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**DONOVAN E. WALKER**  
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September 6, 2011

**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-11-15  
*GRAND VIEW PV SOLAR TWO, LLC, COMPLAINANT, VS. IDAHO  
POWER COMPANY, RESPONDENT*

Dear Ms. Jewell:

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

Very truly yours,

Donovan E. Walker

DEW:csb  
Enclosures

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Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

GRAND VIEW PV SOLAR TWO, LLC,	)	
	)	CASE NO. IPC-E-11-15
Complainant,	)	
	)	IDAHO POWER COMPANY'S
vs.	)	ANSWER
	)	
IDAHO POWER COMPANY,	)	
	)	
Respondent.	)	
	)	

Pursuant to the Summons issued by the Idaho Public Utilities Commission ("Commission") on August 15, 2011, and pursuant to RP 57, Idaho Power Company ("Idaho Power" or "Company"), by and through its attorneys of record, hereby submits its Answer to the Complaint of Grand View PV Solar Two, LLC ("Grand View").

**I. INTRODUCTION**

In Grand View's Complaint it is requesting that the Commission order Idaho Power to enter into a 20-year, long-term, fixed rate Public Utility Regulatory Policies Act of 1978 ("PURPA") contract in which Idaho Power would explicitly disclaim any

ownership of the environmental attributes, or Renewable Energy Certificates ("RECs"), associated with the purchase of that energy. Grand View seeks to extract additional value, above and beyond the avoided cost to which it is entitled, from Idaho Power's customers. Idaho Power does not believe PURPA, nor this state's implementation thereof, requires it to disclaim any possible legal claim that it may have to the environmental attributes associated with its purchase of power from a PURPA Qualifying Facility ("QF") for the next 20 years. In fact, such a disclaimer has potentially costly consequences for Idaho Power's customers should the Legislature or other legal body determine some time during the proposed 20-year term of the contract that the environmental attributes from the purchase of QF power in Idaho are in fact owned by the purchasing utility and its customers.

Contrary to Grand View's allegations, Idaho Power has not proposed language for the PURPA contract that purports to allocate ownership to either the QF or the utility and its customers. Instead, Idaho Power has proposed language that states the ownership of environmental attributes will be determined by the applicable federal or state laws and/or the appropriate regulatory body or agency deemed to have authority to regulate environmental attributes or to implement federal and/or state laws regarding the same. When Grand View resisted this language, Idaho Power proposed, as an alternative and in a good faith attempt to resolve this particular dispute between the parties, to proportionately allocate ownership of the project's environmental attributes associated with this project. Grand View rejected these proposals and demanded Idaho Power disclaim ownership of all environmental attributes associated with the project. Forcing Idaho Power to affirmatively disclaim all environmental attributes for the next 20

years, and filling its system with intermittent, renewable generation sources that it cannot claim are renewable, could have large and costly consequences for customers should the Company come under future federal and/or state renewable portfolio standards that require such environmental attributes for compliance.

Idaho Power has not only negotiated in good faith with Grand View for the purchase of energy from its proposed projects, it has expended great effort and energy to attempt to accommodate the project's concerns and requests. However, the Company believes that a disclaimer, such as that requested by Grand View, is not in the best interests of its customers, and will not willingly agree to insert such a disclaimer into its PURPA contracts unless directly ordered to do so by this Commission.

## **II. ANSWER**

Idaho Power hereby answers Grand View's Complaint as follows. Idaho Power denies any allegation not specifically admitted and reserves the right to supplement this answer if Grand View amends its Complaint.

1. The factual allegations in the first sentence of paragraph 1 are admitted. The remaining legal conclusions require no response. That said, Idaho Power acknowledges that it is a public utility subject to the jurisdiction of this Commission, the Public Utility Commission of Oregon, and the Federal Energy Regulatory Commission ("FERC").

2. Idaho Power has insufficient information or knowledge regarding the truth of the allegations in paragraph 2 of the Complaint, which relate to the identity and corporate structure of Grand View. The Company acknowledges that Grand View has provided to it a certification of its QF status.

