlined above.

Renewable Energy: Hedge or Inherently Valuable Much of the deliberation in Case No. IPC-E-08-24 was focused on whether the Company needed to retain rights to RECs in order to meet a future federal or State RPS. While such speculation is important in business planning, it ignores the question of whether the environmental and other benefits bundled in a REC have

inherent value to the Company's customers or for that matter, the State as a whole. I believe that acquiring RECs is important in light of uncertainty surrounding a federal RPS. Furthermore, I would also argue that non-hydroelectric renewable energy does have inherent value because of its environmental characteristics.

I find it troubling to hear parties in this case say that RECs are not necessary to claim wind power on one's system as a renewable resource. While RECs are complex, may be seen as "irrational" as stated in Staff Comments and are sometimes painted as a marketing gimmick, they are readily accepted in the industry. In the past, arguments have been made that Idaho does not have a REC market so they are somehow irrelevant here. However, while some components of RECs are to be regulated by the states, Idaho is a player in the national energy market and must abide by standards in that market. RECs are part of the national standard regarding the treatment of non-hydroelectric renewable resources today.

With regards to customers, the Commission wrote in Order No. 30720 that "...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." Nothing in the Reconsideration deliberations counteracts this point, which leads me to believe that the Commission stands by this point.

Effects on the Green Power Program

By ordering the Company to sell its RECs, the Commission opens up questions about the premise behind the Company's Green Power Program. In Case No. IPC-E-00-18, the Commission accepted the Company's application, one based on buying and selling RECs as an appropriate mechanism for delivering green energy (particularly wind and solar energy) to customers. If RECs are not critical to the representation of what wind is as a resource, then the basis on which the Green Power Program is built is flawed.

Furthermore, if the Commission adopts the Plan as stated, they will be endorsing the notion that the Company's only mechanism for delivery non-hydroelectric renewable energy to its customer is through the Green Power Program. As a customer and program participant, I find this unsatisfactory. I am willing to pay more for additional renewable resources but not willing to pay more if the company is not also required to offer some of these resources in its overall generation mix. I am asking that the Company retire its RECs so that the renewable energy that it has planned for in numerous IRPs will be delivered to me as a customer prior to my putting my own money into the Green Power Program.

Past comments in the Company's IRP filings imply that Staff and the Commission accept and perhaps endorse the Company's inclusion of wind energy in its portfolio mix.

In conclusion, I would encourage the Commission to further investigate these substantial issues prior to accepting the Company's Plan as stated. I would welcome the opportunity to offer up further documentation and information related to the above concerns. At a minimum, I hope that the Commission can delay their decision until they are able to get complete information on the sale of the 2007 and 2008 RECs. Whether the Company's RECs are certifiable by Green-e and what value these RECs produced for customers seem to be important pieces of data prior to deciding what the long-term disposition of the Company's RECs should be.

Thank you for the opportunity to comment on this matter. Please let me know if you have any questions.

Sincerely,

Annie Black