

STAFF DRAFT PROPOSED RULE
Compliance Standards for Electric Companies and Electricity Service Suppliers
March 20, 2009

[ESS cost limits are based on comparing all compliance costs to a single weighted limit. This avoids an ESS allocating its costs among the companies in whose service areas it sells.]

[Definitions to be added to OAR 860-083-005]

“Average cost of compliance” for an electricity service supplier means its total cost of compliance divided by its retail sales in the service areas of electric companies subject to ORS 469A.052 for a compliance year.

“Average retail revenue” for an electric company means the annual revenue requirement for a compliance year as determined in OAR 860-083-XXX *[the rule for ORS 469A.100(2)]* divided by the forecast of retail sales used to determine the annual revenue requirement.

“Compliance year” has the meaning given that term in ORS 469A.005(4).

“Total cost of compliance” for an electric company or electricity service supplier means the cumulative cost of (i) the incremental cost of compliance for bundled renewable energy certificates used to meet the applicable renewable portfolio standard for a compliance year; (ii) the cost of unbundled renewable energy certificates used to meet the applicable renewable portfolio standard for a compliance year; and (iii) the cost of alternative compliance payments used to meet the applicable renewable portfolio standard for a compliance year.

- (1) Each electricity service supplier subject to ORS 469A.065 must meet the requirements of ORS 469A.052 unless a limit specified in section 2 or section 3 of this rule applies.
- (2) (a) The cost limit under ORS 469A.100(6) for an electricity service supplier means four (4) percent of the weighted average of the average retail revenues per megawatt-hour of the electric companies subject to ORS 469A.052 in whose service areas the electricity service supplier sells electricity. The weights are the retail sales by the electricity service supplier in the service areas of electric companies subject to ORS 469A.052 for a compliance year.
(b) If the average cost of compliance per megawatt-hour for an electricity service supplier subject to ORS 469A.065 exceeds the cost limit for a compliance year, the electricity service supplier is not required to incur additional costs to meet section 1 of this rule.
- (3) Each electric company and electric service supplier is not required to comply with the renewable portfolio standards during each compliance year to the extent that:
 - (i) for the electric company the total cost of compliance to meet the renewable portfolio standard exceeds the cost limit in ORS 469A.100(1) ~~for each electric company,~~ and

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(ii) for each electricity service provider the total cost of compliance to meet the Renewable Portfolio Standards exceeds the average cost of compliance to meet the standard in section 1 of this rule for each electricity service supplier.

In determining compliance with the applicable renewable portfolio standard in ORS 469A.052 or ORS 469A.065 and the applicable cost limits under ORS 469A.100(1) and section 1 of this rule, the following rules apply:

- (a) Subject to the commission's review under ORS 469A.170, an electric company or electricity service supplier may elect to use alternative compliance payments to comply with the applicable renewable portfolio standard. The commission may also require an electric company or electricity service supplier to use alternative compliance payments to comply with the applicable renewable portfolio standard provided however that the alternative compliance payments would not cause the electric company or electric service supplier to exceed the applicable cost limits in ORS 469A.100(1) and ORS 469A.100(6) .
 - (b) Each electric company and electricity service supplier must ~~first use~~, in chronological order from first issued to last issued, its banked renewable energy certificates ~~by date of issuance~~ pursuant to ORS 469A.140(2)(a) and (2)(b), subject to the limitations under ORS 469A.145, before using certificates issued or acquired in the compliance year or on or before March 31 of the year following the compliance year. The cost of using a bundled renewable energy certificate banked in a previous year is zero.
 - (c) Subject to the limitations under ORS 469A.145 and the cost limit under ORS 469A.100, if the banked renewable energy certificates each electric company or electricity service supplier uses are not sufficient to achieve compliance with the applicable renewable portfolio standard, the electric company or electricity service supplier must use renewable energy certificates issued or acquired in the compliance year or on or before March 31 of the year following the compliance year, or make an alternative compliance payment, up to the amount required for compliance with the applicable standard. Bundled renewable energy certificates must be used in order of the date issued, with the earliest issued bundled renewable energy certificates used before bundled renewable energy certificates with more recent dates of issuance.
 - (d) If the total cost of compliance exceeds the cost limit under ORS 469A.100, the electric company or electricity service supplier is not required to use additional renewable energy certificates or make an alternative compliance payment for compliance with the applicable standard.
- (4) An electric company must receive approval from the commission before selling bundled renewable energy certificates included in the rates of Oregon retail electricity consumers.