BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1396

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

I. INTRODUCTION

The Renewable Energy Coalition ("REC") submits these reply comments to the Administrative Law Judge Patrick Power's Appendix to the Decision Outline in his September 29, 2009 Ruling in the matter of UM-1396.

REC agrees with PGE and others that there must be a fuller investigation of the opportunities, issues, and challenges associated with implementation of the Decision Outline. REC urges the Commission to consider a method of applying RPS-based avoided-cost pricing to renewable projects by transferring renewable energy credits to utilities. REC, however, remains critically concerned that instability will result if avoided-cost prices are changed too frequently.

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II. COMMENTS

A. <u>Vetting of Issues</u>

REC urges the Commission to open a broad public investigation into the policies, issues, and other concerns raised by or associated with the Decision Outline. While such an investigation is necessary, it should not be allowed to impede QF development by placing key decisions on hold. In addition, because of the obvious deficiencies in utilities' actual resource acquisition processes and in the absence of either an updated action plan or a newly acknowledged IRP, the Commission should either consider restoring pre-September avoided cost prices or take other steps to address the unfairness associated with the sufficiency period reflected in the current avoided-cost prices.

The various comments received reinforce to one degree or another the necessity that there be a more comprehensive approach toward revising how avoided-cost prices are established and how the power-purchase process is to work. REC particularly supports ICNU's concerns expressed in its initial comments that the timing issues of avoided-cost price filings are not being fully developed within the UM-1396 proceedings as well as its observation that the QF industry was not previously engaged because of the restrictive scope of UM-1396.

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B. Avoided Cost Prices for QFs and Filings

REC particularly appreciates PGE's very thoughtful and organized initial comments which highlight the complexities of the Decision Outline. While such complexities could result in more accurate avoided cost prices, there are many pitfalls associated with moving too rapidly away from the current one-price-fits-all approach. These pitfalls need to be fully identified and weighed against the potential benefit of what can only be short-term accuracy of such prices. On the other hand, with the backdrop of RPS it is certainly at least reasonable to consider an avoided-cost methodology for those projects that are able to provide renewable energy credits to the purchasing utility. An alternative approach might simply be to add a price premium to RPS-qualified avoided-cost prices, thus avoiding the complexity and confusion that would result from a separate methodology for deficiency periods.

Under the framework of the Decision Outline it seems likely that avoided-cost price filings will occur more frequently than at present. In light of this likelihood, some consideration should be given the impact that such more frequent changes will have upon both the power purchase and even interconnection processes. REC believes that the original concept of avoided-cost prices filings every two years following IRP acknowledgment was reasonable, and more

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frequent changes to avoided-cost prices may create perhaps significant disincentives to QF development in Oregon.

III. CONCLUSION

REC submits that there should be immediate corrections made to the current process of avoided-cost price establishment that address unaccounted-for resource acquisitions and/or a sufficiency period inconsistent with an acknowledged IRP or action plan. As PGE noted in its initial comments, the costs and benefits of more contemporary and customized avoided cost prices requires further investigation. Finally, increasing the number of avoided-cost price filings within a two-year period will disrupt QF development regardless of whether such prices are increased or decreased unless the consequences to the power-purchase and interconnection processes of such changes are adequately taken into account.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing RENEWABLE ENERGY COALITION'S REPLY 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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