

INDEPENDENT ELECTRICITY
SUPPLY SERVICE, INC.

PO Box 80152
Billings, Montana 59108

RECEIVED BY

2012 FEB 27 A 9 21

PUBLIC SERVICE
COMMISSION

February 24, 2012

Ms. Kate Whitney
Montana Public Service Commission
P.O. Box 202601
Helena, MT 59620-2601

RE: 2011 Renewable Portfolio Standards

Dear Ms. Whitney:

In accordance with **MCA 2011: 69-3-2005 Procurement – Cost Recover – Reporting**, Independent Electricity Supply Service (IESS) is required to report to the Montana Public Service Commission (MTPSC) on an annual basis its compliance with Montana's Renewable Energy Portfolio Standard. IESS provided competitive electricity supply to a select number of customers for a portion of reporting year 2011 and the purpose of this letter is to report its efforts to meet its requirements to include renewable energy as an attribute of its energy supply portfolio. IESS embraces compliance responsibility only for that portion of reporting year 2011 for which it had sole responsibility of electricity supply for the choice customers it serves.

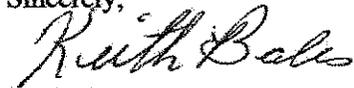
IESS commenced operations as an active electricity supplier in June 2011. Since that time IESS has met the needs of the customers it serves with wholesale power procured under contract from a non-regulated wholesale electricity supplier. The power purchased from its supplier does not meet the renewable energy supply portfolio standard. Therefore, to meet its requirements for the inclusion of renewable energy as an attribute of its supply portfolio IESS selected the Bonneville Power Administration (BPA) as its source for Renewable Energy Credits (REC's).

Over the course of the past three months IESS has been working with BPA to complete a purchase of the proper number and vintage of REC's necessary to comply with **MCA 2011: 69-3-2004 Renewable Resource Standards**. Unfortunately, despite its best efforts IESS has not been able to perfect the REC transaction. In mid 2011 BPA legal decided to develop a new enabling agreement for sale and purchase of all REC's generated by BPA. As of Friday, February 24, 2012 the enabling agreement had not been completed and so at this time BPA does have an enabling agreement to use for any/all its REC transactions.

Both BPA and IESS are hopeful the enabling agreement will be completed prior to March 1, 2011(attached to this letter please find an email from BPA summarizing the action taken by IESS). However, if the agreement is not completed by that time IESS respectfully requests an extension of the date by which it must file its annual report to the MTPSC commensurate with the time it takes BPA's legal department to complete the preparation of the necessary documentation.

IESS intends to fully comply with the renewable energy standard requirement and would have been able to have completed the transaction and corresponding report in a timely fashion but for BPA's delay. Also included with this transmittal IESS is submitting information on its total sales to the customers it serves and a listing of the REC's it will purchase and retire to meet its obligations once BPA is in a position to complete the transaction. Thank you in advance for you consideration.

Sincerely,



Keith Bales, President
IESS

Tim Gregori

From: Malin,Debra J (BPA) - PTL-5 [djmalin@bpa.gov]
Sent: Wednesday, February 22, 2012 5:59 PM
To: 'Tim Gregori'
Subject: RE: REC's

Tim,

At the earliest opportunity, BPA intends to sell IESS 3,500 RECs generated by the Klondike III project during Calendar Year 2011.

This pending sale is pursuant to the following conditions.

- 1) IESS agrees to the price (BPA expects the price to be between \$1.00/MWh and \$3.50 MWh).
- 2) IESS agrees to sign a BPA enabling agreement which obligates IESS to the terms of the WSPP Agreement and BPA's dispute resolution processes. (BPA cannot currently offer IESS an enabling agreement or a confirmation agreement because the form of such agreements are not final. BPA expects the templates for these agreements to be approved within the next two weeks.)
- 3) IESS electronically transfers full prepayment to BPA.

Please feel free to call me with questions.

Best Regards,
deb

Debra Malin
Account Executive, Bulk Marketing PTL-5
P.O Box 3621 Portland OR, 97208-3521
905 NE 11th Ave, Portland OR, 97232
Ph (503) 230-5701
Fax (503) 230-3681
djmalin@bpa.gov

From: Tim Gregori [mailto:gregori@mcn.net]
Sent: Monday, February 20, 2012 6:19 AM
To: Malin,Debra J (BPA) - PTL-5
Subject: REC's

Hi Deb:

Any update on the enabling agreement?

