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IDAHO PUBLIC
UTILITIES COMMISSION

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.)
_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

PETER PENGILLY

1 Q. Please state your name, address, and present
2 occupation.

3 A. My name is Peter Pengilly. My business
4 address is 1221 West Idaho Street, Boise, Idaho 83702. I
5 am employed by Idaho Power Company ("Idaho Power" or
6 "Company") as the Customer Research and Analysis Leader in
7 its Customer Relations and Energy Efficiency Department.

8 Q. Please describe your work experience with
9 Idaho Power.

10 A. I was employed by Idaho Power in December of
11 1999 as a Senior Pricing Analyst in the Pricing and
12 Regulatory Services Department. My duties as a Senior
13 Pricing Analyst included the development of alternative
14 pricing structures, management of pricing programs, the
15 analysis of the impact on customers of rate design changes,
16 and the administration of the Company's tariffs. In that
17 position, I helped develop several demand response
18 programs, a time-of-use pilot program, and a critical peak
19 pricing program.

20 In 2006, I was promoted to my current position as
21 Customer Research and Analysis Leader in the Customer
22 Relations and Energy Efficiency Department. In this
23 position, I am responsible for the research, analysis,
24 forecasting, and reporting associated with Idaho Power's
25 energy efficiency and demand response programs. Part of my

1 current responsibilities is supervising the Company's Green
2 Power Program, net metering service, and the proposed
3 community solar pilot program.

4 Q. What is the Company's request in this
5 proceeding?

6 A. Idaho Power is seeking the approval from the
7 Idaho Public Utilities Commission ("Commission") to modify
8 Schedule 62, Green Energy Purchase Program Rider ("Green
9 Power Program" or "Program"). The changes include
10 modifications to the Program pricing structure, Renewable
11 Energy Certificates ("REC") sourcing and certification, and
12 the treatment of certain program expenses.

13 Q. What is the purpose of your testimony in this
14 proceeding?

15 A. The purpose of my testimony is to describe the
16 history and background related to the Program, detail how
17 the Green Power Program works currently, and discuss the
18 proposed modifications to the Program.

19 Q. Are you sponsoring any exhibits in this
20 filing?

21 A. Yes. Exhibit No. 1 is a table that provides a
22 high-level comparison of the existing Program structure and
23 the proposed changes to the Program.

24

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1 **I. PROGRAM BACKGROUND AND MECHANICS**

2 Q. Why was the Green Power Program first
3 established?

4 A. The Program was established to provide
5 customers an opportunity to participate in a Company-
6 sponsored program to acquire renewable, or "green," energy.

7 Q. What is the Green Power Program?

8 A. Approved in Commission Order No. 28655, issued
9 February 23, 2001, Schedule 62's Green Power Program is an
10 optional program designed to provide customers and non-
11 customer¹ participants an opportunity to participate in the
12 purchase of new² environmentally friendly green energy. At
13 the time of enrollment, customers select a fixed monthly
14 payment amount (any dollar amount) based on their desired
15 level of participation ("Dollar Contribution Method"). The
16 designated amount is in addition to all other charges
17 included in the service schedule under which the customer
18 receives electrical service and is added to the customer's
19 monthly electric bill. The Company has used the Bonneville
20 Environmental Foundation ("BEF") to facilitate the purchase
21 of green energy for the Program.

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.

1 Q. Why did the Company opt for the Dollar
2 Contribution Method for Program participation?

3 A. When the Green Power Program was initially
4 designed, Idaho Power's customers had expressed interest in
5 a voluntary, fixed monthly dollar amount of the customers'
6 choosing to stimulate green energy development. The
7 Company believed that the Dollar Contribution Method was
8 responsive to customers' interests at the time.

9 Q. Please define the term "green" energy in the
10 context of the Green Power Program.

11 A. "Green" energy, certified as such by various
12 organizations throughout the country, is primarily
13 considered to be generated from wind, solar, geothermal,
14 and other renewable resource facilities. Participant
15 contributions to the Green Power Program go towards the
16 purchase of Green-e certified RECs.

