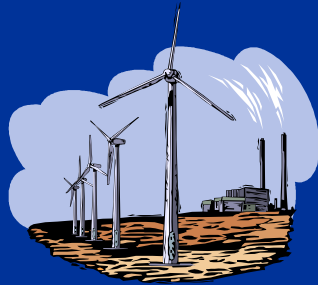




Energy Policy Levers



State as a *Taxing* Authority

- Income tax credits or deductions
 - **Residential Alternative Energy Tax Deduction:** deduction up to \$20,000 over four years for solar, wind, geothermal and pellet stoves (Idaho Statutes § 63-3022C)
- Sales & use tax exemptions
 - **Renewable Energy Equipment Sales Tax Refund:** Sales-and-use tax rebate for fuel cells, low-impact hydro, wind, geothermal resources, biomass, cogeneration, solar and landfill gas generating at least 25 kW (Idaho Code, § 63-3622QQ)
- Property tax exemptions/assessment rules

State as a *Spending* Authority

- Production incentives
- Grants
- Loans
 - Idaho's Low Interest Energy Loan Program: 4% loans with 5-yr. repayment, up to \$15k residential or \$100k commercial, variety of efficiency and renewable technologies
- Bonds
 - Idaho Energy Resources Authority created in March 2005 to finance utility generation and transmission projects, SB 1192 extends the financing opportunities to independent renewable energy producers
- Education programs

State as a *Regulator*

- Energy procurement rules
 - Require utilities to acquire all cost-effective conservation & renewables
 - Require utilities to consider risk of CO2 regulation
- Regulatory Incentives
 - Higher rates of return on preferred investments
 - Lost revenue recovery for conservation
- Risk reduction
 - Recovery of study & development costs for newer technologies
- Customer-owned generation
 - Rules for PURPA facilities
 - Net metering
 - Interconnection standards

State as Energy *Consumer*

- Energy efficiency in public facilities
- Small-scale renewables at public facilities
- Cogeneration at large campuses (universities)
- State investment in district heating
- Purchase green power or green tags for state buildings

State as Energy *Producer*

- Idaho Energy Resources Authority
 - Direct investments in utility-scale projects
 - Public-private partnerships
 - Assistance or financing for private projects (SB 1192)

State as *Participant* in Regional or Federal Processes

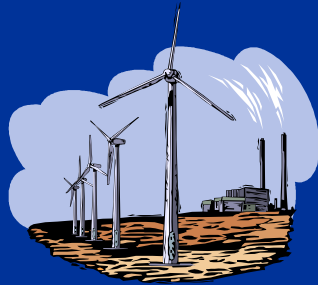
- Transmission:
 - Regional transmission organizations
 - Regional transmission planning bodies
 - Interstate compact on transmission siting

State as *Moral* Authority

- Policy proclamations
- “Sense of the Legislature” motions
- Publicize the Idaho Energy Plan
- Public education & outreach



“Strawman” Action Items



Loading Order and Resource Diversity (1)

1. Idaho utilities shall acquire all conservation that is cost-effective from the perspective of Idaho citizens.
2. Idaho should examine its procurement policies to ensure that appropriate incentives exist to allow full implementation of cost-effective energy efficiency and small-scale generation at public facilities.
3. Idaho should establish voluntary targets for the acquisition of high-priority resources by Idaho utilities:
 - a) Idaho utilities should comply with a voluntary Renewables Portfolio Standard of **15%** of retail load by 2015. [*IRPs ~ 9%*]
 - b) Idaho utilities should acquire **1000 MW** of renewable energy by 2015. [*Based on Idaho share of Western Governors' 30 GW target, IRPs ~ 700 MW*]
 - c) Idaho utilities should meet **75%** of their load growth with conservation & renewables through 2015. [*IRPs ~ 62%*]

Loading Order and Resource Diversity (2)

4. The Idaho PUC should allow recovery of the incremental cost of “clean coal” facilities relative to traditional coal steam facilities where the benefits to Idaho citizens outweigh the additional costs.
5. Idaho should offer an income tax deduction for the incremental cost of “clean coal” facilities relative to traditional coal steam facilities.
6. Idaho should work with the INL to investigate the feasibility of bringing a “next-generation” nuclear facility to Idaho.
7. Idaho should examine whether it is appropriate to opt in to the EPA mercury cap and trade program for the purpose of attracting a “clean coal” facility to Idaho.

Loading Order and Resource Diversity (3)

8. Idaho should offer an income tax credit for investment in energy efficiency and small-scale generation by Idaho businesses.
9. The Idaho PUC should determine the appropriate treatment of wind energy Qualifying Facilities as quickly as possible and return the maximum limit on PURPA Qualifying Facilities to 10 MW.
10. Idaho should provide a credit backstop to enable Idaho Energy Resources Authority to provide financing for independent renewables projects (thus providing a mechanism to implement SB 1192).

Loading Order and Resource Diversity (4)

11. Idaho utilities shall report annually the source of electricity sold to retail customers (their “fuel mix”).
12. Idaho utilities shall offer net metering to facilitate investment in small-scale renewables by residential and small commercial customers
13. Idaho utilities shall adopt the IEEE 1547 Standard for Interconnecting Distributed Resources with Electric Power Systems and the state shall develop a uniform, statewide policy for insurance, credit and other requirements.
14. Idaho utilities shall offer voluntary “green pricing” programs that allow customers to support environmentally preferred and renewable energy resources.

Transmission

1. Idaho should participate in regional efforts aimed at increasing the capability of the western transmission grid and bringing to Idaho the benefits of cost-effective remote resources.
2. The Idaho PUC should investigate and report on mechanisms that provide utilities with appropriate incentives for construction of needed transmission facilities.
3. Idaho should enhance the ability of the Idaho Energy Resources Authority to provide low-cost financing to Idaho utilities for needed transmission upgrades.
4. Idaho should create the Idaho Transmission Authority with a mandate to construct, own and operate transmission facilities that benefit Idaho ratepayers.

Affordability

1. Idaho and its utilities should fully fund Low-Income Home Energy Assistance (LIHEAP) and other programs to assist low-income households with energy bills.
2. Idaho and Idaho utilities should fully fund Low-Income Weatherization programs.
3. Idaho utilities should adopt rate designs that offer small quantities of energy at a reduced rate as a “lifeline” to low-income customers

Environment

1. Idaho should establish and maintain an inventory of greenhouse gas emissions.
2. Idaho should encourage the use of “dry cooling” technology for new thermal facilities.
3. When evaluating resource investments, Idaho utilities and the Idaho PUC should consider the full cost to Idaho citizens, including non-monetized “externalities.”