I have given more thought to your offer for an email – and my subsequent request for a letter. Given the time constraint I have prepared a letter to send to the MT PSC and would like to attach something from BPA. As stated earlier my preference would be for a letter but would be willing to try an email if either is still an option. Is that still an option? Please let me know.

Thanks

Tim Gregori

**Competitive Electricity Supplier Attestation Clause
And Consent to Release of Retail Customer Load Information**

Electricity Supplier: Independent Electricity Supply Service

As an officer of the above named electricity supplier, and based on the information in this report, including customer load information for the calendar year ending December 31, 2011, I hereby attest that Independent Electricity Supply was a competitive electricity supplier in compliance year 2011.

Furthermore, as an officer of the above name electricity supplier, I hereby consent to the release of Independent Electricity Supply Service's total retail customer load information to the Montana Public Service Commission for the purpose of verifying this report.

Signature of Officer: Keith Bales

Name and Title of Officer: Keith Bales, President

Date: February 24, 2012

**Montana Renewable Portfolio Standards (RPS)
Compliance Form for Electricity Suppliers
Compliance Year 2011**

Electricity Supplier:
Competitive Electricity Supplier:

Independent Electricity Supply
Yes

Month	2011 Total Retail Sales	
January	0	
February	0	
March	0	
April	0	
May	0	
June	0	
July	4,453,304	
August	5,164,756	
September	5,370,903	
October	5,761,958	
November	5,453,460	
December	5,412,565	
Total	31,616,946	

2011 Renewable Energy Credits		
2011 Procurement Requirement: In MWh	3,162	
2010 Carry-Over Applied:	0	
2009 Carry-Over Applied:	0	
Procured in 2011 in MWh:	3,500	
Total Retired in 2011 in MWh:	3,162	
Balance:	338	

* All REC's used to comply with the RPS must be tracked and verified through the Western Renewable Energy Generation Information System (WREGIS) or the Midwest Renewable Energy Tracking System (MRETS). To demonstrate compliance with this requirement, please attach a report generated by WREGIS or MRETS setting forth the sources and quantities of REC's procured and retired for compliance year 2011.

2011 Renewable Energy Procurement Plan		
Expect to be a Competitive Electricity Supplier:	Yes	
Estimate of Total Retail Sales to Customers (kWh)		
Estimate of 2012 REC Requirements:		6,640
Anticipated Sources of REC's: BPA		

**Competitive Electricity Supplier - Retail Load information
Compliance Form for Electricity Suppliers
Compliance Year 2011**

Electricity Supplier:
Competitive Electricity Supplier:

Independent Electricity Supply
Yes

Retail Customer	Number 1	Demand (kW)	Energy (kWh)
January		0	0
February		0	0
March		0	0
April		0	0
May		0	0
June		0	0
July		0	2,982,211
August		0	3,347,166
September		0	3,188,179
October		0	3,281,678
November		0	3,193,599
December		0	3,245,429
Total		0	19,238,262

Retail Customer	2	Demand (kW)	Energy (kWh)
January		0	0
February		0	0
March		0	0
April		0	0
May		0	0
June		0	0
July		0	1,426,993
August		0	1,570,559
September		0	1,551,147
October		0	1,878,387
November		0	1,684,687
December		0	1,578,802
Total		0	9,690,575

Copy as necessary for large loads - Small loads can be listed as a single block

**Competitive Electricity Supplier - Retail Load information
Compliance Form for Electricity Suppliers
Compliance Year 2011**

Electricity Supplier:
Competitive Electricity Supplier:

Independent Electricity Supply
Yes

	Number		
Retail Customer	3	Demand (kW)	Energy (kWh)
January		0	0
February		0	0
March		0	0
April		0	0
May		0	0
June		0	0
July		0	0
August		0	171,279
September		0	561,286
October		0	528,245
November		0	505,417
December		0	511,516
Total		0	2,277,743

	4		
Retail Customer		Demand (kW)	Energy (kWh)
January		0	0
February		0	0
March		0	0
April		0	0
May		0	0
June		0	0
July		0	44,100
August		0	75,752
September		0	70,291
October		0	73,648
November		0	69,757
December		0	76,818
Total		0	410,366

Copy as necessary for large loads - Small loads can be listed as a single block