

ITEM NO. 3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 7, 2017

REGULAR X CONSENT _____ EFFECTIVE DATE February 8, 2017

DATE: January 31, 2017

TO: Public Utility Commission

FROM: John Crider *Jc*

THROUGH: Jason Eisdorfer *J*

SUBJECT: PACIFIC POWER:
(Docket No. ADV 386/Advice No. 16-012) Changes to Schedule 272
Renewable Energy Rider Optional Bulk Purchase Option.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve PacifiCorp's Advice Filing 16-012 and application to waive statutory notice for rates effective February 8, 2017, subject to the condition that PacifiCorp inform the Commission regarding the level of participation in this program within 12 months of the acceptance of the revised tariff or when customer participation reaches 100 aMW, whichever comes first.

DISCUSSION:

Issue

Whether the Commission should accept PacifiCorp's Advice No. 16-012 for rates effective February 8, 2016, with less than statutory notice.

Applicable Law

The Company's filing involves changes to tariff sheets governed by ORS 757.205 and 757.210, and OAR 860-022-0025 and 860-022-0030. The Commission reviews proposed tariffs filed under ORS 757.205 to determine whether they are fair, just and reasonable. Filings proposing any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the

change.¹ However, tariff filings may be effective on less than 30-day's notice if an application is filed by the utility and the Commission grants the waiver of less than statutory notice.²

Upon receipt of a proposed tariff by a utility, the Commission may approve the tariff or suspend it for further investigation to determine whether the rate or schedule is fair, just and reasonable.³

Analysis

Background

In Advice No. 16-012, the Company proposes changes to its Schedule 272 Renewable Energy Rider Optional Bulk Purchase Option. Schedule 272 is a voluntary tariff under which large non-residential customers may purchase renewable energy certificates (RECs). A purchase under Schedule 272 is for RECs only. A copy of the revised tariff is included with this memo as Attachment A.

The Company has been offering customers the option to purchase RECs under Schedule 272 since November 1, 2004.⁴ This tariff is part of the Company's Blue Sky voluntary renewable energy offering to non-residential customers. Under this option customers can voluntarily pay for renewable energy credits (RECs). Ownership of the RECs allows the customer to claim certain environmental attributes associated with renewable power. Excess funds from Schedule 272 that are not used for the fixed annual program costs and REC purchases go into a collective fund for all Blue Sky voluntary programs and are used to support Qualifying Initiatives within the Blue Sky program (most commonly local community based renewable energy projects). Awards are based on a competitive solicitation process.

Customers purchasing RECs under this tariff receive their energy through PacifiCorp's standard commercial Schedules. Since 2004, Schedule 272 has included the term "bundled power" to describe the product, which may have inadvertently obscured precisely what customers were buying under this tariff. The Company's advice filing on September 27, 2016 included, among other changes, a revision to the tariff that allowed customers to purchase RECs from specific sources. At the time of the advice filing, the

¹ ORS 757.220 and OAR 860-022-0020.

² *Id.*

³ ORS 757.210(1)(a).

⁴ See PacifiCorp's original ADV 386 filing on September 27, 2016 available at <http://edocs.puc.state.or.us/efdocs/UAA/uaa16245.pdf>.

Company continued to use the term “bundled power” in the tariff language to describe the delivery of system power along with the RECs purchased under the voluntary program. This fact coupled with the new ability for the customer to specify a REC resource added to the confusion and raised concerns among Staff and stakeholders that this offering could be misinterpreted as offering bundled RECs (that is, RECs paired with renewable energy from a specific resource).

Staff’s summary of the issues originally raised by stakeholders in response to the Company’s initial filing can be found in the Staff Report filed on December 9, 2016.⁵ Staff’s primary concern with the original September 27 filing was whether there was a potential for cost-shifting. Cost-shifting would be a concern if any cost-of-service customer funds were being used to purchase RECs on behalf of the voluntary customer. On December 5, 2016, PacifiCorp filed a second set of revisions which addressed some of Staff’s concerns.

On December 6, 2016, the tariff revisions filed on September 27 and December 5 were discussed at a regular public meeting. Northwest and Intermountain Power Producers Coalition (NIPPC) expressed concerns that the changes to the tariff would result in cost-shifting to non-Schedule 272 customers and that the tariff was a voluntary renewable energy tariff (VRET). Staff advocated that the Commission suspend the tariff for investigation so that stakeholders could determine whether the revisions to Schedule 272 resulted in cost shifting and/or a VRET offering. Rather than suspend for investigation, the Company offered to make a supplemental filing requesting an effective date of February 8, 2017, in order to allow time to address stakeholder questions and concerns. The Commission agreed with this approach and instructed the parties to convene a workshop and file comments discussing individual concerns.

