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IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
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June 22, 2016

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-16-13
Schedule 62, Green Energy Purchase Program Rider, Modifications – Idaho
Power Company's Application and Testimony

Dear Ms. Jewell:

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

Also enclosed for filing are an original and eight (8) copies of the Direct Testimony of Peter Pengilly. One copy of the aforementioned testimony has been designated as the "Reporter's Copy." In addition, a disk containing a Word version of Mr. Pengilly's testimony is enclosed for the Reporter.

If you have any questions about the enclosed documents, please do not hesitate to contact me.

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION TO MODIFY) CASE NO. IPC-E-16-13
OPTIONAL SCHEDULE 62, GREEN)
ENERGY PURCHASE PROGRAM RIDER.) APPLICATION
_____)

Idaho Power Company ("Idaho Power" or "Company"), in accordance with *Idaho Code* § 61-503 and RP 052, hereby respectfully makes application to the Idaho Public Utilities Commission ("Commission") for an order approving the modification of Schedule 62, the Green Energy Purchase Program Rider's ("Green Power Program" or "Program") pricing structure, Renewable Energy Certificates ("REC") sourcing and certification, and the treatment of certain program expenses. The Company does not propose a change to customer rates associated with the ongoing funding of the Program. Idaho Power requests that the program modifications become effective 60 days after Commission approval to allow adequate time to reprogram and test its billing system in accordance with the Commission's order.

In support of this Application, Idaho Power represents as follows:

I. BACKGROUND

1. Approved in Commission Order No. 28655, issued February 23, 2001, Schedule 62's Green Power Program is an optional program designed to provide customers and non-customer¹ participants an opportunity to participate in the purchase of new² environmentally friendly green energy. "Green" energy, certified as such by various organizations throughout the country, is primarily considered to be generated from wind, solar, geothermal, and other renewable resource facilities.

2. Participant contributions to the Green Power Program go towards the purchase of Green-e certified RECs. A REC is created when a megawatt-hour ("MWh") of renewable energy is produced and delivered to the grid. A REC is a tradable, non-tangible commodity that represents the environmental attributes associated with one MWh of electricity generated from a renewable energy resource and can be sold separately from the electricity commodity. The owner of the REC can legally claim to have purchased renewable energy. Green-e Energy is the nation's leading independent certification and verification program for renewable energy.

3. Currently, at the time of enrollment, participants may select a fixed monthly payment amount (any dollar amount) based on their desired level of participation ("Dollar Contribution Method"). The designated amount is in addition to all other charges included in the service schedule under which the customer receives electrical service and is added to the customer's monthly electric bill. The Company has used the Bonneville Environmental Foundation ("BEF") to facilitate the purchase of

¹ Non-customer participants may sign up to participate in the Green Power Program. When they sign up, they receive an account number (not tied to any rate class) and are billed only for their participation in the Program.

² The term "new" is defined, by Green-e Energy, to include any eligible renewable facility that began operation or was repowered in the 15 years immediately preceding the sale of its generation.

green energy for the Program. Idaho Power, BEF, and the Green Power Program participants have also collaborated since 2003 to bring the renewable energy educational program, "Solar 4R Schools," to k-12 schools located in Idaho Power's service area. Idaho Power Customer Research and Analysis Leader Peter Pengilly describes the evolution of the Green Power Program in greater detail in his prefiled direct testimony that accompanies this Application.

4. In an effort to respond to what Idaho Power believes are some customers' preferences, the Company is currently working towards offering a variety of green power options. The Program modifications discussed below are the result of Company and customer collaboration to modify the Program to make it a more attractive renewable energy option for customers taking service under any rate schedule.

II. PROPOSED PROGRAM MODIFICATIONS

5. The Company met with a group of customers from the Wood River Valley, from February 2014 into early 2016, who offered insight and opinion on a variety of Program modifications. Based on all the information gathered, the Company ultimately decided on modifications that, if approved, would not only satisfy changes in customer preference but would also align the Green Power Program with the best practices of other green programs in the industry. These proposed modifications are set forth in both clean and legislative formats in the Schedule 62 tariff, Green Power Purchase Program Rider, included as Attachment 1 to this Application.

A. Program Participation Options.

6. The Company is proposing to replace the existing Dollar Contribution Method with both a block option and a 100 percent of usage option for customers who wish to participate in the Program. Under the block option, a customer will pay a premium of \$1.00 per 100 kilowatt-hour ("kWh") block of renewable energy. The 100

percent of usage option will allow customers to purchase renewable energy equal to their total monthly kWh usage.

7. The Company believes this change to the participation options will benefit participants by allowing the RECs purchased and retired for customers through the Program to be Green-e Energy certified.³ It will also create a more transparent program for current and prospective participants to help them evaluate which of the Company's green energy programs best fits their needs. In addition, the proposed block option aligns the Green Power Program with similar programs offered by utility peers in the Northwest.

