

ISSUED: September 29, 2009

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1396

In the Matter of

THE PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into Determination of Resource
Sufficiency, pursuant to Order No. 06-538.

RULING

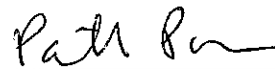
DISPOSITION: MATTER REOPENED FOR COMMENTS

Having conferred with the Commissioners, I reopen this matter to receive comments regarding a proposed decision outline that would establish a new framework for the determination of resource sufficiency for purposes of calculating avoided cost payments to Qualifying Facilities. The proposed decision outline is attached to this ruling as an appendix.

Parties may file initial comments not later than October 7, 2009. Reply comments may be filed not later than October 19, 2009.

To promote dialogue, this ruling is served on all parties to this docket, and to Docket UM 1129.

Dated at Salem, Oregon, this 29th day of September, 2009.



Patrick Power
Administrative Law Judge

APPENDIX
Decision Outline

- Utilities shall file their avoided costs every two years and, also, 30 days after an IRP order is issued (same as today).
 - Parties may seek to update avoided costs based on the results from an RFP

- For both off-cycle and post-IRP filings, the start date for a “major resource acquisition” in an action plan of the most recent acknowledged IRP demarcates the resource “sufficiency” and “deficiency” periods.
 - A “major resource” is defined as it is in the competitive bidding rules.

For off-cycle (every two year) filings, the utility may seek acknowledgement of updated action plans.

- Renewable resource acquisitions may be major resource acquisitions for purposes of determining the avoided costs for a renewable resource QF eligible under the RPS.

- Gas peakers may be major resource acquisitions if they have an earlier on-line date than other acknowledged major resource acquisitions (such as a Gas CCCT).

- For partially acknowledged plans, the Commission will indicate how the utility shall determine avoided costs.

- For resource sufficiency periods, avoided costs will be based on appropriate wholesale market price forecasts.

- For resource deficiency periods, avoided costs will be based on one of the following:
 - If a peaking resource precedes another major resource, avoided cost will be based on market prices plus a premium for capacity contribution. (This premium would depend on whether the QF provides power when the utility would use the peaker.) The market-plus rate will be in effect until the start date of another major resource.

 - For a proposed renewable QF (eligible under the RPS) in which the developer will cede RECs over to the utility, the proposed QF may choose an avoided cost stream based on the avoided cost of the major renewable acquisition.

 - When the major avoidable resource is a Gas CCCT, all QFs may choose an avoided cost stream based on the cost of the Gas CCCT

For off-cycle (every two year) filings, market prices and generation costs may be updated.

The start date for the resource deficiency period shall not be updated unless the utilities receives acknowledgement of an updated action plan.