PacifiCorp hosted a workshop on January 9, 2017 to address stakeholder concerns. After a productive discussion that included responding to Staff’s list of questions circulated at the workshop, PacifiCorp agreed to file a third revised tariff with language that clarified the substance of the tariff. The Company’s revised tariff reflected the comments provided at the workshop, which included the following:

- 1) Removing the term “bundled power” from the tariff to alleviate stakeholder concerns that customers might think they are receiving renewable energy under the tariff, and also alleviating the concern that this tariff is a VRET.

⁵ Staff Report for PacifiCorp ADV 386/Advice No. 16-012: Changes to Renewable Energy Rider Optional Bulk Purchase Option (December 9, 2016) available at <http://edocs.puc.state.or.us/efdocs/HAU/adv386hau134647.pdf>.

- 2) Replacing the term “Renewable Energy” throughout Schedule 272 with “Renewable Energy Certificates” to be consistent with Oregon’s definition and to eliminate confusion as to whether an energy transaction is occurring under the tariff. The former language of “Renewable Energy” had previously been defined as “bundled power or [RECs]” (both have been deleted).
- 3) Using the “Block”⁶ terminology consistently by adding a clarifying sentence that individually negotiated arrangements may be available for the purchase of RECs *only* and not energy.
- 4) Separating the standard “Block” offering out from individually negotiated agreements and adding language to clarify that customers entering into individually negotiated agreements are required to pay the same minimum fixed charge as customers making Block purchases and at least the full price PacifiCorp paid for the RECs.
- 5) Adding language that the Company will notify the Commission if REC purchases under Schedule 272 exceed 100 aMW.
- 6) Changing the tariff language from “Offering must consist of 100% new renewable energy” to: “100% of RECs purchased under this offering must originate from New Renewable Energy⁷ resources.”
- 7) Adding “no purchase under this tariff shall disqualify the Company’s Blue Sky program from being Green-e certified” to ensure that all Blue Sky programs remain Green-e certified because Green-e certifies all PacifiCorp voluntary programs, which includes Schedule 272, across all six states as one single program.
- 8) Adding that the Company will file an annual report with the Commission providing information on total participation in Schedule 272 and provide copies of the individually negotiated agreements from the prior calendar year. This provision was added at the request of stakeholders concerned that REC purchases under Schedule 272 may affect and/or increase the cost of RECs the Company would need to purchase for RPS compliance and therefore result in cost-shifting to COS customers.

⁶ One “Block” is 100 kWh of Renewable Energy.

⁷ When used in this tariff, “New Renewable Energy” refers to RPS compliant resources placed into service after January 28, 2000.

Staff's Comments

As noted above, PacifiCorp filed the latest version of the revised tariff on January 19, 2017, and Staff and NIPPC submitted comments on that final version of the tariff. In its comments, Staff noted that its primary concern with the original filing was whether there was a potential for cost-shifting, occurring either through non-participants subsidizing the cost of the program or through customers being able to unfairly negotiate with PacifiCorp for a bundled product (energy + RECs) that would also be subsidized by non-participating cost of service (COS) customers. In addition to the cost-shifting issue, Staff expressed concern that, because of the confusing "bundled power" terminology, customers who purchase RECs under Schedule 272 may think they are buying a product they are not actually getting.

In its comments, Staff noted that PacifiCorp provided ample clarification, both through the January 9 workshop and the final revised tariff filed on January 19, that the changes to Schedule 272 would not induce cost-shifting. As can be read in the Company's latest revision to the tariff, the voluntary charge under this tariff is "in addition" to all other charges contained in the customer's standard bill and is applied "regardless of actual energy consumption." Further, Schedule 272 costs are tracked separately and recovered from participating customers through the fixed annual program fee. Staff also requested the insertion of tariff language clarifying that negotiated REC purchase agreements under Schedule 272 also reflect the fixed annual charge to administer the program and no less than the full price of the RECs purchased on the customer's behalf. Staff is satisfied that there is no energy transaction occurring pursuant to Schedule 272 block charges or negotiated contracts.

To further alleviate Staff and stakeholder concerns, PacifiCorp opted to remove the confusing term "bundled power" from the original filing. This helps clarify to customers that they are not actually receiving a bundled REC from a specified source or adding any new incremental energy or capacity to PacifiCorp's system; rather, the tariff simply allows Schedule 272 customers to contract with PacifiCorp to buy RECs. With the revised tariff language, customers can now direct PAC to buy RECs from specified resources and enter into individually negotiated agreements for those REC-only purchases, but this still only constitutes a REC transaction.