8. If its Application is approved, the Company plans to send each participant a letter detailing the changes to the Program. The majority of the approximately 1,700 Program participants contribute a whole dollar amount each month. Those participants will be transferred over to the block option. Those that do not contribute a whole dollar amount will be transferred over to the block option rounded down to the nearest dollar.

B. REC Sourcing and Certification.

9. Currently, BEF sources RECs used in the Green Power Program primarily from large-scale wind projects located in the Northwest with a small portion sourced from small solar projects. Going forward, RECs will still be sourced from the Northwest, but in response to customer preferences, Idaho Power will direct BEF to give preference to RECs from sources located closest to or within Idaho Power's service territory, when possible.

³ The Green-e Energy standard requires that Green-e Energy certified products sold to customers must be a "percentage-of-use" or "block" product. The Company does not believe that the Dollar Contribution Method complies with the standard necessary to be Green-e certified. (Green-e Energy National Standard Version 2.8 Section III, Part A, page 10, <http://www.green-e.org/docs/energy/Green-eEnergyNationalStandard.pdf>.)

10. In keeping with industry best practices, Idaho Power will seek Green-e certification of the RECs purchased through BEF to ensure that the marketing and claims about renewable energy comply with the Federal Trade Commission's truth in advertising rules. Currently, Idaho Power purchases Green-e certified RECs through BEF; however, they are not re-certified before being retired by Idaho Power for the Program. While Idaho Power certification would add to the cost of the Program, it provides an extra layer of assurance to participants that the RECs were not used for multiple purposes and that the certification complies with the national standards detailed above.

C. Program Expenses.

11. Under the design of the current Program, the funds received are only used to purchase green energy and support Solar 4R Schools. No customer amounts are currently used to cover program overheads or marketing expenses. All marketing and overhead expenses of the Program are currently funded through the Company's operations and maintenance expenses. Thus, the Program has operated to date with a minimal marketing budget from which to grow the Program.

12. In this Application, the Company proposes that up to 15 percent of the total Program funds be used for Program marketing expenses. This change allows additional funds to be spent specifically on marketing for the Program and be borne by the Program participants. The additional marketing dollars will allow the Company to reach more customers and purchase more renewable energy and align the Program with industry best practices. However, if REC prices change significantly, the Company may choose to use these funds to cover the increase in REC prices rather than change the tariff price to participants. In no case would these funds be used for purposes other than the Green Power Program.

13. Idaho Power does not propose a change to customer rates associated with the ongoing funding of the Program. The Company believes that the current level and method of recovery will adequately fund the ongoing operation of the Program for the foreseeable future. A comparison of the existing Green Power Program to the proposed Green Power Program with modifications can be found as Exhibit No. 1 to Mr. Pengilly's direct testimony.

III. MODIFIED PROCEDURE

14. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to present the direct testimony of Peter Pengilly, Customer Research and Analysis Leader, that accompanies this Application and support the Application in such hearing.

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

15. Communications and service of pleadings with reference to this Application should be sent to the following:

Lisa D. Nordstrom
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1221 West Idaho Street (82702)
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Matt Larkin
Peter Pengilly
Idaho Power Company
1221 West Idaho Street (82702)
P.O. Box 70
Boise, Idaho 83707
mlarkin@idahopower.com
ppengilly@idahopower.com

V. REQUEST FOR RELIEF

16. Idaho Power respectfully requests that the Commission issue an order authorizing: (1) this matter to be processed by Modified Procedure; (2) Idaho Power to

implement the proposed modifications to optional Schedule 62, Green Power Purchase Program Rider; and (3) the program modifications become effective 60 days after the Commission's approval.

DATED at Boise, Idaho, this 22nd day of June 2016.


LISA D. NORDSTROM
Attorney for Idaho Power Company

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-16-13

IDAHO POWER COMPANY

ATTACHMENT 1

CLEAN FORMAT

SCHEDULE 62
GREEN ENERGY PURCHASE
PROGRAM RIDER
(OPTIONAL)

PURPOSE

The Green Energy Purchase Program (the Program) is an optional, voluntary program designed to provide Customers and non-customer participants an opportunity to participate in the purchase of new environmentally friendly "green" energy.

APPLICABILITY

Service under this schedule is applicable to all Customers and non-customer participants who choose to participate in the Program.

RENEWABLE ENERGY

For the purpose of this schedule, renewable energy will be in the form of Renewable Energy Certificates (REC) from new renewable projects as defined by the Center for Resource Solutions Green-e Energy standard. Renewable energy will be sourced from projects located in the Western Electricity Coordinating Council's geographic area of authority with preference given to projects located in Idaho Power's service area and the northwest. Renewable energy types will be primarily wind but may include other certified types such as solar, geothermal, low-impact hydroelectric, landfill gas, and biomass.

