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Project**

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Renewable Northwest Project

August 12, 2003

Commission Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 93720-0074

Attention: Jean D. Jewell, Commission Secretary

Subject: Case No. PAC-E-03-9  
In the matter of the application of PacifiCorp for approval of a  
new renewable energy tariff, i.e. electric service Schedule No. 70  
– New Wind, Geothermal & Solar Power Rider - Optional

The Renewable Northwest Project (RNP) appreciates the opportunity to provide comments on PacifiCorp's proposed renewable energy tariff, Schedule 70. We support PacifiCorp's application to offer the Blue Sky product to customers in Idaho. RNP has had an ongoing partnership with PacifiCorp since April 2000, when the Blue Sky program was first offered in Oregon and Washington. This partnership has focused on educational outreach to commercial and residential customers. RNP has also participated in various stakeholder meetings and processes providing feedback about the company's optional renewable energy programs. RNP has encouraged PacifiCorp to continue to improve their renewable products, and to offer products to customers in all of their service territories.

General Comments

Utility green pricing programs are a good complement to renewable resource acquisition on behalf of all rate payers. These programs offer customers a voluntary option to increase their commitment to renewable energy and its environmental benefits beyond what the utility is already doing. RNP believes that green pricing programs are valued by customers and are an important part of removing barriers to renewable resources. The option to support renewable energy through participation in the Blue Sky program is a benefit for PacifiCorp's customers in Idaho.

PacifiCorp's Blue Sky product, composed of 100% "new" renewable resources, meets Renew 2000 standards. These minimum content standards for Northwest utility green pricing programs are supported by regional environmental groups and assure that the product is making a difference for the environment. PacifiCorp has been an active participant in the Renew 2000 stakeholder process, and one of two utilities to go through the certification process. Renew 2000 is likely to merge with the Green-e program, a national program for green power product standards, in the near future. We encourage PacifiCorp to continue its participation in the NW regional stakeholder group, and the certification of its Blue Sky product. Third party certification of the Blue Sky product by one of these groups will assure PacifiCorp's customers in Idaho and other service territories that the premium paid for renewable power above their basic service rate does go toward the support of these resources.

While we feel PacifiCorp's Blue Sky program will bring benefits to the company and to customers, RNP would like to suggest some additional improvements that increase the value of this program for customers.

#### Preferences for Procurement

PacifiCorp has recently instituted a price decrease for its Blue Sky product in Oregon, Washington, Wyoming and Utah. Now their product is more affordable and is likely to encourage customers to support even more renewable power. While a low price brings value to customers, this must be balanced by the importance of local and new resources. We appreciate the way PacifiCorp has balanced these two aspects with their inclusion of preferences for procurement of renewable resources for the Blue Sky program, which place a higher value on local and new resources.

In several stakeholder meetings, RNP and others expressed strong preferences for local and new resources to supply the demand in this program. Research, including that recently completed by PacifiCorp and Portland General Electric, shows that customers have a strong preference for resources in the Northwest. PacifiCorp has done a great job of putting these preferences into an order that can be used by their procurement department to get the highest value resource while at the same time limiting their price risk.

In addition to a procurement preference for local resources which is largely focused on large scale wind resources, RNP would encourage PacifiCorp to invest some of the proceeds from its Blue Sky program into local solar installations. Idaho has a strong solar resource and installation of local solar systems would bring a very visible investment in renewable resources to Idaho communities that are supporting the Blue Sky program.

#### Stable Rate Product

While RNP sees the administrative ease and current lower cost of supplying the Blue Sky program with Tradable Renewable Certificates (tags), RNP supports language in the tariff

that will also allow for supply from bundled energy. This option allows the greatest flexibility in getting the best price for customers, and the potential to offer Blue Sky as a stable rate product.

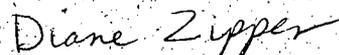
RNP prefers a stable rate product to the current structure of the Blue Sky product. A stable rate product fixes the price of the energy portion of the bill associated with the green power purchase, while the current structure of the Blue Sky product is a price adder, always on top of a customer's basic service rate. When the utility's rates go up, the renewable power customer does not receive any benefit for paying extra to support a resource that has no fuel costs and therefore very little price variation over the life of the project. A stable rate product passes on to customers one of the most tangible benefits of renewable resources, their price stability.

Wind power prices have declined dramatically in the past few years, making wind more cost-competitive with other new resources. PacifiCorp's recent Integrated Resource Plan (IRP) showed that wind power is cost effective and the company plans to add over 1,400 MW of wind and other renewable resources to their portfolio over the next ten years. Given that wind power is cost-competitive for all rate payers, RNP feels that customers paying a premium for wind products should receive the added benefit of a stable rate. In our educational outreach work we have heard from many customers, both commercial and residential, that they would be more interested in participating in a green power program that offered a stable rate, than the current price adder structure.

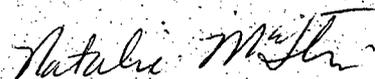
It is important for PacifiCorp customers in Idaho to have the option to support renewable energy resources, and the proposed Blue Sky tariff is a good place to start. PacifiCorp committed to studying the feasibility of offering a stable rate product in their Blue Sky tariff filings in Oregon, Utah, and Washington. RNP would like to continue working with them and others on this study and additional ways to improve voluntary green power programs for their customers.

Thank you for the opportunity to provide comments on the changes to the Blue Sky tariff.

Sincerely,



Diane Zipper  
Director of Green Power Programs



Natalie McIntire  
Green Power Programs Coordinator

cc: Doug Larson, PacifiCorp