NIPPC's Comments

NIPPC also submitted comments on the final revised tariff that PacifiCorp filed in this docket on January 19. NIPPC continues to be concerned that the changes made to Schedule 272 are a method of implementing a VRET without adhering to the VRET

guidelines set forth under docket UM 1690.⁸ NIPPC explains that because this tariff involves the sale of RECs from specified resources, which in some cases may result from energy attached to PacifiCorp's system, PacifiCorp is selling customers a "bundled REC." Further, because the sale of a bundled REC from a specified source was contemplated as a VRET product in Docket UM 1690, NIPPC asserts that the Company's revised Schedule 272 is a VRET. NIPPC goes on to state that embodied in the idea of a VRET is the premise that a customer can purchase renewable energy from specified resources.⁹ Because one of the changes to Schedule 272 adds the ability for a customer to choose where their RECs are coming from, NIPPC explains that this is fundamentally a VRET.

NIPPC also expresses concerns with competition, noting that because the Company is now proposing to allow Schedule 272 customers to specify what resources it wants PacifiCorp to buy the RECs from, PacifiCorp is able to provide a service that no other entity can. According to NIPPC, PacifiCorp is now able to "sell both energy and RECs from a specific, enumerated renewable resource" and that "[t]his is essentially a VRET."¹⁰

As a result, NIPPC recommends that the Company's changes to Schedule 272 be rejected.

Staff Position

Staff first notes that the Commission has indicated what constitutes a VRET. In Order No. 15-405, the Commission guidelines expressly state that "VRET options should only include bundled REC products."¹¹ Further, ORS 469A.005 provides a definition of this product:

"(3) 'Bundled renewable energy certificate' means a renewable energy certificate for qualifying electricity that is acquired:

(a) By an electric utility or electricity service supplier by a trade, purchase or other transfer of electricity that includes the certificate that was issued for the electricity; or

⁸ See NIPPC's Comments at 1, submitted on January 25, 2017, available at <http://edocs.puc.state.or.us/efdocs/HAC/adv386hac1174.pdf>.

⁹ *Id.* at 3.

¹⁰ *Id.* at 4.

¹¹ See *In the Matter of Public Utility Commission of Oregon, Voluntary Renewable Energy Tariffs for Non-Residential Customers*, Docket No. UM 1690, Order No. 15-405 at 1 (Dec. 15, 2015) (Guideline 2).

(b) By an electric utility by generation of the electricity for which the certificate was issued.”

In both cases, the REC is bundled when it is acquired *along with* the qualifying renewable energy.

It is clear from the revised tariff language that what is offered through Schedule 272 is an unbundled REC and not a bundled REC. The REC being delivered to the Schedule 272 customer is not bundled with the electric power generated by the REC producing resource. No energy product is traded under this tariff. The Company's standard system energy mix is delivered to the Schedule 272 customer under a separate, applicable commercial energy tariff.

Staff struggles with NIPPC's position that this tariff constitutes a VRET given Staff's understanding that Schedule 272 customers are not purchasing renewable *energy* from a specifically identified source, nor are specific resources being built to meet specific customer preferences. Staff believes the difference in viewpoints stems from differing understandings of whether this is a “bundled” product or simply a stand-alone REC purchase under which the Schedule 272 customer continues to receive only system power.

NIPPC maintains that PacifiCorp is selling a bundled product, i.e., renewable energy *and* a REC from a specified source¹²; rather, Staff is satisfied that the product PacifiCorp is selling is only the REC. As NIPPC points out in comments, a VRET meets a specific customer need: “purchasing renewable energy from a specific resource”¹³ As noted previously, and clarified by the most recent tariff revisions from the Company, renewable energy is not being purchased under this tariff, despite the customer's option to specify the source of the RECs.

After review of the tariff, Staff is satisfied that there are no issues regarding cost shifting. Participating customers are still paying the full cost of service in addition to separately-tracked charges that reflect the cost the RECs or Qualifying Initiatives and of administering the program. As stated above, Staff confirmed that excess funds from Schedule 272 are allocated to the Blue Sky program. This is consistent with standard investment criteria in the Blue Sky program.

¹² See NIPPC's Comments at 2, submitted on January 25, 2017, available at <http://edocs.puc.state.or.us/efdocs/HAC/adv386hac1174.pdf>.

¹³ *Id.* at 3.

Staff recognizes that while Schedule 272 could attract customer interest away from direct access opportunities, this offering is a non-bundled product and therefore a different product than what Electricity Service Suppliers are offering. Thus, the attractiveness of the tariff as compared to a direct access product may be limited. Nevertheless, to address stakeholder concerns about participation levels in the program and direct access opportunities, Staff proposes that PacifiCorp report back to the Commission either one year after this revised tariff is accepted or when tariff participation reaches 100 aMW, whichever comes first.

