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IDAHO PUBLIC UTILITIES COMMISSION

**BARTON L. KLINE**  
Lead Counsel

May 29, 2009

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
P.O. Box 83720  
Boise, Idaho 83720-0074

Re: Case No. IPC-E-09-16  
*IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR AN  
ACCOUNTING ORDER TO ESTABLISH RATEMAKING TREATMENT OF  
QUALIFYING REPORTING ENTITY CONTRACTS*

Dear Ms. Jewell:

Enclosed please find for filing an original and seven (7) copies of Idaho Power Company's Application in the above matter.

Very truly yours,

Barton L. Kline

BLK:csb  
Enclosures

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Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER )  
COMPANY'S APPLICATION FOR AN ) CASE NO. IPC-E-09-16  
ACCOUNTING ORDER TO ESTABLISH )  
RATEMAKING TREATMENT OF ) APPLICATION  
QUALIFYING REPORTING ENTITY )  
CONTRACTS. )  
\_\_\_\_\_ )

Idaho Power Company ("Idaho Power" or "Company") hereby requests an Order establishing the accounting and ratemaking treatment for revenues and expenses associated with the Company's providing Qualifying Reporting Entity service to renewable generation units located within the Idaho Power Balancing Authority area which are registered account holders in the Western Renewable Electricity Generation Information System ("WREGIS"). This Application is based on the following:

**I. Background**

1. The use of Green Tags or renewable energy credits ("RECs") to comply with Renewable Portfolio Standards ("RPSs") and other voluntary customer uses has

matured and expanded significantly in recent years. The Western Energy Coordinating Council ("WECC"), in collaboration with the Western Governors' Association, recognized the need to establish an independent REC inventory tracking system for renewable generation units within the WECC region. The tracking system is needed to ensure that (1) only one REC was created for each MWh generated from a qualifying renewable energy project, (2) each individual REC was only used for one purpose (prevent double counting), and (3) provide a system that allows both the generation units creating RECs and the end users of the RECs (state RPS compliance and private consumers) to communicate specific REC requirements. It is important to note that the WREGIS system does not track the financial value of the RECs but instead tracks the creation and disposition of the individual REC certificates. Participation in WREGIS is voluntary; however, many of the states in the WECC area are requiring the use of WREGIS to provide the RPS compliance documentation for their respective state RPS regimes. In addition, many voluntary contracts for the purchase and sale of RECs are requiring the use of WREGIS documentation.

2. The WREGIS process requires that a party, independent of the owner of the renewable generation unit, supply WREGIS with the actual monthly MWhs (one MWh equals one REC) that a renewable generation unit has delivered. WREGIS calls this independent party a Qualified Reporting Entity ("QRE"). Utilities that provide balancing authority services are already collecting, monitoring, and validating the MWh deliveries from all generation units within their system; thus, they are a perfect candidate to provide this MWh data to WREGIS as a QRE. Idaho Power has already been approved as a QRE by the WREGIS administrator. This approval as a QRE

enables Idaho Power to use the WREGIS system to track the RECs from both the Elkhorn wind farm and the Raft River Geothermal generation units.

3. Other renewable resource projects located in the area in which Idaho Power provides balancing authority services have requested that the Company provide QRE services for their projects. Idaho Power is willing to provide QRE services on a voluntary basis under the Agreement which is enclosed herewith as Attachment No. 1.

## **II. The Enclosed QRE Agreement Was Collaboratively Developed In Oregon**

4. A number of issues associated with Oregon electric companies providing QRE services for certification of RECs by WREGIS were explored this year in an investigation conducted by the Oregon Public Utility Commission ("OPUC") in Docket No. UM 1394.

5. The investigation in UM 1394 considered, among other issues, the questions of: (1) does the OPUC have the legal authority to require electric companies to provide QRE services and (2) can the OPUC regulate the rates, terms, and conditions under which QRE services are provided? In the UM 1394 proceeding, Idaho Power and the other participating utilities agreed that they could and should provide QRE services and that they were willing to do so, voluntarily, so long as their costs to perform QRE services were fully compensated by the party requesting the QRE service. The utilities' willingness to provide QRE services notwithstanding, they maintained the legal position that providing QRE services is not one of the utility services subject to the OPUC's regulation. Staff and the non-utility participants argued that it was within the OPUC's general authority to compel the utilities to provide QRE services and regulate rate changes for QRE services. In the end, after multiple workshops and the filing of

several rounds of comments, the parties to the proceeding agreed that it was not necessary to litigate the jurisdiction issue because the utilities were all willing to voluntarily provide QRE services, under long-term contracts with rates, terms, and conditions that were acceptable to Staff and the other participants. Attachment No. 1, the Qualified Reporting Entity Agreement (“QRE Agreement”), is the product of that compromise which settled the dispute between the parties.

