

Comments of
Oregon Municipal Electric Utilities Association
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RE: Rules Proposed By Oregon Department of Energy – Establish A Renewable Energy Certificate System For The Oregon Renewable Portfolio Standard

OMEU appreciates the opportunity to comment on the Oregon Department of Energy's draft proposed rules to implement SB 838, the Oregon RPS.

OMEU is an association representing eleven city-owned, not-for-profit utilities here in Oregon. OMEU actively participated in the development of SB 838 and supported its passage in the legislature. Since the signing of SB 838, OMEU members have been moving forward to implement the provisions that apply to us. Adoption of rules that establish a system of renewable energy certificates to track compliance with the RPS and other provisions of SB 838 is critical to our efforts.

We have the following comments on the proposed rules:

1. We appreciate the Department's efforts to establish an effective date that will ensure that the Environmentally Preferred Power (EPP) our members have purchased from the Bonneville Power Administration since passage of SB 838 will qualify for compliance with the Oregon RPS. The current draft of the proposed rules sets October 1, 2007 as the effective date for qualifying certificates. This is responsive to our concerns since that date coincides with the effective date of the new BPA EPP contracts. This will enable OMEU members to continue early action to bank portions of their EPP purchases toward future compliance with the RPS targets.

We are aware that there is also consideration of setting the effective date to be the date SB 838 became law. We are also supportive of using that date if it meets the needs of the other parties in this proceeding. It is certainly consistent with past rulemaking practices and would also meet our desire to count those renewable power purchases OMEU members made early on in response to passage of SB 838.

2.) We support the Department's proposal to use the Western Renewable Energy Generation Information System (WREGIS) as the tracking system for issuing and trading renewable energy certificates in accordance with the Oregon RPS. However, our support is contingent on the success of mutual efforts by OMEU, ODOE, BPA, and WREGIS to establish a tracking system at WREGIS that will work for small utilities with very small amounts of RECs at any one time.

Currently, WREGIS is not fully operational here in the Pacific Northwest. We urge all affected parties to successfully conclude the necessary negotiations and agreements that will make the system workable for utilities in the Region.

Many OMEU members purchase EPP power from BPA and wish to bank some of these purchases toward compliance with the Oregon RPS. Because our members are very small utilities, their EPP purchases are to date also in small amounts, some as small as an 1/8 of a megawatt or less. In response to customer requests in Oregon and Washington, BPA is offering to establish "sub-accounts" within WREGIS to hold and track the small

amounts of RECs associated with these EPP purchases. To date, however, WREGIS has not authorized enough sub-accounts to meet the needs of BPA customers.

3.) Therefore, the final issue we are concerned about is how to qualify the EPP our members purchased during the interim period between the effective date of these rules and the date when the issues above are resolved and WREGIS becomes fully operational. Our goal in this rulemaking is to ensure that there is a workable process that small utilities can use to begin to bank some of the RECs associated with our EPP purchases made since the passage of SB 838. We appreciate the Department's efforts to continue to work with us to accomplish this goal.

There appear to be two ways to get to this goal: One is use the process within the WREGIS operating rules for "retroactive creation of certificates". Two, if that does not work, ODOE should use the process within the proposed OAR 330-150-0020 to create an Oregon "bridge" account to qualify the EPP purchased during the interim period for compliance with the Oregon RPS. We agree that the first approach is preferable as long as it is doable and cost-effective for small amounts of RECs. In case it is not, ODOE should retain the option to create a bridge account under the discretion given the Director in SB 838 and in these proposed rules.

Again, we appreciate the efforts of the Department in working with us on the issues we have raised.

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