Finally, Staff notes that Electricity Service Suppliers alone maintain the ability to provide something to customers that PacifiCorp cannot – energy from renewable sources bundled with RECs from that same resource. This tariff revision does not change this fact.

Conclusion

PacifiCorp's changes to Schedule 272 reflected in the January 19, 2017, filing have alleviated Staff's concerns that the modifications could result in cost shifting or create a VRET-type offering. Staff is satisfied with the revised changes to the tariff language and supports Commission approval of Schedule 272.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's Advice Filing 16-012 and application to waive statutory notice for rates effective February 8, 2017, subject to the condition that PacifiCorp inform the Commission regarding the level of participation in this program within 12 months of the acceptance of the revised tariff or when customer participation reaches 100 aMW, whichever comes first.



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

January 19, 2017

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: Advice 16-012 – Schedule 272 – Replacement Sheets

PacifiCorp d/b/a Pacific Power (Company) submitted the above-referenced tariff advice notice on September 27, 2016, with an effective date of November 9, 2016. On December 9, 2016, the Company filed for an extension of the advice filing and requested an effective date of February 8, 2017. These tariff pages replace the pages submitted in the original filing in their entirety. An application of less than statutory notice has been included with this filing.

Second Revision of Sheet No. 272-1	Schedule 272	Renewable Energy Rider Optional Bulk Purchase Option
First Revision of Sheet No. 272-2	Schedule 272	Renewable Energy Rider Optional Bulk Purchase Option
First Revision of Sheet No. 272-3	Schedule 272	Renewable Energy Rider Optional Bulk Purchase Option
Original Sheet No. 272-4	Schedule 272	Renewable Energy Rider Optional Bulk Purchase Option

The purpose of this filing is to request approval to update the language in Schedule 272 to provide additional flexibility for qualifying customers in providing an option to contract with the Company to purchase renewable energy certificates (RECs) from a specified renewable resource purchased on their behalf.

PacifiCorp met with Staff and parties to clarify certain aspects of the proposed changes to existing Schedule 272, respond to questions or concerns, and solicit feedback to incorporate into the final tariff language. The Company also circulated a draft version of the tariff changes to get final comments and suggestions prior to submitting this filing. The attached redlined changes are the end result of discussions with Staff and parties, with the following notable changes:

- Adds a requirement the Company will notify the Commission if participation on Schedule 272 exceeds 100 average megawatts.
- Provides clarification between standard charge per block and individually negotiated arrangements.

- Specifies that customers with individually negotiated arrangements pay a minimum fixed charge and the full price for RECs.
- Clarifies participation on Schedule 272 is only for block purchases of RECs and not energy.
- Adds a requirement for the Company to file an annual report with the Commission that includes total participation on Schedule 272 and copies of individually negotiated arrangements.
- Removes term “bundled” to avoid confusion regarding REC purchases and system energy.
- Adds a requirement that no purchase under the tariff shall cause the Company’s Blue Sky program to no longer be Green-e certified.

These proposed changes do not alter the fundamental structure of Schedule 272 that has been in place for twelve years and are intended only to update Schedule 272 to be more responsive to customer needs. The proposed changes add clarity to existing Schedule 272 and provide for additional transparency for the Commission to help monitor the impact of the bulk purchases.

Like PacifiCorp’s residential and other commercial Blue Sky options, Schedule 272 is in addition to the base rates paid by the customers electing this voluntary option, ensuring there is no cost shift between participating and non-participating customers. In addition, Schedule 272 costs are, like the residential and commercial Blue Sky options, tracked separately and recovered from participating customers through program fees. PacifiCorp has removed the term “bundled” from the tariff to help remove any confusion with regard to the REC purchase and the customer taking system power. However, PacifiCorp maintains that a customer electing to purchase RECs from a specified resource under the proposed changes to Schedule 272 could claim that it is receiving RECs from a resource that is delivering electricity to the same system from which the customer purchases electricity.

PacifiCorp’s proposed changes to Schedule 272 are intended to address Staff’s and parties’ concerns for additional oversight and clarity, with particular attention given to customers who enter into individually negotiated arrangements. The proposed changes are responsive to the needs of the Company’s large non-residential customers while not fundamentally altering the existing Schedule 272.

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosures

LESS THAN STATUTORY NOTICE APPLICATION

This document may be electronically filed by sending it as an attachment to an electronic mail message addressed to the Commission's Filing Center at puc.filingcenter@state.or.us.

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

IN THE MATTER OF THE APPLICATION OF Pacific Power _____ (UTILITY COMPANY))))))	UTILITY L.S.N. APPLICATION NO. _____ (LEAVE BLANK)
TO WAIVE STATUTORY NOTICE.		

