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November 6, 2008

## VIA ELECTRONIC FILING AND U.S. MAIL

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148

**Re: Docket No. UM 1394**

Enclosed for filing in the above-referenced docket are an original and one copy of Idaho Power Company's Initial Comments on Staff's Issues.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

A handwritten signature in cursive script that reads "Wendy L. McIndoo".

Wendy L. McIndoo

cc: Service List

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served a true and correct copy of the foregoing document in  
3 Docket UM 1394 on the following named person(s) on the date indicated below by email  
4 and first-class mail addressed to said person(s) at his or her last-known address(es)  
5 indicated below.

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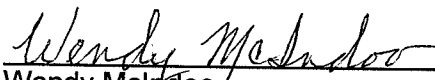
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DATED: November 6, 2008

  
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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1394**

In the Matter of  
PUBLIC UTILITY COMMISSION OF  
OREGON  
Open an Investigation Into Electric  
Companies Providing Qualified Reporting  
Entity Services For Certification of  
Renewable Energy Certificates by the  
Western Renewable Energy Generation  
Information System

**IDAHO POWER'S INITIAL COMMENTS  
ON STAFF'S ISSUES**

11

**I. INTRODUCTION**

Pursuant to the October 22, 2008 Prehearing Conference Report and Ruling, Idaho Power Company ("Idaho Power" or "the Company") hereby submits to the Public Utility of Oregon ("Commission") these initial comments on staff's issues .

12

**II. DISCUSSION**

**A. General Comments**

Idaho Power is currently receiving the Renewable Energy Credits ("RECs") from two generation projects. These two generation projects are located within the Idaho Power control area and Idaho Power is the sole purchaser of the energy from these projects. To facilitate the documentation of the RECs from these projects, Idaho Power has registered with the Western Renewable Energy Generation Information System ("WREGIS") as a Qualified Reporting Entity ("QRE").

Other generation units within the Idaho Power control area have requested Idaho Power to perform QRE service for their generation units. However, Idaho Power has no rights to the RECs from these generation units, and the costs of providing this service would

1 constitute an inappropriate burden upon its ratepayers. For this reason the Company has  
2 declined the generators' requests.

3 Idaho Power understands that the utilities with balancing authority are well-situated  
4 to provide QRE service for generation units within their individual control areas.  
5 Accordingly, the Company is willing to offer QRE services upon request to unaffiliated  
6 generators, pursuant to reasonable terms and conditions.

7 Idaho Power disagrees, however, with Staff's initial view, reflected in the September  
8 30, 2008 Staff Report, that the Commission has authority to order the utilities to provide and  
9 file tariffs for QRE service. Such service, as contemplated by Staff, is a wholesale,  
10 business- to-business service that is not necessary to the provision of retail electric service  
11 to utility customers, nor does it implicate the Commission's charge to protect "customers and  
12 the public generally from unjust and unreasonable exactions and practices and to obtain for  
13 them adequate service at fair and reasonable rates."<sup>1</sup> Thus, Idaho Power has concluded  
14 that the Commission does not have the legal authority to regulate QRE service in any  
15 respect. Similarly, Idaho Power disagrees with Staff's suggestion that utilities can be  
16 ordered to provide QRE service at less than cost. The Company can find no authority by  
17 which the Commission could require that the cost of providing QRE service to third party  
18 generators, whose only contact with the State of Oregon might be the location of their  
19 generation facilities, be subsidized by Oregon utility customers or forced upon utility  
20 shareholders. Accordingly, the generators requesting the service must be prepared to incur  
21 the costs they cause.

22 Nevertheless, Idaho Power appreciates and wishes to support Staff's goal of  
23 assisting generators who wish to obtain QRE services from utilities. To this end, Idaho  
24 Power recommends that the parties to this docket cooperate to work with the utilities in

25 \_\_\_\_\_  
26 <sup>1</sup> ORS 756.040(1).

1 developing QRE service contracts that can be voluntarily prepared and lodged with the  
2 Commission by each electric utility. Such contracts would include reasonable terms for  
3 QRE services, and would be made available to any requesting generator. Fees would be  
4 based on the utility's costs to provide the service. This process would ensure that all  
5 generators have access to a cost-based QRE service and that all generators are treated  
6 fairly and equally.

## 7 **B. Responses to Staff Questions**

8 **Question No. 1: Does the Federal Energy Regulatory Commission (FERC) have**  
9 **jurisdiction over QRE Service provided by electric companies? Does the answer**  
10 **depend on the design of this service and which function of the utility provides the**  
11 **service?**

12 Idaho Power's preliminary research suggests that FERC would not have  
13 jurisdiction over QRE service provided by electric utilities to unaffiliated power producers  
14 engaged in wholesale sales of power. The Company's research on this issue also indicates  
15 that this issue has not previously been presented to FERC. For this reason, before offering  
16 such service, Idaho Power may wish to request a "no-action" letter from FERC.

17 **Question No. 2: Would it be discriminatory for a utility to charge for QRE service for**  
18 **unaffiliated entities, but not charge itself for service for owned or contracted**  
19 **facilities?**

20 No. The prohibitions on discrimination in rates contained in ORS 759.260 are  
21 not applicable to QRE service.

22 As a threshold issue, Idaho Power points out that an electric utility incurs costs  
23 whenever it provides QRE services, whether to itself or to other parties. Therefore the  
24 apparent premise of the question—that utilities can offer QRE services to themselves at no  
25 cost-- is flawed.

26 In addition, similar to its practice regarding transmission charges levied under the  
27 Company's OATT, the Company believes it would be appropriate for Idaho Power's  
28 Delivery Business Unit to bill the Company's Power Supply Business Unit for QRE services

1 using the same cost-based methodology it proposes to use to set the charges for  
2 unaffiliated QRE service purchasers.