PURCHASE

Customer participants will designate one of two billing options upon enrollment. Non-customer participants may participate under Option 1.

Option 1: Block

Block Size: One Block equals 100 kWh of renewable energy

Charge Per Block: \$1.00 per month

Option 2: Total Usage

Customers may purchase renewable energy equal to their monthly usage each month at a price premium of 1.0 cent per billed kWh.

MONTHLY BILL

For a Customer who chooses Option 1, the monthly bill shall be the number of blocks the Customer has agreed to purchase multiplied by the Charge Per Block. For a Customer who chooses Option 2, the monthly bill shall be the Customer's usage, times the price premium per kWh. The monthly bill is in addition to all other charges contained in the Customer's applicable tariff schedule. A non-customer participant who chooses Option 1, will be issued a monthly invoice that reflects their designated fixed dollar per month amount.

SCHEDULE 62
GREEN ENERGY PURCHASE
PROGRAM RIDER
(OPTIONAL)
(Continued)

PROGRAM ADMINISTRATION

No funds collected from the Program Rider may be used for program administration (program management). A portion of the funds may be used to support program communications, participant outreach, and marketing.

QUALIFYING INITIATIVES

In an effort to promote local project development and build awareness of renewable energy, if available, funds collected from the Program Rider but not otherwise required to meet program obligations may be distributed to support renewable demonstration projects at schools located in Idaho Power's service area. Demonstration projects may include renewable generation systems, data monitoring, renewable energy curriculum, and teacher training.

SPECIAL TERMS AND CONDITIONS

Program participants may apply for, or terminate participation from, the Program anytime during the year. The Company may limit availability of the Program subject to available renewable power at the cost incurred under the terms described above.

No electric service disconnections will result in the event of non-payment of program commitments.

LEGISLATIVE FORMAT

SCHEDULE 62
GREEN ENERGY PURCHASE
PROGRAM RIDER
(OPTIONAL)

PURPOSE

The Green Energy Purchase Program (the Program) is an optional, voluntary program designed to provide eCustomers and non-customer participants an opportunity to participate in the purchase of new environmentally friendly "green" energy. ~~Funds collected in this program will be wholly distributed to the purchase of green energy products.~~

APPLICABILITY

Service under this schedule is applicable to all Customers and non-customer participants who choose to participate in ~~this~~the Program.

RENEWABLE ENERGY

For the purpose of this schedule, renewable energy will be in the form of Renewable Energy Certificates (REC) from new renewable projects as defined by the Center for Resource Solutions Green-e Energy standard. Renewable energy will be sourced from projects located in the Western Electricity Coordinating Council's geographic area of authority with preference given to projects located in Idaho Power's service area and the northwest. Renewable energy types will be primarily wind but may include other certified types such as solar, geothermal, low-impact hydroelectric, landfill gas, and biomass.

MONTHLY GREEN ENERGY PURCHASE CONTRIBUTION

~~Customers designate their level of participation by choosing a fixed dollar per month amount. The monthly Green Energy Purchase Program contribution is in addition to all other charges included in the service schedule under which the Customer receives electrical service and will be added to the Customer's monthly electric bill. Non-Customer participants will be issued a monthly invoice that reflects their designated fixed dollar per month amount.~~

~~The Program funds will wholly be used to purchase green energy or cover the green energy price premium.~~

PROGRAM CONSIDERATIONSPURCHASE

Customer participants will designate one of two billing options upon enrollment. Non-customer participants may participate under Option 1.

Option 1: Block

Block Size: One Block equals 100 kWh of renewable energy

Charge Per Block: \$1.00 per month

Option 2: Total Usage

Customers may purchase renewable energy equal to their monthly usage each month at a price premium of 1.0 cent per billed kWh.

MONTHLY BILL

For a Customer who chooses Option 1, the monthly bill shall be the number of blocks the Customer has agreed to purchase multiplied by the Charge Per Block. For a Customer who chooses Option 2, the monthly bill shall be the Customer's usage, times the price premium per kWh. The monthly bill is in addition to all other charges contained in the Customer's applicable tariff schedule. A non-customer participant who chooses Option 1, will be issued a monthly invoice that reflects their designated fixed dollar per month amount. ~~No electric service disconnections will result in the event of non-payment of Program commitments.~~

SCHEDULE 62
GREEN ENERGY PURCHASE
PROGRAM RIDER
(OPTIONAL)
(Continued)

PROGRAM ADMINISTRATION

No funds collected from the Program Rider may be used for program administration (program management). A portion of the funds may be used to support program communications, participant outreach, and marketing.

QUALIFYING INITIATIVES

In an effort to promote local project development and build awareness of renewable energy, if available, funds collected from the Program Rider but not otherwise required to meet program obligations may be distributed to support renewable demonstration projects at schools located in Idaho Power's service area. Demonstration projects may include renewable generation systems, data monitoring, renewable energy curriculum, and teacher training.

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