NOTE: ATTACH EXHIBIT IF SPACE IS INSUFFICIENT.

1. GENERAL DESCRIPTION OF THE PROPOSED SCHEDULE(S) ADDITION, DELETION, OR CHANGE. (SCHEDULE INCLUDES ALL RATES, TOLLS AND CHARGES FOR SERVICE AND ALL RULES AND REGULATIONS AFFECTING THE SAME)
 The purpose of this filing is to request approval for changes to the following rate schedule to provide additional flexibility for qualifying customers in providing an option to contract with the Company to purchase renewable energy certificates (RECs) from a specified renewable resource purchased on their behalf.

Second Revision of Sheet No. 272-1 - Renewable Energy Rider Optional Bulk Purchase Option
 First Revision of Sheet No. 272-2 - Renewable Energy Rider Optional Bulk Purchase Option
 First Revision of Sheet No. 272-3 - Renewable Energy Rider Optional Bulk Purchase Option
 Original Sheet No. 272-4 - Renewable Energy Rider Optional Bulk Purchase Option

2. APPLICANT DESIRES TO CHANGE THE SCHEDULE(S) NOW ON FILE KNOWN AND DESIGNATED AS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)

First Revision of Sheet No. 272-1 - Renewable Energy Rider Optional Bulk Purchase Option
 Original Sheet No. 272-2 - Renewable Energy Rider Optional Bulk Purchase Option
 Original Sheet No. 272-3 - Renewable Energy Rider Optional Bulk Purchase Option

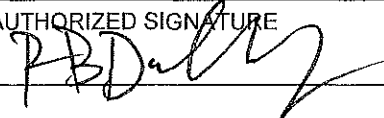
3. THE PROPOSED SCHEDULE(S) SHALL BE AS FOLLOWS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE AND ITEM)

Second Revision of Sheet No. 272-1 - Renewable Energy Rider Optional Bulk Purchase Option
 First Revision of Sheet No. 272-2 - Renewable Energy Rider Optional Bulk Purchase Option
 First Revision of Sheet No. 272-3 - Renewable Energy Rider Optional Bulk Purchase Option
 Original Sheet No. 272-4 - Renewable Energy Rider Optional Bulk Purchase Option

4. REASONS FOR REQUESTING A WAIVER OF STATUTORY NOTICE:

Less than statutory notice is warranted in order to preserve the requested date after changes were developed per discussion with Commission Staff and parties related to Advice No. 16-012

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S) OR CHANGE(S): February 8, 2017

AUTHORIZED SIGNATURE 	TITLE Vice President, Regulation	DATE January 19, 2017
PUC USE ONLY		
<input type="checkbox"/> APPROVED <input type="checkbox"/> DENIED	EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE	
AUTHORIZED SIGNATURE	DATE	

Replacement Tariff Sheets



Available

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

Applicable

To Large Non-residential Consumers receiving Delivery Service.

(T)

Administration

Funds received from Consumers under this Schedule will cover program costs and match Renewable Energy Certificate purchases to Block purchases. Funds not spent after covering program costs and matching Renewable Energy Certificate purchases to Block purchases may be used to fund Qualifying Initiatives as defined below.

(T)

(T)

Block

1 Block equals 100 kWh of Renewable Energy Certificates. This program requires a minimum purchase of 121.2 megawatt-hours (121,200 kWh or 1,212 Blocks) per year. For the purpose of qualifying for this Schedule, Consumers with multiple sites can sum their Block purchases across all Pacific Power and Rocky Mountain Power service territories to meet the minimum purchase requirement.

(T)

To the extent the purchase of Renewable Energy Certificates on this Schedule exceeds 100aMW the Company will notify the Commission.

(C)

(C)

Charge per Block

Standard:

\$0.70 per month (\$7.00 per MWh per month) **Plus**

\$1500.00 per year fixed charge

Individually Negotiated Arrangements:

For block purchase commitments over one year in length or large purchases over 75,000 MWh per year, individually negotiated arrangements may be available, pursuant to the execution of a written contract. Consumers who enter into an individually negotiated arrangement will be required to pay a minimum \$1500.00 per year fixed charge and no less than the full price for any Renewable Energy Certificates purchased.

(C)

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Charge

Except as pursuant to an individually negotiated arrangement as contemplated above, the Charge can be billed either monthly, twice yearly or annually and shall be the number of Blocks the customer has agreed to purchase multiplied by the Charge per Block, plus the \$1,500 yearly fixed charge divided between the Consumer's billing choice (monthly, twice yearly or annually) and added to the Consumer's standard bill. The Charge is in addition to all other charges contained in Consumer's applicable tariff schedule. This Schedule's Charge shall be applied to the Consumer's billing regardless of actual energy consumption.