6. To memorialize this compromise, the Staff, and the utilities entered into a Memorandum of Understanding (“MOU”), which is enclosed as Attachment No. 2. In the MOU, the parties agree to hold the question of the OPUC’s jurisdiction regarding QRE agreements in abeyance for the time being. In comments filed in the case, the OPUC Staff proposed, and the parties agreed, that the costs and revenues associated with QRE agreements will be treated as an “above the line” expense for ratemaking purposes. The pertinent portions of Staff’s comments on this issue are enclosed as Attachment No. 3. As noted in the MOU, Attachment No. 2, the utilities did not concede that the OPUC has jurisdiction over the provision of QRE services. While Idaho Power does not believe that QRE services are a utility activity subject to regulation in Oregon (or Idaho), it is willing to accept the Oregon compromise that includes the use of the standard QRE Agreement and the agreement that costs and expenses related to QRE services will be included “above the line” for ratemaking purposes. The MOU and supporting Motion have been filed with the OPUC and the case is currently pending.

### **III. Basis for Providing QRE Services in Idaho**

7. To avoid having to account for QRE services one way in Oregon and another way in Idaho, Idaho Power hereby requests that the Commission approve the

accounting and ratemaking treatment that is consistent with the compromise and agreement reached in Oregon.

Idaho Power proposes that the following accounting be used to record expenses and revenues associated with providing voluntary QRE services:

a. The Company's Delivery Finance group will create a yearly QRE services work order that will have the following eight tasks:

- b. Set-up Expenses – Idaho
- c. Set-up Revenue – Idaho
- d. Monthly Reporting Expenses – Idaho
- e. Monthly Reporting Revenue – Idaho
- f. Set-up Expenses – Oregon
- g. Set-up Revenue – Oregon
- h. Monthly Reporting Expenses – Oregon
- i. Monthly Reporting Revenue – Oregon
- j. The account used to record the revenue will be 415020 REV FM

MJ&CW-QRE REPORTING.

- k. The account used to record the expenses will be 416020 EXP FM

MJ&CW-QRE REPORTING.

l. If Delivery Finance provides QRE service for one of the Company's generation resources, Delivery Finance will charge the Company's Power Supply group via an internal accounting entry that will debit the revenue account using a Power Supply cost center and will credit the revenue account using a Delivery cost center.

This is required by GAAP to prevent Idaho Power from recognizing revenue from itself for external financial reporting purposes.

m. Delivery Finance will directly bill all other project owner's, including Company affiliates, for QRE services.

n. One of the key elements of the QRE Agreement is the pricing mechanism that enables Idaho Power to charge the actual cost to perform QRE services. All time and expenses incurred in providing QRE service to any entity will be charged to the expense tasks on the work order. All revenue billed for providing the QRE service will be credited to the revenue tasks on the work order. Annually, Delivery Finance will analyze the expenses (including overheads and profit) charged to the work order to determine if the rates it charges for its services need to be adjusted.

#### **IV. Conclusion**

NOW, THEREFORE, Idaho Power respectfully requests that the Idaho Commission issue its Order approving the above-described accounting and ratemaking treatment for expenses and revenues associated with the Company's voluntarily providing Qualified Reporting Entity services.

Respectfully submitted this 29<sup>th</sup> day of May 2009.



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BARTON L. KLINE  
Attorney for Idaho Power Company

**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-09-16**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 1**



Contract No.

**QUALIFIED REPORTING ENTITY AGREEMENT**

**Executed by Idaho Power Company**

**and**

**CUSTOMER NAME**

(Providing for reporting of certain meter information by Idaho Power Company to the Western Renewable Energy Generation Information System)

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**Exhibit A      Generation Unit Identification and associated Meter Point**

This QUALIFIED REPORTING ENTITY AGREEMENT (Agreement) is executed by Idaho Power Company, (Company) and \_\_\_\_\_ ("Customer"). The Company and the Customer are sometimes referred to individually as "Party" and collectively as "Parties."