17 Q. What is a REC?

18 A. A REC is created when a megawatt-hour ("MWh")
19 of renewable energy is produced and delivered to the grid.
20 A REC is a tradable, non-tangible commodity that represents
21 the environmental attributes associated with one MWh of
22 electricity generated from a renewable energy resource and
23 can be sold separately from the electricity commodity. The
24 owner of the REC can legally claim to have purchased
25 renewable energy.

1 Q. Does the Program participant actually receive
2 the energy from the renewable energy generation resource?

3 A. No. Because of the physics of how the power
4 system works, electricity from a specific facility or
5 source does not flow directly to a specific customer. The
6 participant's financial contribution goes towards the
7 purchase of Green-e certified RECs, which as described
8 above, allows the owner to legally claim to have purchased
9 renewable energy. The electricity that is split from the
10 REC is no longer considered "green" and cannot be counted
11 as renewable or zero emission by whomever buys it.

12 Q. What is the significance of a Green-e
13 certified REC?

14 A. Green-e Energy is the nation's leading
15 independent certification and verification program for
16 renewable energy. The Green-e Energy National Standard
17 identifies many criteria renewable energy must meet to be
18 certified. Electricity must come from eligible sources of
19 supply like wind, solar, geothermal, biomass, or low-impact
20 hydropower. Only new renewable facilities built in the
21 most recent 15 years can be used. Electricity cannot be
22 used to fulfill a state renewable energy goal, and cannot
23 be "double counted" towards that goal. The Green-e
24 certification process provides a thorough verification to
25 ensure that the RECs meet the criteria listed above.

1 Q. Why did the Company choose BEF as the broker
2 and certifying agent for the Program?

3 A. The Company has utilized BEF as the broker and
4 certifying agency for the Green Power Program since its
5 inception. Headquartered in Portland, Oregon, BEF is a
6 non-profit organization dedicated to the replacement of
7 fossil fuel generation with new renewable generation. The
8 Company chose to work with BEF in order to rely upon its
9 expertise, its close association with environmental groups,
10 and to avoid additional costs of administration.

11 Q. Has the Company evaluated the ongoing
12 relationship with BEF?

13 A. Yes. To ensure BEF was still the best value
14 for participants, the Company submitted a Request for
15 Proposal ("RFP") for services in 2011. BEF's bid came in
16 lower or competitive with the other suppliers. While one
17 company's proposal had a lower price, it was new to the
18 industry and did not have BEF's favorable historical
19 performance record. Moreover, it could not provide some of
20 the value added services that BEF includes at no additional
21 charge, such as marketing assistance and research. The
22 Company plans to retain its relationship with BEF in 2016
23 while the modifications to the Program are made; however,
24 the Company plans to submit a RFP to provide RECs for the
25 Green Power Program within the next three years. At that

1 point, Idaho Power will determine if BEF remains the best
2 value for the Company and participants of the Program.

3 Q. Besides the purchase of green energy, are
4 there other notable aspects of the Green Power Program?

5 A. Yes, in 2003, Idaho Power partnered with BEF
6 and the Green Power Program participants to bring "Solar 4R
7 Schools" to k-12 schools located in Idaho Power's service
8 area.

9 Q. Please provide an overview of the Solar 4R
10 Schools program.

11 A. As a program offered by BEF, Solar 4R Schools
12 provides educators with an on-site solar array,
13 connectivity to robust solar data monitoring centers on the
14 web with visibility to other participating school's array
15 information, renewable energy teacher training, teacher-
16 generated classroom activities, and customized science kits
17 correlated to Next Generation Science Standards. Solar 4R
18 Schools provides one of the most comprehensive, teacher-
19 tested renewable energy educational programs available
20 nationwide.

21 **II. PROGRAM MODIFICATIONS**

22 Q. Why is the Company proposing to make
23 modifications to the Green Power Program at this time?

24 A. Over the last 16 years, the only change to the
25 Green Power Program was the partnership with BEF for the

1 Solar 4R Schools program in 2003. In an effort to respond
2 to what Idaho Power believes are some customers'
3 preferences, the Company is currently working towards
4 offering a variety of green power options. The Program
5 modifications discussed below are the result of Company and
6 customer collaboration to modify the Program to make it a
7 more attractive renewable energy option for customers
8 taking service under any rate schedule.