(C)

(T)

Renewable Energy Certificates

Renewable Energy Certificate (REC) purchases include those obtained from specified resources and derived from the following fuels:

(T)

(C)

(C)

- wind;
- solar;
- geothermal energy;
- certified low impact hydroelectric;



Renewable Energy Certificates (continued)

- hydrogen derived from photovoltaic electrolysis or a non-hydrocarbon derivations process;
- pipeline or irrigation canal hydroelectric systems;
- wave or tidal action; and
- low emissions biomass based on digester methane gas from landfills, sewage treatment plants or animal waste and biomass energy based on solid organic fuels from wood, forest or field residues or dedicated crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper chrome arsenic.

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Renewable Energy Certificates (also known as Tradable Renewable Energy Credits, Renewable Energy Credits, Green Tags or Carbon Credits) represent all of the regional and global environmental and emissions benefits associated with one unit of output from a qualifying renewable electricity generating resource. In some markets, the credits are certified by an independent third party and include a serial number for tracking purposes.

(T)

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One hundred percent of RECs purchased under this offering must originate from new renewable energy resources.

(C)

New renewable energy is (1) placed in operation (generating electricity) on or after January 28, 2000; (2) repowered on or after January 28, 2000 such that 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or (3) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to January 28, 2000, such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility. Any enhancement of a fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate.

(T)

No purchase under this tariff shall disqualify the Company's Blue Sky program from being Green-e certified.

(C)

Preference will be given to resources within Pacific Power and Rocky Mountain Power service territories.

Renewable Energy Certificate purchases made to match Consumer Block purchases are in addition to investments associated with the Company's Integrated Resource Plan, and are not considered for purposes of any Renewable Portfolio Standard requirements.

(T)

(D)

Qualifying Initiatives

1. Funding for locally-owned commercial-scale renewable energy projects that produce less than 10 MW of electricity. The preference is for local community based projects that provide strong environmental and economic benefit to local communities and Consumers the Company services under this Schedule.

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Qualifying Initiatives (continued)

2. Funding for research development projects encouraging renewable energy market transformation in order to accelerate marketability of renewable energy technologies.
3. Investment in the above-market costs associated in the construction of renewable energy facilities or purchase by contract of renewable energy, reducing the costs of renewable energy to be competitive with cost-effective resources.
4. To the extent a project in paragraphs 1, 2, and 3 above is able to generate RECs, the recipient agrees that the Company has the right to claim a share of the project's REC output. The share amount is expressed as a percentage of output when comparing the Company's financial contribution to the overall cost of the project. The share amount of these RECs will be retired on behalf of program participants across the Company's service territories. The Company will also be given the opportunity to purchase additional RECs off the project.
5. Qualifying Initiatives are not considered for purposes of any Renewable Portfolio Standard requirements.

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(D)

Special Conditions

1. Consumers may apply for this Schedule anytime during the year.
2. The Company may not accept enrollments for accounts that have a time-payment agreement in effect, or have received two or more disconnect notices, or have been disconnected within the last 12 months.
3. The Company will buy Renewable Energy Certificates within two years of a Consumer's purchase, unless otherwise set forth in a written contract between the Company and Consumer.
4. RECs procured pursuant to this Schedule will be either (i) delivered by Company, at Company's expense, to Consumer's registered Western Renewable Energy Generation Information System (WREGIS) account (as set forth in a written contract between Company and Consumer and approved by the Commission), or (ii) deposited into a WREGIS account maintained by Company and retired on behalf of Consumers (except with respect to RECs generated from Qualifying Initiatives as set forth above in this Schedule). All costs associated with transferring, retiring, administering or otherwise managing RECs within Consumer WREGIS accounts shall be borne by Customer.
5. To ensure that all costs and benefits of this program are isolated to the participants of this program, all funds collected under this program will be separately identified and tracked by state jurisdiction by which the funds were collected. On the effective date of this Schedule, the Company will establish a regulatory liability for all funds collected and will debit the regulatory liability for all funds spent. The company will apply its authorized rate of return to the balances in the regulatory liability account. The Company will endeavor to match spending to collection within each calendar year.

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Special Conditions (continued)

6. The Company may use Consumer proprietary information gathered for the provisioning of electricity services upon Consumer written or verbal permission as long as it provides the same information under the same terms and conditions to alternative Renewable Energy Certificate providers upon Consumer written or verbal request.
7. The Company will communicate to Consumers that they are not required to buy Renewable Energy Certificates from the Company in order to continue to receive the Company's safe and reliable Electricity Service.
8. The Company will not use bill inserts to market Renewable Energy Certificates to Consumers served under this Schedule.
9. The Company will file an annual report with the Commission no later than January 31st providing information regarding total participation on Schedule 272 and copies of individually negotiated arrangements from the prior calendar year.

