

December 12, 2008

VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

Oregon Public Utility Commission 550 Capitol Street NE, Suite 215 Salem, OR 97310-2551

RE: UM 1394 – Comments of PacifiCorp to Joint Issues List

PacifiCorp, d.b.a. Pacific Power, hereby submits for filing its Comments on the Joint Issues List in the above-referenced matter.

Inquiries may be directed to Joelle Steward, Regulatory Manager, at (503) 813-5542.

Very truly yours,

Andrea L. Kelly

Vice President, Regulation

Enclosure

Cc: UM 1394 Service List

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1394

In the Matter of the

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PUBLIC UTILITY COMMISSION OF OREGON

Open an investigation into electric companies providing Qualified Reporting Entity services for certification of renewable energy certificates by the Western Renewable Energy Generation Information System.

COMMENTS OF PACIFICORP TO JOINT ISSUES LIST

- PacifiCorp d/b/a Pacific Power ("PacifiCorp" or "Company") hereby submits
- 2 comments to Oregon Public Utility Commission ("Commission") staff's revised joint
- 3 issues list, dated December 1, 2008 ("Joint Issues List").

I. INTRODUCTION AND BACKGROUND

- 5 This investigation is intended to explore the potential of electric companies
- 6 providing Western Regional Generation Information System ("WREGIS") Qualified
- 7 Reporting Entity ("ORE") services to generators located within their respective
- 8 Balancing Authority Areas. On November 6, 2008, PacifiCorp submitted opening
- 9 comments ("Opening Comments") to the seven issues outlined in the staff report from the
- October 7, 2008 public meeting ("Staff Report"). The Opening Comments are
- incorporated herein by reference. PacifiCorp now provides the following comments to
- the Joint Issues List.

II. COMMENTS IN RESPONSE TO JOINT ISSUES LIST

1.	Does the Commission have authority to require a public utility to provide
	QRE service to all generators over 350 kilowatts (kW) upon request if:

- a. The generator is located in the public utility's Oregon service territory and is interconnected to the public utility's distribution or transmission system under a valid interconnection agreement?
- In its Opening Comments, PacifiCorp asserted that the Commission lacked authority to require electric companies such as PacifiCorp to provide QRE service. *See* Opening Comments at p. 10. PacifiCorp stands by this assertion. The Commission has jurisdiction over "public utilities." *See* ORS § 756.040(2). Moreover, PacifiCorp is regulated by the Commission in its function as a "public utility." The fact that the Commission has jurisdiction over PacifiCorp as a "public utility," however, does not vest it with authority to require PacifiCorp to provide a competitive service outside the scope of its primary obligation as a "public utility"— providing safe, reliable and adequate electrical service to its customers. *See* ORS § 757.020. As noted in the Opening Comments, PacifiCorp has been unable to find any state or federal statute, administrative rule or regulation that provides the Commission with authority to require electric companies to provide ORE service. *See* Opening Comments at p. 9.

The answer to the question of whether a generator is located within or without a public utility's service territory does not inform the underlying issue of Commission's authority to require the provision of QRE service, even if it may relate to the question of whether the Commission is asserting jurisdiction over assets that are regulated by the Federal Energy Regulatory Commission ("FERC"). By statute, the Commission may grant utilities exclusive service territories for the provision of "utility service." *See* ORS

1 § 758.435. "Utility service" is defined in relevant part as: "service provided by any plant or facility for the distribution of electricity to users . . ." See ORS §§ 758.400(3). 2 With the exclusive right to provide "utility service" to customers within a certain 3 area, utilities are in-turn obligated to provide safe, reliable and adequate electrical service 4 to such customers at just and reasonable rates. See ORS § 757.020. The provision of 5 QRE service has no relation to the "distribution of electricity to users," and is not a 6 "utility service." In other words, having an allocated service territory does not trigger an 7 obligation to provide a service unrelated to the provision of utility service. 8 9 Moreover, PacifiCorp has made no request, nor does it desire to be the exclusive provider of QRE services for any area. Thus, whether a generator is located within or 10 11 without a utility's allocated service territory has no bearing on the Commission's authority to require a utility to provide QRE service. For the same reasons discussed 12 above, the existence or absence of an interconnection agreement with a generator 13 likewise has no relation to the Commission's authority to require the provision of QRE 14 15 service. The generator is located in Oregon and the public utility serves as its 16 b. Balancing Authority, but the generator is not located in the public 17 utility's allocated service territory? 18 19 The answer to this question also has no bearing on the underlying issue of the Commission's authority to require utilities to provide QRE service. The term "Balancing 20 Authority" is a term of art used in the context of a transmission provider's responsibility 21

