

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1302**

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into the Treatment of CO₂ Risk
in the Integrated Resource Planning (IRP)
Process.

STAFF'S CLARIFYING COMMENTS
IRP Guideline 8: Environmental Costs
October 24, 2007

In reviewing the Final Comments of the Joint Utilities¹ it became apparent that there may be some ambiguity or confusion regarding Staff's use of the term "upstream [CO₂] emissions" in its IRP environmental risk Guideline #8 - Final Recommendation.² Staff is fearful that the term may be given a more expansive interpretation than was our intent. This memorandum seeks to remedy that concern.

As an example of taking the subject expression to its literal extreme, wind power will entail upstream CO₂ emissions connected with producing the coke used to smelt the iron ore that in turn is used to make the steel found in the wind tower structure. Additional emissions are produced when diesel fuel is combusted in the trains and trucks that haul the wind structural components to the various sites. Obviously, it would be an impossible encumbrance for a utility to have to track all these kinds of upstream emissions when paying a CO₂ emissions tax. (In any event, upstream emissions taxes in our example should have been captured in fuel taxes paid by the iron smelters, long-distance haulers, etc.)

What Staff had, and continues to have, in mind in its reference to upstream emissions are the emissions produced when a third party generates power that a utility obtains in the wholesale market to accommodate its own retail loads. In a CO₂ emissions *tax* environment, the third party would likely pay the tax. But in a *retail* CO₂ emissions *cap* environment, the utility would carry

¹ They consist of PacifiCorp, PGE, and Idaho Power.

² The subject term appears in Paragraph a. of the Guideline.

the obligation of limiting the CO₂ emissions footprint directly associated with its retail sales, and the utility would not likely be able to evade the cap by purchasing electricity (i.e., “energy”) from a third party rather than generating the electricity itself. Staff’s objective in the guideline was to make explicit that emissions produced directly by a third party in producing electricity which is then delivered to a retail utility might necessarily be recognized by the utility. It is because of this intended limited application of the concept of upstream [CO₂] emissions that the expression only appeared in Staff’s Guideline within a parenthetical phrase modifying the term, “CO₂ caps.”

1 **CERTIFICATE OF SERVICE**

2 I certify that on October 25, 2007, I served the foregoing upon all parties of record in this
3 proceeding by electronic mail only, as all parties have waived paper service.

4 **W**
5 **CABLE HUSTON BENEDICT HAAGENSEN &**
6 **LLOYD LLP**

7 EDWARD A FINKLEA
8 1001 SW 5TH - STE 2000
9 PORTLAND OR 97204
efinklea@chbh.com

10 CHAD M STOKES
11 1001 SW 5TH - STE 2000
12 PORTLAND OR 97204
13 cstokes@chbh.com

14 **W**
15 **CASCADE NATURAL GAS**

16 JON T STOLTZ
17 SR VICE PRESIDENT--REGULATORY & GAS
18 PO BOX 24464
19 SEATTLE WA 98124
jstoltz@cngc.com

20 **W**
21 **CITIZENS' UTILITY BOARD OF OREGON**

22 LOWREY R BROWN
23 UTILITY ANALYST
24 610 SW BROADWAY - STE 308
25 PORTLAND OR 97205
26 lowrey@oregoncub.org

JASON EISDORFER
ENERGY PROGRAM DIRECTOR
610 SW BROADWAY STE 308
PORTLAND OR 97205
jason@oregoncub.org

ROBERT JENKS
610 SW BROADWAY STE 308
PORTLAND OR 97205
bob@oregoncub.org

27 **W**
28 **DAVISON VAN CLEVE**

29 IRION A SANGER
30 ASSOCIATE ATTORNEY
31 333 SW TAYLOR - STE 400
32 PORTLAND OR 97204
33 ias@dvclaw.com

34 **W**
35 **DAVISON VAN CLEVE PC**
36 MELINDA J DAVISON
37 333 SW TAYLOR - STE 400
38 PORTLAND OR 97204
39 mail@dvclaw.com

40 **W**
41 **DEPARTMENT OF JUSTICE**
42 DAVID HATTON
43 ASSISTANT ATTORNEY GENERAL
44 REGULATED UTILITY & BUSINESS SECTION
45 1162 COURT ST NE
46 SALEM OR 97301-4096
47 david.hatton@state.or.us

48 JANET L PREWITT
49 ASST AG
50 NATURAL RESOURCES SECTION
51 1162 COURT ST NE
52 SALEM OR 97301-4096
53 janet.prewitt@doj.state.or.us

54 **W**
55 **ECUMENICAL MINISTRIES OF OREGON**
56 JAMES EDELSON
57 415 NE MIRIMAR PL
58 PORTLAND OR 97232
59 edelson8@comcast.net

60 **W**
61 **EMO ENVIRONMENTAL MINISTRIES**
62 **DIRECTOR**
63 JENNY HOLMES
64 inec@emoregon.org

