

Taking Alternative Resources Seriously

Our foresight around alternative resources and our commitment to the environment date back to our company's beginnings and our hydroelectric resource base. Although energy issues and resources are different today than they were in our beginnings 93 years ago, our focus on clean, low-cost resources remains consistent. Over the years, Idaho Power has added numerous generation sources to its resource mix. Building diversity in the company's resource mix provides several benefits for managing demand; however, the focus is always on having the **right** resource for the need. Price and environmental impacts are both important criteria when evaluating new resource additions. Right now with our system, just as important is a resource with dispatchable capacity characteristics and proximity to load due to our current transmission constraints.

Throughout our history, we have advocated clean, low-cost alternative resources on several fronts.

Examples:



- Early participation in small hydro projects through PURPA
- Pursued fuel cells - IDATECH
- Pursued Solar
 - solar tariff
 - photovoltaic solar - Applied Power
 - commissioned solar thermal study
- Wind contracts
 - issued new wind-powered generation RFP May 18, 2009
- Geothermal contracts
 - issued new geothermal RFP
- Anaerobic digestion plants - PURPA
 - cow & food waste
- Solar 4 Our schools
- Landfill Gas - an idea we initiated with Ada County
- Commissioned kinetic hydro study
- Energy Efficiency Programs
- Retiring Green Tags
- Hydro, hydro, hydro - maximizing the resource
 - looking at potential new hydro

Our commitments to our customers, owners and employees are also demonstrated in our diligence to evaluate and weigh the impacts of adding new resources. Adding wind or solar faster than we need it comes at a premium cost to all three stakeholder groups. Alternative sources need to be part of the mix - they need to be the right part.

Idaho Power as an innovator - leading new developments

Idaho Power sought innovation throughout the company's history, and although there were successes along the way we learned the development costs required significant capital without much return. We initiated several new developments over the years to further our industry and our value to customers. Being leading edge, especially with the growth our service area experienced over the past decade, came at a cost. We feel it prudent to focus on our core business, mainly because we do not believe research and development is practical in our regulated environment. We look to private industries to lead this effort, and are ready to enable integration onto the system.

Hydro system

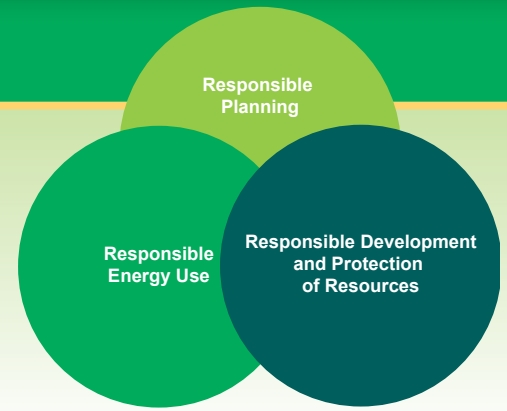
Fuel cells

Landfill gas

Kinetic hydro study

Our Three-Part Strategy

Idaho Power's strategy to ensure adequate energy supplies can be broken down into three elements: responsible planning, responsible development and protection of resources and responsible energy use. This three-part strategy ensures we focus on the things that matter, the things that move our company forward. The world is a dramatically different place than it was even a year ago. Our three-part strategy gives you confidence that your company is on the right course.



Responsible planning allows each of the IDACORP companies to make forward-looking decisions, prepare for the future and ensure the prosperity of our shareowners, employees and customers. Electricity demand, customer growth, environmental regulations and other resource issues drive our Integrated Resource Plan (IRP) – our roadmap for meeting anticipated customer energy needs for the next 20 years.

Responsible protection of the resources that keep rates low for our customers helps ensure a strong, viable company. Preservation of our hydroelectric resources remains a top priority and area of intense activity.

Responsible energy use is our first choice when talking about energy resources. Done correctly, it is a cost-effective means to defer the building of new transmission lines and generating resources. Responsible energy use is not only manifest in the programs we promote for customer participation, it is integral in how we conduct business, and impacts our planning and execution from top to bottom. This includes several components, such as greening our own operations, helping customers reduce their greenhouse gas emissions through energy efficiency programs and providing more low-carbon electricity through our IRP process.

Under normal stream flow conditions, our system generation mix is approximately 55 percent hydroelectric and 45 percent thermal. Our carbon dioxide emissions fluctuate with the amount of our hydroelectric generation, which in turn depends on water conditions, including snow pack, snow pack run-off, river flows, rainfall and other weather and stream flow management considerations.

In May 2008, the Ceres investor coalition, the Natural Resources Defense Council, Public Service Enterprise Group and PG&E Corporation released a report entitled Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States. This report shows our 2006 carbon dioxide emissions at 937.9 lbs. per megawatt-hour, over 400 lbs. per megawatt-hour less than the average of 1,343.6 lbs. per megawatt-hour for all companies in the report. Our carbon dioxide emissions from our electric generation facilities in 2008 were approximately 1,097 lbs. per megawatt-hour.

As part of the company's ongoing efforts to acquire additional alternative energy resources, Idaho Power announced this week its intent to purchase approximately 150 megawatts (MW) of additional wind-powered generation by 2012. We identified a need for this resource in our 2006 IRP, and reaffirmed this resource need in the June 2008 IRP update.

We are pleased to announce this solicitation that integrates with our three-part company strategy—responsible planning, responsible development and protection of resources and responsible energy use. The new resource helps the company maintain a balanced resource portfolio that allows us to provide responsible, reliable, fair-priced electric services, today and tomorrow. This is our commitment to our customers, employees and shareowners, and this carbon-light resource is another way we demonstrate our commitment in action.

100 Largest Utilities CO₂ Intensity