3. The allegations in paragraph 3 are legal conclusions and require no response. The allegations identify provisions of PURPA, FERC's implementing regulations, and Idaho's PURPA-implementing statutes.

4. There was no paragraph identified as number 4 in the Complaint.

5. Idaho Power has insufficient information or knowledge regarding the truth of the allegations in paragraph 5 of the Complaint, which describe Grand View's project development. The Company acknowledges, however, that it has been advised by Grand View that it desires to develop a solar electric generating project near Grand View, Idaho. The Company also acknowledges that Grand View has indicated the project will be designed to have a 20 megawatt nameplate capacity.

6. Idaho Power has insufficient information or knowledge regarding the truth of the allegations in first sentence of paragraph 6 of the Complaint. With respect to the second sentence of paragraph 6, the Company has insufficient information or knowledge regarding the truth of the allegations related to the maturity of Grand View's project. The remaining allegations in paragraph 6 are conclusions of law that require no response.

7. Idaho Power admits the allegations in paragraph 7 that Grand View has contacted Idaho Power and Idaho Power has discussed contract terms and conditions with Grand View.

8. Idaho Power has insufficient knowledge or information regarding the truth of the allegations in paragraph 8 relating to the willingness of Grand View to enter into a PURPA power purchase agreement ("PPA").

9. Idaho Power both admits and denies portions of paragraph 9. Idaho Power denies that it refuses to enter into a PURPA PPA with Grand View. Idaho Power admits that it refuses to affirmatively disclaim REC ownership for the next 20 years in the proposed PURPA PPA with Grand View.

10. Idaho Power both admits and denies portions of paragraph 10. Idaho Power denies a "historical" and "routine" disclaimer of REC ownership in PURPA contracts. Idaho Power admits that there have been PURPA contracts in the past where the Company has disclaimed REC ownership, and that those contracts were approved by the Commission.

11. Idaho both admits and denies portions of paragraph 11. Idaho Power denies that it proposed to split the REC ownership on a 50/50 basis in the PURPA contract. Idaho Power admits that it proposed language for the PURPA contract stating:

Under this Agreement, ownership of Green Tags and Renewable Energy Certificates (RECs), or the equivalent environmental attributes, directly associated with the production of energy from the Seller's Facility sold to Idaho Power will be governed by any and all applicable Federal or State laws and/or any regulatory body or agency deemed to have authority to regulate these Environmental Attributes or to implement Federal and/or State laws regarding the same.

Idaho Power admits that, upon Grand View's disagreement with the above-cited language for the contract, the parties discussed a split of REC ownership on a 50/50 basis as a good faith attempt to settle the dispute between the parties.

12. Idaho both admits and denies portions of paragraph 12. Idaho Power denies that it proposed to split the REC ownership between the first 10 contract years and the last 10 contract years in the PURPA contract. Idaho Power admits that it proposed language for the PURPA contract stating:

Under this Agreement, ownership of Green Tags and Renewable Energy Certificates (RECs), or the equivalent environmental attributes, directly associated with the production of energy from the Seller's Facility sold to Idaho Power will be governed by any and all applicable Federal or State laws and/or any regulatory body or agency deemed to have authority to regulate these Environmental Attributes or to implement Federal and/or State laws regarding the same.

Idaho Power admits that, upon Grand View's disagreement with the above-cited language for the contract, the parties discussed a split of REC ownership between the first 10 contract years and the last 10 contract years as a good faith attempt to settle the dispute between the parties.

13. Idaho Power has insufficient knowledge or information regarding the truth of the allegations in paragraph 13. Idaho Power was under the impression, prior to the filing of Grand View's Complaint, that Grand View desired a PURPA contract that remained silent as to REC ownership.

14. Idaho Power both admits and denies portions of paragraph 14. Idaho Power admits that it proposed language for the PURPA contract stating:

Under this Agreement, ownership of Green Tags and Renewable Energy Certificates (RECs), or the equivalent environmental attributes, directly associated with the production of energy from the Seller's Facility sold to Idaho Power will be governed by any and all applicable Federal or State laws and/or any regulatory body or agency deemed to have authority to regulate these Environmental Attributes or to implement Federal and/or State laws regarding the same.

