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December 12, 2008

Filing Center
Public Utility Commission of Oregon
550 Capitol Street N.E., Suite 215
P.O. Box 2148
Salem, Oregon 97308-2148

Re: In the Matter of the Public Utility Commission of Oregon
Docket No. UM 1394
DOJ File No. 330-030-GN0519-08

Enclosed are an original and one copy of Oregon Department of Energy's Comments to Final Joint Issues List for filing in the above-referenced matter.

Sincerely,

Tonie M. Cotell
Legal Secretary
Natural Resources Section

tmc #1196086
Enclosures
cc: Service List

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1394

In the Matter of the)	
)	
PUBLIC UTILITY COMMISSION OF)	
OREGON)	OREGON DEPARTMENT OF
)	ENERGY'S COMMENTS TO FINAL
Open an investigation into electric companies)	JOINT ISSUES LIST
providing Qualified Reporting Entity services)	
for certification of renewable energy)	
certificates by the Western Renewable)	
Energy Generation Information System.)	

The Department serves, in accordance with ORS 469A.xxx, as the Oregon RPS Program Administrator for the Western Renewable Generating Information System. ODOE reviews requests by Generating Unit (GU) owners to be certified for the Oregon RPS. ODOE staff is actively involved with continued efforts to refine operation of WREGIS to the benefit of participating jurisdictions, utilities, generators, and other interested parties.

ODOE initial comments are limited to the following questions.

4. Regardless of whether the Commission possesses the authority to require the public utilities to provide QRE service, are the public utilities willing to voluntarily provide such service? If so, to whom and under what conditions? If utilities voluntarily provide QRE service and associated costs are allowed in rates, what types of terms and conditions should be specified in the QRE contract between the public utility and the generator?

It should be clear under what circumstances the utilities find denial of QRE services to be warranted. The potential expense of securing alternate QRE services is a significant potential burden to prospective developers. The effect is not unlike a situation resolved with a standard offer contract. If the QRE service is voluntary, developers will face a wider range of uncertainty and prospective investors or lenders will be much less likely to support a project.

8. What are the estimated costs for providing QRE service to Third Party Generators and what is the basis for these costs?

The suggested cost to provide QRE services generally appears to be overstated but the Department intends to more closely review the materials provided by each utility in response to this question and related Data Requests.

The reported process burden and expense suggests an automated solution may well be justified to reduce manual entry and provide for future growth of generators who will seek QRE support.

Unusual costs associated with disputes over data entry should be covered with an hourly rate set to compensate the QRE for research and coordination to remedy any apparent inconsistency. It may be best to have such charges assessed to the source of an error. The cost to adjust data from a faulty meter, for example, would be borne by the party responsible for meter reliability.

9. Assuming costs associated with QRE service are allowed in retail rates, should the public utilities charge generators the fully allocated cost or the incremental cost for QRE services?

Although the Department finds plausible reasons to assess any appreciable cost of QRE cost to the generators it appears the costs assumed to deliver QRE services are overstated (as noted in response to question 8).

One reason to consider an arrangement where QRE costs are - as much as they are found to be significant – paid by the generator is to embed that cost in each REC. The primary reason is that each REC is a commodity; future sale of a REC would carry any associated QRE cost to the entity that ultimately retires it.

10. Would charges for either fully allocated or incremental costs of QRE service be prohibitively expensive for generators?

Please note the Department response to questions 8 and 9.

As to the specific question of the burden QRE service charges would place on existing and prospective generators, the following table considers some possible scenarios.

	Solar PV	Small Hydro	Low-temp Geothermal
Capacity	361 kW	800 kW	500 kW
Cap. Factor	12%	30%	85%
Annual output	379.5 MWh	2,102.4 MWh	3723.0 MWh
Annual REC output	379	2,102	3,723
REC value @	REC Revenue (\$/yr) – likely		
8 \$/REC	3,030	16,820	29,780
10 \$/REC	3,790	21,020	37,230

12 \$/REC	4,550	25,220	44,680
QRE annual fee	1,200	1,200	1,200
Share of likely revenue	32%	7%	4%

QRE annual fee at 100 \$/mo, ignores initial fees.

A QRE fee of \$100 per month is a substantial share of REC revenue. This particularly applies to smaller systems with relatively low capacity factors.

DATED this 12th day of December 2008.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of December 2008, I served the foregoing OREGON DEPARTMENT OF ENERGY'S COMMENTS TO FINAL JOINT ISSUES LIST upon the persons named on the service list by mailing a full, true and correct copy thereof to such persons by regular first-class mail, excepting those persons waiving such service by mail who were served at their e-mail address as listed on the service list.

DATED: December 12, 2008.

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