9 The Company met with a group of customers from the
10 Wood River Valley, from February 2014 into early 2016, who
11 offered insight and opinion on a variety of Program
12 modifications. Based on all the information gathered, the
13 Company ultimately decided on modifications that, if
14 approved, would not only satisfy changes in customer
15 preference but would also align the Green Power Program
16 with the best practices of other green programs in the
17 industry.

18 Q. Please describe the source of "industry best
19 practices" that guided the Company's modifications to the
20 Program.

21 A. The Company contacted other utilities about
22 their "green power" programs and learned how they are
23 managed. The Company also reviewed reports from the
24 National Renewable Energy Laboratory (NREL) and the U.S.
25 Environmental Protection Agency (EPA) Green Power

1 Partnership. In addition, the Company investigated current
2 Green-e (Center for Resource Solutions) and U.S. Green
3 Building Council (USGBC) Leadership in Energy and
4 Environmental Design (LEED) certification requirements.

5 Q. Please provide a high-level overview of the
6 proposed modifications to the Program.

7 A. As shown in Exhibit No. 1, the Company is
8 proposing to: (1) replace the current Dollar Contribution
9 Method for participation with two new participation
10 options; (2) source RECs based on proximity to Idaho
11 Power's service territory with the Company Green-e
12 certifying the RECs once they are purchased for the Green
13 Power Program; and (3) include a portion of the marketing
14 costs in the customer payment.

15 **A. Program Participation Options.**

16 Q. Please describe the new Program participation
17 options.

18 A. The Company is proposing to replace the
19 existing Dollar Contribution Method with both a block
20 option and a 100 percent of usage option for customers who
21 wish to participate in the Program. Under the block
22 option, a customer will pay a premium of \$1.00 per 100
23 kilowatt-hour ("kWh") block of renewable energy. The 100
24 percent of usage option will allow customers to purchase
25 renewable energy equal to their total monthly kWh usage.

1 Q. Why is the Company requesting to change the
2 participation method for the Program?

3 A. When the Company implemented the Program in
4 2001, the Dollar Contribution Method was chosen based on
5 feedback from Idaho Power customers and their preference
6 for participation in a Company-sponsored program to acquire
7 green energy. The Company is requesting a change to the
8 participation options at this time to allow the RECs
9 purchased and retired for customers through the Program to
10 be Green-e Energy certified³, as well as to create a more
11 transparent program for current and prospective
12 participants to help them evaluate which of the Company's
13 green energy programs best fits their needs. In addition,
14 the proposed block option aligns the Green Power Program
15 with similar programs offered by utility peers in the
16 Northwest. Lastly, the Company's upgraded billing system
17 has the functionality to more easily bill participants
18 based on the new participation options.

19 Q. How will existing participants under the
20 Dollar Contribution Method be transferred to the new
21 structure?

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>.)

1 A. The Company plans to send each participant a
2 letter detailing the approved changes to the Program. The
3 majority of the approximately 1,700 Program participants
4 contribute a whole dollar amount each month. Those
5 participants will be transferred over to the block option.
6 Those that do not contribute a whole dollar amount will be
7 transferred over to the block option rounded down to the
8 nearest dollar.

9 **B. REC Sourcing and Certification.**

10 Q. What is the current REC sourcing practice?

11 A. The Company previously had an internal policy
12 to not allow RECs from resources connected to Idaho Power
13 or RECs owned by Idaho Power to be acquired for the Green
14 Power Program. The internal policy was in place to
15 demonstrate a clear separation between the Company-owned
16 RECs and RECs acquired with customer funds through the
17 Green Power Program, avoiding the possible perception that
18 customers were paying twice or a greater amount for RECs
19 connected to Idaho Power. Now that the REC market has
20 matured with tracking systems in place, such as the Western
21 Renewable Energy Generation Information System (WREGIS) and
22 Green-e standards for REC tracking, the potential for this
23 misperception is lessened.

24 Q. How will the sourcing of RECs for the Program
25 change from current practices?

1 A. Currently, BEF sources RECs primarily from
2 large-scale wind projects located in the Northwest with a
3 small portion sourced from small solar projects. Going
4 forward, RECs will still be sourced from the Northwest, but
5 Idaho Power will direct BEF to give preference to RECs from
6 sources located closest to or within Idaho Power's service
7 territory, when possible. I believe this change aligns
8 with customer preferences to support local renewable energy
9 investments.