## RECITALS

Western Renewable Electricity Generation Information System (WREGIS) provides an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC). Participation in WREGIS is voluntary.

The Company has voluntarily registered with WREGIS as a Qualified Reporting Entity (QRE) and has been approved as a QRE by the WREGIS Administrator.

The Company is uniquely suited to be a QRE for Renewable Generation Units within the Company's Balancing Authority and Control Area.

The Customer has voluntarily registered as an Account Holder in WREGIS and registered certain Generating Units with WREGIS.

The Customer wishes to select the Company to act as its QRE for the Customer's Generating Unit identified in Exhibit A of this Agreement.

NOW THEREFORE, in order to define the roles and responsibilities that arise to enable the Company to serve as the Customer's QRE, the Parties agree as follows:

### 1. AVAILABILITY

This Agreement shall only be available for a Customer's Generation Unit that is 1) a Renewable electrical generation resource, 2) located in the States of Idaho or Oregon, 3) registered with WREGIS, 4) within the Balancing Authority of the Company, 5) is prohibited from self-reporting because of WREGIS size limitations and 6) provides Revenue-Quality Meter Output to the Company as specified within this Agreement.

Each individual Generation Unit will require a separate Agreement.

### 2. TERM AND TERMINATION

This Agreement shall be effective upon execution by the Parties and shall continue in effect until ~~XXX, XX 20XX~~ or until such time as 1) Customer providing 60 days written notice to the Company, chooses to terminate or 2) this Agreement is terminated by either party upon Notice of Default and failure to cure as described in Section 12 of this Agreement.

The Company shall commence providing the QRE service as specified under this Agreement 1) after this Agreement has been executed by both Parties, 2) once the Customer is capable of providing the Company with Revenue-Quality Meter Output, 3) after the Customer has paid all applicable fees, and 4) after the first full Generation Month has occurred.

### 3. INCORPORATION OF WREGIS DOCUMENTS

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Agreement No., Customer Name  
Qualified Reporting Entity Agreement

There are three WREGIS documents that govern the relationship between the Customer and WREGIS, as well as the relationship between the Company and WREGIS. They are:

- (a) WREGIS Terms of Use Agreement (a.k.a. Account Holder Registration Agreement). The WREGIS Terms of Use Agreement (WREGIS TOU) incorporates by reference the WREGIS Operating Rules and WREGIS Interface Control Document.
- (b) WREGIS Operating Rules
- (c) WREGIS Interface Control Document

Prior to executing this Agreement Customer must become a WREGIS Account Holder by executing the WREGIS Terms of Use Agreement.

This QRE Agreement hereby incorporates by reference, in their entirety, the general form versions of the WREGIS TOU, Operating Rules, and Interface Control Document (each available at [www.wregis.org](http://www.wregis.org) or by contacting the WREGIS Administrator) and any subsequent revisions to or versions thereof. This QRE Agreement refers to these three WREGIS documents for definitional and other binding purposes.

#### 4. DEFINITIONS

- (a) "Account Holder" is defined in section 2 of the WREGIS Operating Rules.
- (b) "Balancing Authority" is defined in attachment 1 of the WREGIS TOU.
- (c) "Certificate" is defined in section 2 of the WREGIS Operating Rules.
- (d) "Confidential Information" is defined in attachment 1 of the WREGIS TOU.
- (e) "Data" is defined in attachment 1 of the WREGIS TOU.
- (f) "Dispute Resolution" is defined as the process described in Section 24 of the WREGIS TOU document, unless such process conflicts with the Company's legal or regulatory obligations, which, in the event of conflict, will control.
- (g) "Generation Interconnection Process" is the Company's generation interconnection application and engineering review process developed to ensure a safe and reliable generation interconnection in compliance with all applicable regulatory requirements, Prudent Electrical Practices and national safety standards.
- (h) "Generation Month" is the calendar month in which the Generation Unit delivered energy to the Company.
- (i) "Generating Unit" (GU) is defined in section 2 of the WREGIS Operating Rules.
- (j) "Metering and Telemetry Equipment" as defined in section 9 of this Agreement.
- (k) "Monthly QRE Fee" as defined in section 7 of this Agreement.