65 **W**
66 **ESLER STEPHENS & BUCKLEY**
67 JOHN W STEPHENS
68 888 SW FIFTH AVE STE 700
69 PORTLAND OR 97204-2021
70 stephens@eslerstephens.com

71 **W**
72 **IDAHO POWER COMPANY**
73 RIC GALE
74 VP - REGULATORY AFFAIRS
75 PO BOX 70
76 BOISE ID 83707
77 rgale@idahopower.com

1 **W**
IDAHO POWER COMPANY

2 BARTON L KLINE
3 SENIOR ATTORNEY
4 PO BOX 70
5 BOISE ID 83707-0070
6 bkline@idahopower.com

7 MONICA B MOEN
8 ATTORNEY
9 PO BOX 70
10 BOISE ID 83703
11 mmoen@idahopower.com

12 LISA D NORDSTROM
13 ATTORNEY
14 PO BOX 70
15 BOISE ID 83703
16 lnordstrom@idahopower.com

17 MICHAEL YOUNGBLOOD
18 PRICING ANALYST
19 PO BOX 70
20 BOISE ID 83707
21 myoungblood@idahopower.com

22 **W**
MCDOWELL & RACKNER PC
23 WENDY MCINDOO
24 520 SW SIXTH AVENUE, SUITE 830
25 PORTLAND OR 97204
26 wendy@mcd-law.com

LISA F RACKNER
ATTORNEY
520 SW SIXTH AVENUE STE 830
PORTLAND OR 97204
lisa@mcd-law.com

18 **W**
NORTHWEST ENERGY COALITION
19 STEVEN WEISS
20 SR POLICY ASSOCIATE
21 4422 OREGON TRAIL CT NE
22 SALEM OR 97305
23 steve@nwenergy.org

24 **W**
NORTHWEST INDUSTRIAL GAS USERS
25 PAULA E PYRON
26 EXECUTIVE DIRECTOR
4113 WOLF BERRY CT
LAKE OSWEGO OR 97035-1827
ppyron@nwigu.org

W
NORTHWEST NATURAL
ELISA M LARSON
ASSOCIATE COUNSEL
220 NW 2ND AVE
PORTLAND OR 97209
eml@nwnatural.com

INARA K SCOTT
REGULATORY AFFAIRS MANAGER
220 NW 2ND AVE
PORTLAND OR 97209
iks@nwnatural.com

W
OREGON DEPARTMENT OF ENERGY
PHILIP H CARVER
SENIOR POLICY ANALYST
625 MARION ST NE STE 1
SALEM OR 97301-3742
philip.h.carver@state.or.us

W
PACIFIC POWER & LIGHT
MICHELLE R MISHOE
LEGAL COUNSEL
825 NE MULTNOMAH STE 1800
PORTLAND OR 97232
michelle.mishoe@pacificcorp.com

PAUL M WRIGLEY
MANAGER - REGULATION
825 NE MULTNOMAH ST, STE 2000
PORTLAND OR 97232
paul.wrigley@pacificcorp.com

W
PACIFICORP
KYLE L DAVIS
825 NE MULTNOMAH
PORTLAND OR 97232
kyle.l.davis@pacificcorp.com

GREG N DUVALL
825 NE MULTNOMAH - STE 600
PORTLAND OR 97232
greg.duvall@pacificcorp.com

NATALIE HOCKEN
825 NE MULTNOMAH
SUITE 2000
PORTLAND OR 97232
natalie.hocken@pacificcorp.com

1 **W**
2 **PACIFICORP OREGON DOCKETS**
3 OREGON DOCKETS
4 825 NE MULTNOMAH ST
5 STE 2000
6 PORTLAND OR 97232
7 oregondockets@pacificorp.com

8 **W**
9 **PERKINS COIE LLP**
10 JAMES M VAN NOSTRAND
11 1120 NW COUCH STREET, 10TH FLOOR
12 PORTLAND OR 97209-4128
13 jvannostrand@perkinscoie.com

14 **W**
15 **PORTLAND GENERAL ELECTRIC**
16 PATRICK HAGER
17 RATES & REGULATORY AFFAIRS
18 121 SW SALMON ST 1WTC0702
19 PORTLAND OR 97204
20 pge.opuc.filings@pgn.com

W
PORTLAND GENERAL ELECTRIC COMPANY
J RICHARD GEORGE
121 SW SALMON ST 1WTC1301
PORTLAND OR 97204
richard.george@pgn.com

W
PUBLIC UTILITY COMMISSION OF OREGON
GEORGE COMPTON
PO BOX 2148
SALEM OR 97308-2148
george.compton@state.or.us

W
RENEWABLE NORTHWEST PROJECT
ANN ENGLISH GRAVATT
917 SW OAK - STE 303
PORTLAND OR 97205
ann@rnp.org

JESSE JENKINS
917 SW OAK ST STE 303
PORTLAND OR 97205
jesse@rnp.org



Neoma Lane
Legal Secretary
Department of Justice
Regulated Utility & Business Section