3 **Question No. 3: Is QRE service, except for very small generators, a competitive  
4 service?**

5 Yes. WREGIS does not specify that utilities are the only entities eligible to register  
6 as a QRE. WREGIS states QRE candidates may include Balancing Authorities, Load  
7 Serving Entities, Generator Aggregators, Meter Readers and Independent Third Parties.  
8 Moreover, the Company is aware of at least two independent third parties providing QRE  
9 services—Fat Spaniel, and Viasyn. Both represent that they are certified QREs with  
10 WREGIS and can take responsibility for reporting customer renewable energy generation for  
11 the creation of RECs for use for verification of compliance with state regulatory programs.  
12 For more information on these companies see <http://www.viasyn.com/index-3.html>  
13 ([Viasyn](http://www.viasyn.com/index-3.html)) and <http://www.fatspaniel.com> ([Fat Spaniel](http://www.fatspaniel.com)).

14 **Question No. 4: Should electric companies be required to provide QRE service to all  
15 generators upon request?**

16 No. As mentioned above, Idaho Power does not believe that the Commission  
17 possesses the authority to require electric utilities to provide QRE service to all generators  
18 upon request.

19 **Question No. 5: What are the estimated costs for providing QRE services to  
20 unaffiliated entities and what is the basis for these costs?**

21 Idaho Power has not provided QRE service to unaffiliated third parties and has not  
22 yet identified all components of, or all costs associated with, such a service. That said, the  
23 Company has developed some information on the question and can provide the following  
24 preliminary data:

- 25 • The Company believes there would be two cost components associated with  
26 performing this QRE function.

1                    One time set up costs – these costs would be the costs associated with  
2                    the initial set up of an individual generator in the Company's QRE  
3                    process. Examples of these costs would be: Time spent explaining and  
4                    executing the QRE agreement, inputting the QRE agreement into the  
5                    appropriate contract tracking systems, set up of the specific generation  
6                    unit in the MWH tracking processes, documenting the QRE function for  
7                    the specific generation unit with WREGIS.

8                    Monthly reoccurring costs – Monthly, the Company would be required to  
9                    provide personnel and data systems to process the data for each project..  
10                    A total of the monthly labor costs and an allocated cost of the processing  
11                    systems would make up this monthly reoccurring cost.

- 12                    • In addition, the Company will incur additional costs including those  
13                    associated with billing, customer service, dispute resolution and increased  
14                    business risk.

15                    As the details of the service are developed, Idaho Power will continue to develop  
16                    estimated costs for the Commission's information.

17 **Question No. 6: Should the utilities charge the full cost for QRE service or would the**  
18 **cost be prohibitively expensive for generators?**

19                    Idaho Power begins with the assumption that there is no basis on which the costs of  
20                    QRE service can or should be imposed upon utility customers or shareholders. For that  
21                    reason, generators that request QRE service must absorb the costs of such service—plus  
22                    provide a reasonable profit. Idaho Power has no reason to believe that such costs would be  
23                    prohibitively expensive for generators.

24 **Question No. 7: Should the service be subsidized region-wide on a pilot program**  
25 **basis?**

26                    No. See response to Question 6, above.



1     **C. Comments on Draft Tariff**

2           As discussed above, Idaho Power believes that the Commission lacks jurisdiction  
3 over QRE service. Idaho Power therefore provides the attached draft tariff for informational  
4 purposes only, and will continue to argue that the actual filing of such a tariff would be  
5 inappropriate.

6   **III. CONCLUSION**

7           Idaho Power looks forward to continue to work with the parties to this docket towards  
8 a resolution consistent with these Initial Comments.

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DATED: November 6, 2008

**MCDOWELL & RACKNER PC**



Lisa F. Rackner

**IDAHO POWER COMPANY**  
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Lead Counsel  
PO Box 70  
Boise, ID 83707

Attorneys for Idaho Power Company

**DRAFT TARIFF FOR DISCUSSION PURPOSES ONLY**

(N)

**Qualified Reporting Entity Services**

**Purpose**

To provide Qualified Reporting Entity service to eligible generators in accordance with the Operating Rules for the Western Renewable Energy Generation Information System (WREGIS).

**Available**

In all territory served by the Company in the State of Oregon.

**Applicable**

WREGIS Account Holders for whom Idaho Power acts as the Balancing Authority.

**Definitions**

**Account Holder**

A party that has registered with WREGIS and has established an Account with WREGIS.

**Balancing Authority**

The area operator that is responsible for matching generation and load, for maintaining scheduled interchange with other balancing authority areas, and for maintaining the frequency, in real-time, of the electric power systems.

**Qualified Reporting Entity Contracting**

**A. Communications**

Unless otherwise directed by the Company, all communications to the Company regarding QRE agreements should be directed to:

Idaho Power Company  
PO Box 70  
Boise ID 83707  
Attn: Delivery Business Unit

**B. Procedures**

An applicable Account Holder must execute the Company's standard form Qualified Reporting Entity Agreement. The Agreement contains provisions regarding term and termination of service, interconnection and metering requirements, reporting procedures, service payment schedules and limitation of liability.

**Service Charge**

The Account Holder will pay the following charges on the schedule set forth in the Qualified Reporting Entity Agreement:

\$xxx Initial Set-Up Fee and \$xxx.xx Monthly Fee

(N)

Issued By IDAHO POWER COMPANY  
By John R. Gale, Vice President, Regulatory Affairs  
1221 West Idaho Street, Boise, Idaho

OREGON  
Issued: XXXXXXXXXXXX  
Effective with service  
rendered on and after:  
XXXXXXXXXX

Advice No.