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Agreement No., Customer Name  
Qualified Reporting Entity Agreement

- (l) "Monthly Generation Extract File" means a Data file that contains generation Data from the Customer's Point of Metering and conforms to the characteristics and requirements set forth in the WREGIS Interface Control Document.
- (m) "Output" is defined in attachment 1 of the WREGIS TOU.
- (n) "Point of Interconnection" means the point on the Company's electrical system where the Customer physically delivers the Customer's Renewable Generating Unit's energy to the Company.
- (o) "Point of Metering" means the point at which the Customer's Renewable Generating Unit electric generation Revenue-Quality Meter Output is measured.
- (p) "Qualified Reporting Entity" (QRE) is defined in attachment 1 of the WREGIS TOU.
- (q) "Renewable" is defined in section 2 of the WREGIS Operating Rules.
- (r) "Revenue-Quality Meter Output" is defined in section 2 of the WREGIS Operating Rules.
- (s) "Station Service" is defined in section 2 of the WREGIS Operating Rules.
- (t) "WECC" is defined in section 2 of the WREGIS Operating Rules.
- (u) "Western Interconnection" is defined in Attachment 1 of the WREGIS TOU.
- (v) "Western Renewable Energy Generation Information System" (WREGIS) is defined in recital 1 of the WREGIS TOU.
- (w) "Working Day" means a day of the week other than Saturday, Sunday, or any NERC or Federal holiday.

**5. EXHIBITS**

There is one exhibit to this Agreement, which is hereby incorporated by reference as:

Exhibit A      Generation Unit Identification and Associated Meter Point

**6. SCOPE**

The Parties acknowledge that the Company may serve as a QRE only for Generating Units requesting this service that meet the Availability criteria as specified in this Agreement and for which Revenue-Quality Meter Output is available for the Customer's Renewable energy Generation Unit.

The specific Point of Metering that the Company will use in its performance as the QRE for the Customer are set forth in Exhibit A. By signing this Agreement, the Customer certifies that the Point of Metering listed in Exhibit A measures generation data only from the Generating Unit identified in Exhibit A and it meets the Availability criteria of this Agreement.

The Customer shall notify the Company at least thirty (30) Working Days prior to any material changes being made to the Point of Metering set forth in Exhibit A. Such notice shall comply with the Notices and Contact Information procedures of section 12 of this Agreement. Following such notification, the Parties will determine whether such changes are mutually acceptable and can be added to Exhibit A.

**7. FEES**

**(a) Meter and Telemetry Equipment fee**

The Customer shall be responsible for all costs associated with the equipment, installation, communication lines, operations and maintenance of the Metering and Telemetry Equipment as required within this Agreement. The required equipment, cost and payment of these costs will be determined by the Company's routine Generation Interconnection Process.

**(b) Initial QRE Agreement set up fee**

The Customer shall be responsible for a onetime, non-refundable set up fee of \$205. This amount shall be payable to the Company within 15 days of the date this Agreement is executed. The Company will not begin any setup of the Customer's Generation Unit in the Company's WREGIS reporting system until such time as this payment has been received by the Company.

**(c) Monthly QRE Fee**

The Customer shall be responsible to pay a Monthly QRE Fee to the Company for this QRE service for each Generation Unit.

i. This fee shall be the sum of all costs that the Company incurs in processing, managing and administering this QRE Reporting function including but not limited to direct payroll, loadings, taxes, and overheads. The fee will also include a profit margin equal to the Company's Idaho Commission - authorized return on equity.

ii. Monthly QRE Fee through December 31 of the first calendar year of this Agreement shall be \$56.00

iii. This amount shall be payable to the Company by the last day of the Generation Month. On or before the 15<sup>th</sup> Working Day of the Generation Month, the Company shall submit to the Customer a billing for the fees due for that Generation Month. This billing shall be provided to the Customer in the manner selected by the Customer identified in section 14 of this Agreement. If the Customer elects to pay fees in advance (i.e. quarterly, annually, etc) the Company shall deduct the current fees from the Customers prepaid amounts and report the balance of the Customers prepayment on the monthly billing. The Customer and the Company may mutually agree to net this billing against other payments associated with the Generation Unit. (i.e. – energy payments under a purchase power agreement).

iv. Annual adjustment of the Monthly QRE Fee

In January of the second calendar year and for all subsequent calendar years, the Company shall update the Monthly QRE Fee calculation to reflect the most recent Company values.