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pg 3

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(N)

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(N)

Rules and Regulations

Service under this Schedule is subject to the General Rules and Regulations contained in the tariff of which this Schedule is a part and to those prescribed by regulatory authorities.

(M)

Redlined Replacement Tariff Sheets



Available

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

Applicable

To Large Non-residential Consumers receiving Delivery Service.

Administration

Funds received from Consumers under this Schedule will cover program costs and match Renewable Energy Certificate purchases to Block purchases. Funds not spent after covering program costs and matching Renewable Energy Certificate purchases to Block purchases may be used to fund Qualifying Initiatives as defined below.

Block

1 Block equals 100 kWh of Renewable Energy Certificates. This program requires a minimum purchase of 121.2 megawatt-hours (121,200 kWh or 1,212 Blocks) per year. For the purpose of qualifying for this Schedule, Consumers with multiple sites can sum their Block purchases across all Pacific Power and Rocky Mountain Power service territories to meet the minimum purchase requirement.

To the extent the purchase of Renewable Energy Certificates on this Schedule exceeds 100aMW the Company will notify the Commission.

Charge per Block

Standard: \$0.70 per month (\$7.00 per MWh per month) **Plus**
\$1500.00 per year fixed charge

Individually Negotiated Arrangements:

For block purchase commitments over ~~two~~ one years in length or large purchases over 75,000 MWh per year, individually negotiated arrangements may be available, pursuant to the execution of a written contract. Consumers who enter into an individually negotiated arrangement will be required to pay a minimum \$1500.00 per year fixed charge and no less than the full price for any Renewable Energy Certificates purchased.

Charge

Except as pursuant to an individually negotiated arrangement as contemplated above, [The Charge can be billed either monthly, twice yearly or annually and shall be the number of Blocks the customer has agreed to purchase multiplied by the Charge per Block, plus the \$1,500 yearly fixed charge divided between the Consumer's billing choice (monthly, twice yearly or annually) and added to the Consumer's standard bill. The Charge is in addition to all other charges contained in Consumer's applicable tariff schedule. This rider's ~~Schedule's~~ Charge shall be applied to the Consumer's billing regardless of actual energy consumption.

Renewable Energy Certificates

Renewable Energy Certificate (REC) purchases includes ~~bundled power or Renewable Energy Credits (RECs)~~ those obtained from specified resources and derived from the following fuels:

- wind;
- solar;
- geothermal energy;
- certified low impact hydroelectric;
- ~~hydrogen derived from photovoltaic electrolysis or a non-hydrocarbon derivation process;~~



- ~~pipeline or irrigation canal hydroelectric systems;~~
- ~~wave or tidal action; and~~
- ~~low emissions biomass based on digester methane gas from landfills, sewage treatment plants or animal waste and biomass energy based on solid organic fuels from wood, forest or field residues or dedicated crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper-chrome-arsenic.~~



Renewable Energy Certificate (continued)

- hydrogen derived from photovoltaic electrolysis or a non-hydrocarbon derivation process;
- pipeline or irrigation canal hydroelectric systems;
- wave or tidal action; and
- low emissions biomass based on digester methane gas from landfills, sewage treatment plants or animal waste and biomass energy based on solid organic fuels from wood, forest or field residues or dedicated crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper chrome arsenic.

Renewable Energy Credits Certificates (also known as Tradable Renewable Energy Credits, Renewable Energy Credits Certificates, Green Tags or Carbon Credits) represent all of the regional and global environmental and emissions benefits associated with one unit of output from a qualifying renewable electricity generating resource. In some markets, the credits are certified by an independent third party and include a serial number for tracking purposes.

One hundred percent of RECs purchased under this offering must originate from or consist of 100% new Renewable Energy resources.

New Renewable Energy is (1) placed in operation (generating electricity) on or after January 28, 2000; (2) repowered on or after January 28, 2000 such that 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or (3) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to January 28, 2000, such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility. Any enhancement of a fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate.

No purchase under this tariff shall disqualify the Company's Blue Sky program from being Green-e certified.

Preference will be given to resources within Pacific Power and Rocky Mountain Power service territories.

Renewable Energy Certificate purchases made to match Consumer Block purchases are in addition to investments associated with the Company's Integrated Resource Plan, and are not considered for purposes of any Renewable Portfolio Standard requirements.—Renewable Energy generated in response to any federal or state statutory requirement to construct or contract for the Renewable Energy is not eligible.