Idaho Power denies that it offered "alternative language for the Commission's consideration . . . ." However, Idaho Power admits that it agreed to Grand View's request to submit a signed contract for the Commission's review containing the proposed language cited above – to which Idaho Power would seek Commission

approval, and to which Grand View would seek Commission rejection of, and Grand View would advocate that the contract remain silent as to REC ownership – and that the parties would accept the Commission determination approving or rejecting the language in the signed contract. Upon Idaho Power's agreement to this proposal by Grand View to submit the issue to the Commission in a signed contract with the parties' rights reserved to argue alternatively as described above, Grand View instead filed this Complaint.

15. Idaho Power has insufficient knowledge or information regarding the truth of the allegations in the first paragraph identified in the Complaint as number as 15. Idaho Power admits that there is uncertainty in Idaho as to REC ownership. Idaho Power denies that it is impossible to market RECs.

Regarding the second paragraph identified in the Complaint as number 15 which re-alleges and incorporates all preceding paragraphs, please see Idaho Power's answers to paragraphs 1 through 15 above.

16. Idaho Power has insufficient knowledge or information to admit or deny whether Grand View “has attempted in good faith to engage in negotiations . . . .” Idaho Power acknowledges that Grand View has requested a PURPA contract from Idaho Power.

17. The allegations in paragraph 17 are legal conclusions and require no response.

18. The allegations in paragraph 18 are legal conclusions and require no response.



19. The allegations in paragraph 19 are legal conclusions and require no response. Idaho Power denies that the language it proposes in the PURPA contract makes any reference to amending the agreement.

20. The allegations in paragraph 20 are legal conclusions and require no response.

21. In response to paragraph 21, Idaho Power admits that the Idaho Legislature has not legislatively created RECs. Idaho Power denies the factual insinuation that RECs are neither created nor exist in the state of Idaho.

22. In response to paragraph 22, Idaho Power admits that the Idaho Legislature has not imposed a renewable portfolio standard on utilities operating in Idaho. Idaho Power denies the factual insinuation that RECs are not created within the state of Idaho.

23. Idaho Power has insufficient knowledge or information to admit or deny the allegations of paragraph 23. Idaho Power admits that the Idaho Legislature has not imposed a renewable portfolio standard upon utilities operating in Idaho. Idaho Power denies the factual insinuation that RECs are not created within the state of Idaho.

24. Idaho Power admits the allegations in paragraph 24 to the extent that markets exist for RECs.

25. Idaho Power has insufficient knowledge or information to admit or deny the allegation of paragraph 25. Idaho Power denies that the language it proposes in its PURPA contracts prevents RECs from being marketable.


26. The allegations in paragraph 26 are legal conclusions and require no response. Idaho Power denies that the language it proposes in its PURPA contracts prevents REC's from being marketable.

27. The allegations in paragraph 27 are legal conclusions and require no response. Idaho Power denies that the language it proposes in its PURPA contracts prevents REC's from being marketable.

28. The allegations in paragraph 28 are legal conclusions and require no response.

WHEREFORE, Idaho Power respectfully requests that the Commission issue its Order denying the relief sought by Grand View in its Prayer for Relief and dismissing the Complaint.

Respectfully submitted this 6<sup>th</sup> day of September 2011.

A handwritten signature in black ink, appearing to read "Don E. Walker", is written over a horizontal line.

DONOVAN E. WALKER  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 6<sup>th</sup> day of September 2011 I served a true and correct copy of IDAHO POWER COMPANY'S ANSWER upon the following named parties by the method indicated below, and addressed to the following:

**Commission Staff**

Kristine Sasser  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 West Washington  
P.O. Box 83720  
Boise, Idaho 83720-0074

☒ Hand Delivered  
☐ U.S. Mail  
☐ Overnight Mail  
☐ FAX  
☒ Email [Kris.Sasser@puc.idaho.gov](mailto:Kris.Sasser@puc.idaho.gov)

**Grand View PV Solar Two, LLC**

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