

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1396

In the Matter of the PUBLIC UTILITY) FINAL COMMENTS OF
COMMISSION OF OREGON) RENEWABLE ENERGY
Investigation into the Determination of) COALITION
Resource Sufficiency, Pursuant to Order)
No. 06-538)

I. Introduction

The Renewable Energy Coalition (“REC”) submits these final comments to Administrative Law Judge Patrick Power’s Decision Outline appendix to his September 29, 2009 Ruling in this docket.

REC agrees with ICNU, PacifiCorp, PGE, and others in this proceeding that there must be a thorough investigation of the details of implementation of an RPS-based avoided-cost option. REC urges the Commission to consider the immediate issuance of an order establishing general policy guidance for RPS-based avoided costs, which order should include a procedural outline and/or schedule to facilitate the application of such methodology. The timing is urgent because the current methodology for renewable projects, at least prior to deficiency periods, is inadequate for project development. The failure to adopt such guidance will continue the present instability that results from multiple mechanisms and unpredictable timing of future changes to avoided-cost prices. Such mechanisms include the impact upon the power purchase and interconnection processes as noted by REC in previous comments in this and other proceedings and in its Petition to Open an Investigation in docket UM-1457 (“POI”). REC intends to update its POI once filings in this docket are completed, and respectfully

suggests that the Commission consider certain issues in such POI for inclusion into an implementation phase of UM-1396, such as the limited application of levelized avoided-cost prices for projects opting to use the CCCT-based avoided costs and the timing/effectiveness of avoided cost price filings.

While REC applauds the Commission for moving forward with an RPS-based avoided-cost methodology, REC is concerned that certain regulatory activities – in possible combination with certain stated positions of Oregon utilities in surrounding states such as Idaho and California as well as legislative efforts in Oregon – may influence the outcome.

Finally, it bears emphasis that, notwithstanding legislative changes in Oregon, most existing renewable QFs are not currently RPS-eligible because their commercial operation dates occurred prior to 1995. The Commission should take all steps necessary to assure that these existing renewable resources stay on line once current power purchase agreements expire.

II. Comments

A. Out-of State or Federal RPS

REC urges the Commission to adopt ICNU's recommendation that would allow Oregon renewable projects to use the avoided costs associated with utilities meeting either a future Federal RPS or the RPS in any state in which such utility provides electric service. This proposal is appropriate because the majority of Oregon electric utilities are multi-jurisdictional, meet RPS from system resources, and have an interest in renewable energy credits beyond their actual RPS needs. Moreover, the local and interstate marketplace for renewable energy credit or tradable (unbundled) renewable energy credits appears poised for significant expansion.

B. Major Renewable Resource Determinations

REC urges the Commission to consider what steps are available to prevent Oregon utilities from gaming the occurrence of a major resource acquisition. ICNU indicates that it appears that utilities have abused the system by intentionally avoiding the occurrence of the competitive bidding trigger. The Commission should consider alternative mechanisms not related to competitive bidding rules in order to minimize the threshold for a major renewable resource as well as eliminate abuses associated with any such trigger for establishing a major renewable resource. The Commission might consider, for example, the manner in which utilities determine avoided costs in their individual modeling processes.

Finally, REC proposes that alternatives be vetted in the implementation phase of this proceeding. The implementation phase should address the issue of the theoretical and practical basis for establishing the qualifying renewable project size threshold for avoided-cost purposes. The objective would be to establish a principled threshold determination methodology in place of the current somewhat arbitrary proposals (e.g., 100 MW, 40 MW, and 15 MW).

III. Conclusion

Development of a thorough implementation process is necessary to achieve the purposes of the Decision Outline. At the same time, moving forward with the Decision Outline for avoided-cost prices is critical in order to develop active proposed projects whose current opportunities are severely limited. The process of implementation should include the closely related issues that REC has raised in this and other communications with the Commission, and alternatives to the currently proposed competitive bidding

rules to determine major renewable resources should be considered. Finally, ICNU's proposal regarding out-of-state or Federal RPS should be adopted.

DATED: February 3, 2010

Respectfully submitted,

A handwritten signature in cursive script that reads "Thomas Nelson".

Thomas H. Nelson
Attorney for Renewable Energy Coalition

CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing RENEWABLE ENERGY COALITION'S FINAL COMMENTS on all parties of record as set forth on the Commission's website by electronic filing. I further certify that I have served the foregoing by U.S. Mail on the following entities which have not waived paper service:

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