10 Q. What is the significance of Idaho Power Green-
11 e certifying the RECs once they are purchased through BEF?

12 A. Green-e certifying the RECs once they are
13 received is an industry best practice to ensure that the
14 marketing and claims about renewable energy comply with the
15 Federal Trade Commission's truth in advertising rules.
16 Currently, Idaho Power purchases Green-e certified RECs
17 through BEF; however, they are not re-certified before
18 being retired by Idaho Power for the Program. While Idaho
19 Power certification would add to the cost of the Program,
20 it provides an extra layer of assurance to participants
21 that the RECs were not used for multiple purposes and that
22 the certification complies with the national standards
23 detailed above.

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1 **C. Program Expenses.**

2 Q. Please describe the proposed change in
3 recovery of the Program marketing expenses.

4 A. The Company is proposing that up to 15 percent
5 of the total Program funds be used for Program marketing
6 expenses.

7 Q. How does the Company's proposal for marketing
8 expenses differ from the existing treatment?

9 A. Under the design of the current Program, the
10 funds received are only used to purchase green energy and
11 support Solar 4R Schools. No customer amounts are
12 currently used to cover program overheads or marketing
13 expenses. All marketing and overhead expenses of the
14 Program are currently funded through the Company's
15 operations and maintenance expenses.

16 Q. Why is the Company making this request?

17 A. The Program has operated with a minimal
18 marketing budget from which to grow the Program. This
19 change allows additional funds to be spent specifically on
20 marketing for the Program and be borne by the Program
21 participants. The Company believes that the customers
22 supporting this Program want to support renewable energy;
23 having the additional marketing dollars will allow the
24 Company to reach more customers and purchase more renewable

25

1 energy. Lastly, the change aligns the Program with
2 industry best practices.

3 Q. Will these funds be used solely for marketing
4 expenses?

5 A. The Company's request is to use up to 15
6 percent of the Program income for marketing expenses;
7 however, if REC prices change significantly, the Company
8 may choose to use these funds to cover the increase in REC
9 prices rather than change the tariff price to participants.
10 In no case would these funds be used for purposes other
11 than the Green Power Program.

12 **D. Other.**

13 Q. Has the Company considered any other Program
14 modifications?

15 A. Yes. The Company is investigating the
16 addition of a solar option to the tariff as well as a bulk
17 purchase option for large customers.

18 Q. Please describe the potential solar option the
19 Company is considering.

20 A. Under the potential solar option, the green
21 energy RECs that would be purchased would be provided 100
22 percent from solar resources. The Company has received
23 informal feedback from customers that a solar option would
24 be highly desirable.

25

1 Q. Is the Company proposing to implement the
2 solar option as part of this filing?

3 A. No. While the Company is aware of the
4 potential demand for this option from some customers, the
5 market for solar RECs is not liquid enough to be able to
6 offer this option right now. Once the solar REC market
7 matures, the Company will, at that time, consider offering
8 a solar-only option to customers under the Green Power
9 Program tariff.

10 Q. Please describe the potential bulk purchase
11 option the Company is considering.

12 A. Idaho Power is investigating a bulk purchase
13 option under which large customers would contract to
14 purchase RECs over a specified period of time. The Company
15 anticipates that the terms of these contracts, including
16 length and sales price, would be negotiated individually
17 with prospective customers.

18 Q. Is the Company proposing to include the bulk
19 purchase option as part of this filing?

20 A. No. Because these contracts would be
21 negotiated individually, the Company is not proposing to
22 include this option in the Green Power Program tariff. The
23 Company will keep the Commission apprised of any future
24 action with respect to the bulk purchase option that would
25 require regulatory approval.

1 **E. Implementation.**

2 Q. How soon can the Company implement the Program
3 modifications after Commission approval?

4 A. The Company believes that it will take a
5 minimum of 60 days from the date of Commission approval to
6 make and test the changes within the billing system.

7 Q. Why does the Company need 60 days to implement
8 the changes to the Green Power Program?

9 A. The Green Power Program changes will require
10 development and coding changes in the billing system, which
11 demands a higher level of testing than a standard price
12 change. The majority of the changes will be made to the
13 invoicing program, which is used for all customer invoices,
14 whether they are signed up for the Program or not. Because
15 this affects the invoicing program, the Company requires
16 additional testing to verify that the new Program changes
17 work correctly and do not affect invoices for non-
18 participants.

