

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

AR 495

In the Matter of a Proposed Rulemaking to	)	
Adopt and Amend Rules Related to Ownership	)	<b>COMMENTS OF</b>
of the Non-energy Attributes of Renewable	)	<b>WEYERHAEUSER</b>
Energy (Green Tags), Energy Service Supplier	)	<b>COMPANY ON</b>
Certification Requirements, and Use of the	)	<b>COMMISSION STAFF</b>
Terms "Electric Utility" and "Electric	)	<b>REPORT</b>
Company."	)	

Weyerhaeuser Company ("Weyerhaeuser") supports the position of Commission Staff on Non-Energy Attributes, as set forth in the AR495 Staff Report, issued August 2, 2005.<sup>1</sup> The Staff Report provides compelling reasons for allowing generators, rather than utilities, to own the non-energy attributes of renewable energy ("green tags").

Weyerhaeuser appreciates the opportunity to comment further on this issue.

Generators that utilize renewable or other "green" energy sources create a valuable environmental attribute of their generation that is not currently included in the calculation of PacifiCorp's or Portland General's avoided costs. The utilities' avoided costs are based on the cost of natural gas fired turbines. Therefore, if utilities are paying generators only their avoided costs, the utilities are not paying for such environmental attributes, and they should not own them.

---

<sup>1</sup> Weyerhaeuser does not take a position on other issues addressed in that Staff Report.

As the Staff has recognized, the environmental attributes of such generation have evolved into a "product" that may be sold independently of the generation itself. This product does not belong to the utility. Under PURPA and state law, utilities pay QFs for energy and/or capacity, not environmental attributes. A utility such as PacifiCorp has no more right to the green tags created at a Weyerhaeuser mill than it does to the paper that is made there--if PacifiCorp wants either product, it can buy that product. Transferring QFs' green tags to a utility would be fundamentally unfair.

An important reason for allowing generators to own green tags is that such ownership encourages "green" generation. Ownership of green tags is a valuable right that encourages potential generators to meet the environmental criteria governing the sale of green tags. The value of green tags provides an incentive for generators to install environmentally beneficial generation, or operate existing generation in a manner that will meet the environmental standards on which green tags are based. If utilities automatically own green tags, that incentive is eliminated, and fewer generation resources will be "green."

Weyerhaeuser endorses the Commission Staff's proposal to promulgate a rule clarifying that the environmental attributes of generation belong to generators. As markets for green tags develop in the future, such a rule will increase in importance, not only to eliminate uncertainty, but also to encourage generators to develop renewable and

other resources that pose fewer threats to the environment.

DATED: September 19, 2005.

Respectfully Submitted,

HELLER EHRMAN WHITE & McAULIFFE

/s/ Eric Todderud

Eric Todderud

701 Fifth Avenue, Suite 6100

Seattle, Washington 98104-7098

(206) 447-0900

eric.todderud@hellerehrman.com

Attorneys for Weyerhaeuser Company

## CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-013-0070, to the following parties or attorneys for the parties:

