

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF ROCKY MOUNTAIN</b>	)	<b>CASE NO. PAC-E-19-17</b>
<b>POWER’S PETITION TO INCREASE THE</b>	)	
<b>BLUE SKY BLOCK VALUE FROM 100 TO</b>	)	<b>ORDER NO. 34545</b>
<b>200 KILOWATT HOURS</b>	)	

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On October 25, 2019, Rocky Mountain Power (“Company”), a division of PacifiCorp, applied for approval to increase the size of each Blue Sky Block (“Blue Sky Block” or “Block”) offered under Schedule 70—Renewable Energy Rider—and Schedule 73—Renewable Energy Rider Bulk Purchases (collectively “Blue Sky program” or “Program”)—from 100 kilowatt hours (“kwh”) to 200 kwh. The Company requested that its Application be processed by Modified Procedure and have an effective date of January 1, 2020.

On December 3, 2019, the Commission issued a Notice of Application and Notice of Modified Procedure establishing public comment and Company reply deadlines. Staff filed the only comments and supported the Company’s Application. The Company did not reply.

The Commission now approves the Application as set forth below.

**THE APPLICATION**

Since 2003, the Company has offered a Blue Sky program that enables customers to support renewable energy development by purchasing 100 kWh renewable energy Blocks. The Company’s Application was submitted in response to changes in the Renewable Energy Credit (“REC”) market between the inception of the Blue Sky program in 2003 and today. The average cost of RECs purchased for the Program have continued to decrease even as demand for the Program has grown. To meet growing customer demand for the Program and better align the Program with market conditions, the Company proposes to increase the size of a Block from 100 kWh to 200 kWh but keep the price of each Block the same.<sup>1</sup> At the Company’s proposed price per Block, customers who sign up for the Program, or continue to be enrolled, will cover the incremental cost of acquiring the RECs plus the costs associated with offering the Program.

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<sup>1</sup> Under Schedule 70 Blocks cost \$1.95 each per month. Under Schedule 73 bulk purchases of Blue Sky Blocks can be made for \$0.70 per Block per month plus a \$1,500 per year fixed charge if customers are purchasing a minimum of 1,212 Blue Sky Blocks. For purchases of over 750,000 Blue Sky Blocks, the Company offers individually negotiated contracts.

## STAFF COMMENTS

Staff recommended the Commission approve the Company's request to increase its renewable energy Blocks to 200 kWh.

The Company requested that the proposed changes to the Program in Idaho be contingent upon the Company receiving approval from all other regulators in states where its blue sky programs are offered. Staff disagreed with this approach and recommended the Company's proposed changes to the Idaho Program become effective as of January 1, 2020, regardless of whether similar changes are approved in other states.

Staff also recommended the Company buy RECs where the Company obtains the most competitive pricing, with preference given to RECs sourced from non-PacifiCorp projects in Idaho.

Staff noted it and the Company must "periodically revisit and evaluate the program" but nothing requires the Company to provide Staff with data. *See* Order No. 29329. Staff mentioned that yearly audits have occurred, but only because the Company's third-party auditor—Green-E—initiated the audits as part of its annual verification process. Staff recommends the Company submit a Blue Sky Report by March 31 annually, and that the Company coordinate a yearly audit with Staff ahead of the compliance determination request from Green-E or another Program auditor.

In past reviews, Staff has expressed concern with a lack of qualifying initiatives undertaken in Idaho. Although the price of RECs has dropped, creating surplus funds for qualifying initiatives<sup>2</sup>, no one had applied for a Blue Sky project in Idaho for over five years. In reviewing the Company's Application, however, Staff learned that the Company is actively working with interested parties on several Idaho qualifying initiatives. Additionally, Staff learned the Company had eliminated barriers to entry for the qualifying initiative program by streamlining the application process, removing project investment requirements, and opening award application year-round.

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<sup>2</sup> Funds available after REC purchases, program marketing, and administration expenses are made available to help fund new community-based renewable energy installations through a competitive grant application process i.e. for qualifying initiatives.

## COMMISSION FINDINGS AND DECISION

The Company is an electric corporation under *Idaho Code* § 61-119, and a public utility under *Idaho Code* §61-129. The Commission has jurisdiction over the issues in this case under Title 61 of Idaho Code, including Idaho Code §§ 61-301, 502, and 503. The Commission has reviewed the record, including the Application and Staff’s comments. Based on that review, the Commission now approves the Company’s Application to increase its Blue Sky program Block size from 100kWh to 200kWh.

The Commission finds it reasonable that the changes to the Blue Sky program are effective as of January 1, 2020 regardless of approval in other states. Additionally, we direct the Company to focus on procuring least-cost RECs to match Program demand, with preference given to non-PacifiCorp projects in Idaho, when feasible.

Even as demand for the Program has grown, the price of RECs acquired to match demand has fallen. In Order No. 29329, we “direct[ed] Staff and the Company to periodically revisit and evaluate the program to assure that program participants are not paying a premium for the same renewable energy benefits enjoyed by all PacifiCorp customers.” Based on the record and the changing REC market, we believe it is appropriate to update the Program in Idaho.

When Order No. 29329 was issued, the costs of RECs accounted for about 38% of the price of a Block. Today, even with the increase in Block size, the cost of RECs will represent about 15% of the Block price. We are encouraged by the decrease in REC costs since Order No. 29329 was issued. With the decrease in REC costs, the Company has had the opportunity to use revenues to cover Program costs and set aside the remainder for qualifying initiatives under the Program schedules. We are discouraged to learn that no Idaho qualifying initiatives had been applied for in over five years but are glad the Company is working with interested Idaho parties on qualifying initiatives. We direct the Company to continue to encourage applications for the qualifying initiatives in Idaho and to operate the application process with reduced barriers.

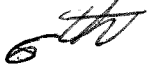
We further direct the Company to file an annual “Blue Sky Program Report” by March 31. This Report should help keep the Program Block size and cost aligned with the REC market prices. It will also give the Commission a better opportunity to review the Company’s efforts and success in approving grants for qualifying initiative projects.

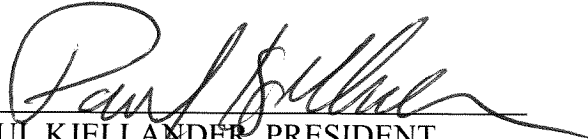
**ORDER**

IT IS HEREBY ORDERED that the Company's Application to increase renewable energy Blocks for the Blue Sky program from 100kWh to 200kWh is approved, effective January 1, 2020.

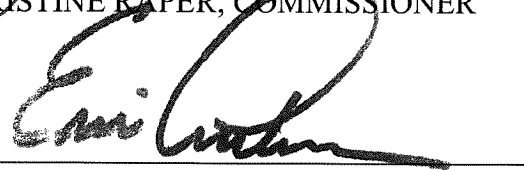
IT IS FURTHER ORDERED that the Company shall file a Blue Sky Program Report with the Commission each year by March 31.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

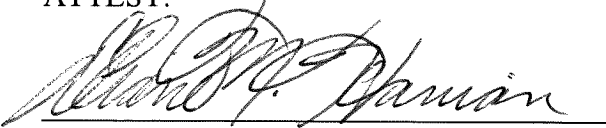
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this  day of February 2020.

  
PAUL KJELLANDER, PRESIDENT

  
KRISTINE RAPER, COMMISSIONER

  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
Diane M. Hanian  
Commission Secretary