The Company will notify the Customer in writing of any applicable changes to the Monthly QRE Fee by January 31st of each year, to become effective beginning with the March Generation Month of each calendar year.

v. Other cost adjustments

If WREGIS, WECC, or any other entity which has the ability and/or jurisdiction to modify the QRE reporting process requires a change in the QRE reporting process, the Company shall determine the cost of revising its internal process(es) and the costs shall be billed to and payment received from the Customer prior to the Company making the required changes.

- 1) If these changes require the Company to change the setup of the Customer's account either in the Company's or the WREGIS system, a onetime setup change fee will be charged to the Customer.
- 2) If these changes require additional monthly processing, the Monthly QRE Fee will be adjusted to reflect this change in process.

(d) Failure to pay fees

- i. A Customer's failure to pay the Meter and Telemetry Equipment fees, as specified in item 7a, or the Initial QRE Agreement set up fee as specified above in item 7b this Agreement shall result in automatic termination of this Agreement and will not be subject to the Default process identified in section 12 of this Agreement.
- ii. In the event the Customer fails to pay the Monthly QRE Fee as specified above in item 7c for any Generation Month, the Company will not report any data to WREGIS for that Generation Month at any time and no future Generation Month's Data will be supplied to WREGIS until all past due fees have been paid in full. Failure to pay the Monthly QRE Fee shall be an event of default.

**8. QUALIFIED REPORTING ENTITY**

The Company will serve as a Qualified Reporting Entity (QRE) to report the Customer's Renewable generation Data to WREGIS. In order for the Company to be able to perform this function, the Customer shall submit such Data to the Company by allowing the Company to collect such Data, at the Point of Metering set forth in Exhibit A, and in the manner set forth in sections 9, Measurement and 10, Reporting.

**9. MEASUREMENT**

- (a) Metering and Telemetry Equipment

- i. At the Customer's expense, the Company will design, supply, install, operate and maintain all Metering and Telemetry Equipment at the Generation Unit's Point of Interconnection to enable the project to provide Revenue-Quality Meter Output and meet the requirements of paragraph 9.3, Revenue Metering Standards of the WREGIS Operating Rules.
- ii. Upon receipt of a written request for a QRE Agreement from a potential Customer, the Company shall make an initial assessment of the existing metering and telemetry equipment to determine if it is able to provide Revenue-Quality Meter Output to the Company. If it is determined that any additions, changes or modifications to the metering or telemetry equipment is required, the Customer shall be required to contract with the Company through the Company's routine Generation Interconnection Process to install the required metering and telemetry equipment.

(b) Estimates

When Revenue-Quality Meter Output is not available due to meter or telemetry hardware failure or metered data that is determined to be invalid due to meter malfunction or calibration/configuration error, the Company at the Customer's expense within a reasonable time shall take the necessary action to repair the meter or telemetry equipment.

The Company will rely on readings from Company and Customer provided redundant meters to establish an estimate of the MWh output of the Customer's Generation Unit for just the period of time that is determined that the meter was not operating correctly. If redundant meters are not available, the Company shall use electrical industry standard practices to develop an estimate of the MWh output of the Customer's Generation Unit for just the period of time that it is determined that the meter was not operating correctly. This estimation process will only be used on a limited basis until such time as the repairs are completed and these Estimates will only be provided to WREGIS if WREGIS rules and guidelines allow use of these Estimates to be used in lieu of the actual Revenue-Quality Meter Output.

10. **REPORTING**

Beginning with the first full Generation Month in which Revenue-Quality Meter Output is available and after the Metering and Telemetry Equipment fee, Initial QRE Agreement set up fee and the Monthly QRE Fee has been paid by the Customer the Company shall begin Reporting as specified below:

(a) Monthly Generation Extract File

The Customer authorizes the Company to provide the Customer's Data directly to WREGIS in the form of the Monthly Generation Extract File

- i. Within the first 15 Working Days of the month following the Generation Month, the Company shall submit a Monthly