DICK BARNETTE CALPINE CORPORATION 700 NE MULTNOMAH STE 870 PORTLAND OR 97232 dbarnette@calpine.com	LAURA BEANE PACIFICORP 825 MULTNOMAH STE 800 PORTLAND OR 97232-2153 laura.beane@pacificorp.com
JACK BREEN PUBLIC UTILITY COMMISSION PO BOX 2148 SALEM OR 97308-2148 jack.breen@state.or.us	LOWREY R BROWN CITIZENS' UTILITY BOARD OF OREGON 610 SW BROADWAY, SUITE 308 PORTLAND OR 97205 lowrey@oregoncub.org
WILLIAM H CHEN CONSTELLATION NEWENERGY INC 2175 N CALIFORNIA BLVD STE 300 WALNUT CREEK CA 94596 bill.chen@constellation.com	CHRIS CROWLEY COLUMBIA ENERGY PARTNERS PO BOX 1000 LA CENTER WA 98629 ccrowley@columbiaep.com
MELINDA J DAVISON DAVISON VAN CLEVE PC 333 SW TAYLOR, STE. 400 PORTLAND OR 97204 mail@dvclaw.com	JIM DEASON CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP 1001 SW FIFTH AVE STE 2000 PORTLAND OR 97204-1136 jdeason@chbh.com
CAREL DEWINKEL  carel.dewinkel@state.or.us	ANGUS DUNCAN BONNEVILLE ENVIRONMENTAL FOUNDATION 133 SW SECOND AVE STE 410 PORTLAND OR 97204 angusduncan@b-e-f.org
JASON EISDORFER CITIZENS' UTILITY BOARD OF OREGON 610 SW BROADWAY STE 308 PORTLAND OR 97205 jason@oregoncub.org	JACK EVANS OREGON RURAL ELECTRIC COOPERATIVE ASSN 3632 SE DUNE AVE LINCOLN CITY OR 97367-1740
THOMAS M GRIM CABLE HUSTON BENEDICT ET AL 1001 SW FIFTH AVE STE 2000 PORTLAND OR 97204-1136 tgrim@chbh.com	JULIETTE & LUCIEN GUNDERMAN CROWN HILL FARM 18155 SW BAKER CREEK RD MCMINNVILLE OR 97128 crownhillfarm@fbconnect.net
HELEN HITCHENS SEMPRA ENERGY SOLUTIONS 101 ASH ST HOOR	ED HOLT  edholt@inc.org

101 ASH ST HQ08 SAN DIEGO CA 92101 hhitchens@semprasolutions.com	edholt@igc.org
STEVEN C JOHNSON CENTRAL OREGON IRRIGATION DISTRICT 2598 NORTH HIGHWAY 97 REDMOND OR 97756 stevej@coid.org	DAN KALAFATAS THREE PHASES ENERGY dkalafatas@3phases.com
BARTON L KLINE IDAHO POWER COMPANY PO BOX 70 BOISE ID 83707-0070 bkline@idahopower.com	NATALIE MCINTIRE RENEWABLE NORTHWEST PROJECT natalie@rnp.org
ALAN MEYER WEYERHAEUSER COMPANY 698 12TH STREET, SUITE 220 SALEM OR 97301-4010 alan.meyer@weyerhaeuser.com	JON MILLER oseia@oregonseia.org
MARCIE A MILNER CORAL POWER LLC 4445 EASTGATE MALL SUITE 100 SAN DIEGO CA 92121 mmilner@coral-energy.com	ANDREW NOEL GREEN MOUNTAIN ENERGY CO. andrew.noel@greenmountain.com
LISA F RACKNER ATER WYNNE LLP 222 SW COLUMBIA ST STE 1800 PORTLAND OR 97201-6618 lfr@aterwynne.com	STEVE SANDERS MINIKAHDA HYDROPOWER CO LLC 5829 NE 19TH AVENUE PORTLAND OR 97211 stevehydros@aol.com
JOHN SAVAGE GREEN MOUNTAIN ENERGY CO. john.savage@greenmountain.com	LISA C SCHWARTZ PUBLIC UTILITY COMMISSION OF OREGON PO BOX 2148 SALEM OR 97308-2148 lisa.c.schwartz@state.or.us
RACHEL SHIMSHAK RENEWABLE NORTHWEST PROJECT 917 SW OAK ST STE 303 PORTLAND OR 97205-2806 rachel@rnp.org	VIRINDER SINGH PACIFICORP 825 NE MULTNOMAH AVE PORTLAND OR 97232 virinder.singh@pacificorp.com
MICHAEL T WEIRICH DEPARTMENT OF JUSTICE REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 michael.weirich@state.or.us	COLLIN WHITEHEAD THREE PHASES ENERGY cwhitehead@3phases.com
BRUCE A WITTMANN WEYERHAEUSER MAILSTOP: CH 1K32 PO BOX 9777 FEDERAL WAY WA 98063-9777 bruce.wittmann@weyerhaeuser.com	PAUL WOODIN WESTERN WIND POWER PO BOX 468 WASCO OR 97065 pwoodin@gorge.net

DIANE ZIPPER  
RENEWABLE NORTHWEST PROJECT  
diane@rnp.org

DATED: this 19th day of September, 2005

---

Eric Todderud  
Of Attorneys for Weyerhaeuser Company

SE 2119820 v1  
9/19/05 8:57 AM (12774.0002)