19 **III. CONCLUSION**

20 Q. Please summarize your testimony.

21 A. Idaho Power is proposing changes to the Green
22 Power Program to align the Program with utility peers as
23 well as respond to changing customer preferences. The new
24 participation options will allow for more transparency as
25 compared to the current Dollar Contribution Method. The

1 RECs for the Program will continue to be sourced via a
2 broker, and preference will be given to resources located
3 closest to or within Idaho Power's service territory. As
4 part of the Green Power Program, the Company will continue
5 to participate in the renewable energy educational program,
6 Solar 4R Schools. To reach more customers, the Company is
7 requesting that up to 15 percent of the Program funds be
8 used for Program marketing expenses. Under the current
9 Program structure, participants are not funding any of the
10 marketing expenses through their Program contributions.

11 Q. Does this conclude your testimony?

12 A. Yes.

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1 **ATTESTATION OF TESTIMONY**

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3
4 STATE OF IDAHO)
5) ss.
6 County of Ada)
7
8

9 I, Peter Pengilly, having been duly sworn to testify
10 truthfully, and based upon my personal knowledge, state the
11 following:

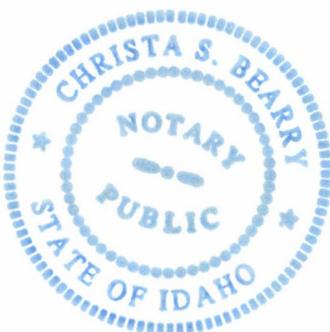
12 I am employed by Idaho Power Company as the Customer
13 Research and Analysis Leader in its Customer Relations and
14 Energy Efficiency Department and am competent to be a
15 witness in this proceeding.

16 I declare under penalty of perjury of the laws of
17 the state of Idaho that the foregoing pre-filed testimony
18 and exhibit are true and correct to the best of my
19 information and belief.

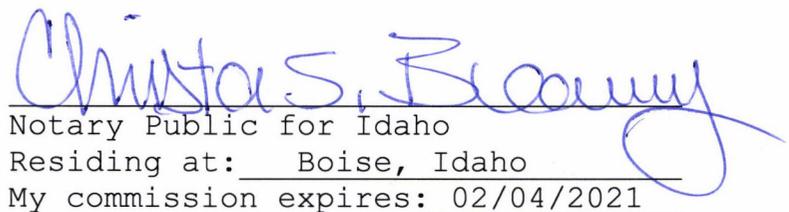
20 DATED this 22nd day of June 2016.

21
22 
23 Peter Pengilly
24

25 SUBSCRIBED AND SWORN to before me this 22nd day of
26 June 2016.



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32


Notary Public for Idaho
Residing at: Boise, Idaho
My commission expires: 02/04/2021

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-16-13**

IDAHO POWER COMPANY

**PENGILLY, DI
TESTIMONY**

EXHIBIT NO. 1

Green Power Program Modification Comparisons

	Existing Program	Proposed Program
Customer Cost of renewable kWh	\$0.085 / kWh	Option 1: Block \$1.00 / 100 kWh Option 2: Total Usage (1¢/kWh)
REC Sourcing	<ul style="list-style-type: none"> • Northwest • Large scale wind • Small solar project • No Idaho Power connected resources 	<ul style="list-style-type: none"> • Northwest • Large scale wind • Small solar projects • Allow Idaho Power connected resources (through a broker) including: <ul style="list-style-type: none"> ○ RECs owned by Idaho Power (contingent they meet the Green-e Standard) ○ Projects connected to Idaho Power system (including PURPA projects)
Certification	<ul style="list-style-type: none"> • No Green-e re-certification of Green Power Program RECs after purchased 	<ul style="list-style-type: none"> • Green-e certify Green Power Program RECs after purchased through the Program
Community Support	Solar 4R Schools (1 to 2 projects per year)	Continue Solar 4R Schools (1 or more projects per year)
Marketing	Funded by O&M only	Use up to 15% of program funds for marketing