

**Renewable
Northwest
Project**

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April 14, 2010

2010 APR 14 PM 4:36

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

IDAHO PUBLIC
UTILITIES COMMISSION



Renewable Northwest Project

Re: Renewable Northwest Project Comments on Idaho Power Company's
2009 Integrated Resource Plan, Case No. IPC-E-09-33

Honorable Commissioners:

Renewable Northwest Project (RNP) appreciates the opportunity to comment on Idaho Power Company's (Idaho Power) 2009 Integrated Resource Plan (IRP). RNP is a non-profit advocacy organization promoting solar, wind and geothermal resources in Idaho, Oregon, Washington and Montana. RNP's members are a unique combination of environmental and consumer organizations as well as a variety of businesses engaged in the development of renewable energy projects.

RNP participated extensively in the IRP Advisory Council (IRPAC) meetings and submitted comments to provide feedback to Idaho Power when the IRP was under development. We found the dialogue between Idaho Power, the IRPAC and interested stakeholders to be an essential tool in shaping key decisions in the IRP, especially regarding the company's plans to reduce greenhouse gas emissions over time.

RNP applauds Idaho Power for developing a resource portfolio that allows for considerable curtailment of the company's coal-fired generation from approximately 900 average megawatts (MWA) in 2012 to 0 MWA in 2029. Idaho Power's IRP strategically accounts for the cost, risk and environmental concerns associated with future limits on greenhouse gas emissions.

Our applause is tempered, however, by the company leaving open the possibility of choosing the 2-5 Limited Curtailment portfolio instead of the 2-4 Wind and Peakers preferred portfolio. Idaho Power has stated in presentations to the IRPAC and Commission that if the cost of carbon regulation is less than \$30 per ton, it may be more economical for Idaho Power to continue to operate its coal resources and opt for the 2-5 Limited Curtailment portfolio. While we recognize that this alternative portfolio is in compliance with the Oregon Public Utility Commission IRP Guideline 8 (Order No. 08-339) requirement of a trigger point analysis¹, Guideline 8 also requires the utility to construct the best cost/risk portfolio that achieves consistency with Oregon energy policies (including state goals for reducing greenhouse gas emissions). We believe the 2-4 Wind and Peakers preferred portfolio is the best cost/risk portfolio that achieves this consistency.

¹ The utility should identify at least one CO2 compliance "turning point" scenario, which, if anticipated now, would lead to, or "trigger" the selection of a portfolio of resources that is substantially different from the preferred portfolio.

Idaho Power's IRP should also be consistent with Portland General Electric's plans to close the Boardman coal-fired power plant in 2020. Idaho Power has 10% ownership in the plant. The 2-4 Wind and Peakers preferred portfolio offers Idaho Power the needed resource flexibility to manage the plant closure in 2020. For all of these reasons, we urge the Commission to acknowledge the IRP's 2-4 Wind and Peakers preferred portfolio for 2020-2029.

We also urge the Commission to acknowledge the 1-3 Gas Peaker & B2H preferred portfolio for 2010-2019. We believe the company's commitment to 150 MW of wind energy and 40 MW of geothermal energy coupled with a responsibly-sited Boardman to Hemingway transmission line will foster the growth of new renewable energy resources in the Northwest serving Idaho Power customers.

Looking forward to the 2011 IRP we hope that Idaho Power will seek to acquire additional new renewable energy resources in the near-term. Although we are supportive of the 1-3 and 2-4 preferred portfolios, we are concerned that the portfolios rely too heavily on natural gas-fired resources. We also urge Idaho Power to seek more resource diversity from solar, geothermal, biomass, low-impact hydro and combined heat and power. Our region's renewable energy resources are abundant, increasingly cost-competitive, and lack the fuel price volatility associated with natural gas.

Finally, we would like to address three public policy issues raised in the IRP. Regarding Renewable Energy Credits (RECs), RNP disagrees with Idaho Power's recommendation to sell its RECs from renewable energy projects until the company is required to use the RECs to comply with a federal Renewable Energy Standard (RES). First, if Idaho Power sells the RECs, the company will lose the right to claim any environmental attributes (including emissions reduction) associated with the power to their customers or shareholders. Second, Idaho Power will not be able to use the RECs for compliance with Oregon's 25% by 2025 Renewable Portfolio Standard, which allows for unlimited REC banking beginning January 1, 2007. Finally, Idaho Power should be retiring RECs in preparation for compliance with a future federal RES, which the company believes will be passed by Congress in the near future.

Regarding emissions offsets, RNP believes offsets that are real, verifiable and additional are certainly worthy of exploration. However, we are concerned that Idaho Power's investigation into purchasing emission offsets may divert the company from achieving emissions reductions directly by reducing the output from emitting resources and taking advantage of energy conservation and clean, renewable energy. To ensure offset purchases are a prudent investment, the Commission should require Idaho Power to compare the risk, cost and environmental benefits of strategies that directly reduce emissions from its resource mix to the purchase of emissions offsets or offset options.

Regarding a solar pilot project, RNP strongly supports the development of a solar pilot project in Idaho Power's service territory. We were pleased to see Idaho Power commission a thorough solar feasibility study, especially given that solar resources coincide very well with the company's peak demand needs.² We urge the Commission to initiate a stakeholder workshop with Idaho Power to explore options for a solar pilot project. One option may be a customer-

² It is important to note that the Black & Veatch study's photovoltaic (PV) costs are out of date; PV module prices declined significantly across the U.S. in late 2009 and early 2010. A freely available data source referring specifically to module prices is the Solarbuzz index. It is important to note that this index emphasizes the cost of *individually purchased, full retail price* modules, and equally weights all advertised module prices. The effect of these two methodological choices is to produce prices that are typically much higher than what a developer purchasing wholesale would pay for modules, but the relative trending of the data is relevant and accurately reflects market experience. The Solarbuzz data suggests a price reduction in average modules of approximately 14 cents per Watt from the 4th quarter of 2009 to the present day. <http://www.solarbuzz.com/Moduleprices.htm>

subsidized solar project near a substation. This option is probably best pursued as a choice for customers participating in Idaho Power's voluntary green power purchasing program. Another option the worthy of exploration is a ratepayer-funded production-based incentive for distributed solar PV and solar thermal resources. If the company is interested in pursuing utility-scale solar resources, Idaho Power should consider issuing a Request for Proposals for solar resources.

Thank you again for the opportunity to comment on Idaho Power's 2009 IRP. We look forward to working with the company and the IRPAC to help shape the development of the 2011 IRP.

Sincerely,

A handwritten signature in cursive script, appearing to read "Suzanne Leta Liou".

Suzanne Leta Liou
Senior Policy Advocate