Qualifying Initiatives

1. Funding for locally-owned commercial-scale Renewable Energy projects that produce less than 10 MW of electricity. The preference is for local community based projects that provide strong environmental and economic benefit to local communities and Consumers the Company services under this Schedule.



2. ——— Funding for research and development projects encouraging Renewable Energy market transformation in order to accelerate marketability of Renewable Energy technologies.
3. ——— Investment in the above-market costs associated in the construction of Renewable Energy facilities or purchase by contract of Renewable Energy, reducing the costs of Renewable Energy to be competitive with cost-effective resources.

Qualifying Initiatives (continued)

2. Funding for research and development projects encouraging rRenewable eEnergy market transformation in order to accelerate marketability of rRenewable eEnergy technologies.
3. Investment in the above-market costs associated in the construction of rRenewable eEnergy facilities or purchase by contract of rRenewable eEnergy, reducing the costs of rRenewable eEnergy to be competitive with cost-effective resources.
4. To the extent a project in paragraphs 1, 2, and 3 above is able to generate RECs, the recipient agrees that the Company has the right to claim a share of the project's REC output. The share amount is expressed as a percentage of output when comparing the Company's financial contribution to the overall cost of the project. The share amount of these RECs will be retired on behalf of program participants across the Company's service territories. The Company will also be given the opportunity to purchase additional RECs off the project.
5. Qualifying Initiatives are not considered for purposes of any Renewable Portfolio Standard requirements. ~~Renewable Energy generated in response to any federal or state statutory requirement to construct or contract for the Renewable Energy is not eligible.~~

Special Conditions

1. Consumers may apply for this Schedule anytime during the year.
2. The Company may not accept enrollments for accounts that have a time-payment agreement in effect, or have received two or more disconnect notices, or have been disconnected within the last 12 months.
3. The Company will buy Renewable Energy Certificates within two years of a Consumer's purchase, unless otherwise set forth in a written contract between the Company and Consumer.
4. Beginning January 1, 2008, all RECs purchased under procured pursuant to this program Schedule must will be either (i) delivered by Company, at Company's expense, to Consumer's registered with the Western Renewable Energy Generation Information System (WREGIS) account, if WREGIS is operational, or (as otherwise set forth in a written contract between Company and Consumer and approved by the Oregon Portfolio Committee Commission), or (ii) deposited into a WREGIS account maintained by Company and retired on behalf of Consumers (except with respect to RECs generated from Qualifying Initiatives as set forth above in this Schedule). All costs associated with transferring, retiring, administering or otherwise managing RECs within Consumer WREGIS accounts shall be borne by Customer.
5. To ensure that all costs and benefits of this program are isolated to the participants of this program, all funds collected under this program will be separately identified and tracked by state jurisdiction by which the funds were collected. On the effective date of this Schedule, the Company will establish a regulatory liability for all funds collected and will debit the regulatory liability for all funds spent. The company will apply its authorized rate of return to



the balances in the regulatory liability account. The Company will endeavor to match spending to collection within each calendar year.

- ~~6. The Company may use Consumer proprietary information gathered for the provisioning of electricity services upon Consumer written or verbal permission as long as it provides the same information under the same terms and conditions to alternative Renewable Energy Credit providers upon Consumer written or verbal request.~~
- ~~7. The Company will communicate to Consumers that they are not required to buy Renewable Energy Credits from the Company in order to continue to receive the Company's safe and reliable Electricity Service.~~
- ~~8. The Company will not use bill inserts to market Renewable Energy Credits to Consumers served under this Schedule.~~

Rules and Regulations _____

~~Service under this Schedule is subject to the General Rules and Regulations contained in the tariff of which this Schedule is a part and to those prescribed by regulatory authorities.~~



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Special Conditions (continued)

6. The Company may use Consumer proprietary information gathered for the provisioning of electricity services upon Consumer written or verbal permission as long as it provides the same information under the same terms and conditions to alternative Renewable Energy Credit-Certificate providers upon Consumer written or verbal request.
7. The Company will communicate to Consumers that they are not required to buy Renewable Energy Credits-Certificates from the Company in order to continue to receive the Company's safe and reliable Electricity Service.
8. The Company will not use bill inserts to market Renewable Energy Credits-Certificates to Consumers served under this Schedule.
- 8.9. The Company will file an annual report with the Commission no later than January 31st providing information regarding total participation on Schedule 272 and copies of individually negotiated arrangements from the prior calendar year.

Rules and Regulations

Service under this Schedule is subject to the General Rules and Regulations contained in the tariff of which this Schedule is a part and to those prescribed by regulatory authorities.