



Oregon

Theodore R. Kulongoski, Governor

Public Utility Commission

550 Capitol St NE, Suite 215

Mailing Address: PO Box 2148

Salem, OR 97308-2148

Consumer Services

1-800-522-2404

Local: (503) 378-6600

Administrative Services

(503) 373-7394

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To: Kip Pheil, Oregon Department of Energy

From: Lisa Schwartz, senior analyst

Subject: Rulemaking related to Oregon's renewable portfolio standards (SB 838)

The Public Utility Commission of Oregon (Commission) provides the following supplemental comments on draft rules proposed by the Oregon Department of Energy (ODOE) related to SB 838.

- 1) **330-150-0020** – The Commission supports the adoption of the Western Renewable Energy Generation Information System (WREGIS) as the system of renewable energy certificates that electric utilities and electricity service suppliers will use for compliance with the renewable portfolio standards in SB 838. This is the system established for tracking renewable energy certificates throughout the Western interconnection.
- 2) **330-150-0025** – As staff explained in initial comments, ODOE's rules should specify a *procedure* for matching "bundled" WREGIS certificates to the originally qualifying electricity. Alternatively, the rules should require documentation that the certificates were procured with the underlying qualifying electricity. In this case, the rule would specify the intent of the required documentation; ODOE would develop implementation procedures consistent with the rule. Such a rule is important for maintaining the integrity of certificates banked over a long period of time as well as certificates associated with qualifying electricity that is substituted with non-qualifying sources after the time of generation — for example, for firming and shaping.

Conversely, proposed rule 330-150-0025(2)¹ is neither necessary nor useful. Section 14(2) of SB 838 clearly allows substitution of qualifying electricity after the time of generation.

- 3) **330-150-0030** – The Commission finds reasonable ODOE's proposal to establish October 1, 2007, as the first banking date for renewable energy certificates eligible to comply with the renewable portfolio standards. The Legislature enacted the Oregon Renewable Energy Act "to promote research and development of new renewable energy sources in Oregon" and "for Oregon's electric utilities to decrease their reliance on fossil fuels for electricity generation and to increase their use of renewable energy sources." We note that at ODOE's informal workshop and later hearing, the Oregon Municipal Electric Utilities Association recommended a date no later than October 1, 2007, consistent with the start date of new power contracts with Bonneville Power Administration for qualifying renewable energy.

¹ The proposed rule states, "A bundled renewable energy certificate does not need to demonstrate that the electricity identified by the NERC e-Tag is qualifying electricity or that the originating source identified by the NERC e-Tag is a renewable energy source."

At the same time, with likely passage of the bill on the horizon, electric utilities began to take possible renewable portfolio standards into account in resource planning and acquisition. Therefore, we also would find reasonable a first banking date as early as January 1, 2007.

We have concerns about the integrity of older renewable energy certificates. The earlier the first banking date, the more difficult it is to establish that the renewable energy certificates are in fact available for compliance with the renewable portfolio standards — in other words, the utility did not previously claim the certificates in power source disclosures to retail consumers, sell them in the wholesale market, or use them to meet consumer purchases for voluntary renewable energy programs.

- 4) **Dispute resolution** – As staff recommended in initial comments, the rules should establish a dispute resolution process for disagreements related to eligibility of: a) a specific generating facility or b) renewable energy certificates from a qualifying generating facility, including but not limited to the portion of a mixed-fuel facility attributable to qualifying electricity. *See* Section 4(7) of SB 838.
- 5) **General waiver provision** – The rules should include a provision that allows a person to request, and ODOE to grant or deny, a waiver from any specified rule. The Commission does this routinely now in its rulemakings. We recommend language similar to the following: “For good cause shown, a person may request the Director waive any of the rules in this Division.”

Thank you for your consideration.

c: Michael Graine
Diana Enright
Sven Anderson
Bill Drumheller