¹ The term "Balancing Authority" is defined by the Western Electricity Coordinating Council ("WECC") as "the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports the frequency in real time." "Balancing Authority Area" is further defined as "[t]he collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area. *See* Glossary of WECC Terms and Acronyms at http://www.wecc.biz/wrap.php?glossary/index.php

1	to balance load and resources on its transmission system. The obligations and
2	responsibilities associated with a utility's role as a Balancing Authority (balancing load
3	and resources) are related to reliability standards promulgated to ensure the reliability of
4	the nation's bulk electric transmission system. ² The enforcement of these standards falls
5	within the FERC, as delegated to certain regional electric reliability organizations,
6	including the Western Electricity Coordinating Council ("WECC").
7	A utility's obligations as a Balancing Authority have no relation to the provision
8	of QRE service. Rather, it is only a preference of WREGIS and Commission staff that
9	Balancing Authorities provide QRE service. See Opening Comments at p.6. This
10	preference is based partially on the fact that Balancing Authorities may already be
11	collecting some of the data from certain generators necessary to provide QRE services as
12	part of their responsibility to balance resources with load. PacifiCorp does not dispute
13	the reasons for this preference, but wishes to clarify that its obligations as a Balancing
14	Authority do not include the obligation to provide QRE service.
15	As discussed above, as the Commission does not have authority to require
16	Balancing Authorities to provide QRE services, the location of a generator within or
17	without a utility's service territory (or the state of Oregon for that matter), would not
18	change the conclusion that the Commission has no authority to require a utility to provide
19	QRE service.
20	c. The generator is located in the public utility's allocated service

public utility's distribution or transmission system?

territory or control area, or both, but is not interconnected to the

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² The Federal Energy Regulatory Commission ("FERC") has delegated authority to the North American Electric Reliability Corporation ("NERC") to promulgate and enforce certain standards related to the reliability of the nation's bulk electric transmission system. NERC has in turn, with the approval of FERC, delegated certain of those rights and responsibilities to WECC.

	onnection status has bearing on the fundamental question of whether the nission has authority to require a utility to provide QRE service.
2.	
	To the extent the Commission has authority to require the public utilities to provide QRE service, should the service be provided through a Commission approved rate schedule?
	PacifiCorp has no comment to this issue.
3.	If QRE service is provided through a Commission-approved rate schedule, what types of terms and conditions should be specified:
	a. In the rate schedule?
	As shown on Attachment A of Opening Comments, the tariff schedule should
specif	y the following: where the service is available, to whom the service is applicable,
communication and procedure information for executing a contract and identification of	
the co	sts.
	b. In the QRE contract between the public utility and generator?
	PacifiCorp believes a contract between utilities and generators for QRE services
should	generally include following:
	 Specified term and rights of termination Duties of the parties Meter and interconnection requirements Cost Reference to, and incorporation of applicable WREGIS documents Mechanics of data gathering and QRE reporting Events of default and remedies Force majeure Indemnification, hold harmless, waiver and limitation of liability provisions Dispute resolution
	specify common the cos

1	Noty	withstanding the foregoing, PacifiCorp plans to submit a draft QRE	
2	Agreement	for consideration on January 7, 2009, which will set forth the terms and	
3	conditions f	for the provision of QRE service in more detail.	
4 5 6 7 8 9	publ volu If ut in ra	ardless of whether the Commission possesses the authority to require the lic utilities to provide QRE service, are the public utilities willing to ntarily provide such service? If so, to whom and under what conditions? ilities voluntarily provide QRE service and associated costs are allowed ites, what types of terms and conditions should be specified in the QRE ract between the public utility and the generator?	
10	Pacit	fiCorp previously indicated in its Opening Comments that it is willing to	
11	explore the possibility of voluntarily providing QRE subject to certain conditions. See		
12	Opening Co	mments at p. 10. These conditions would include appropriate cost recovery	
13	and the execution of an agreement between the respective generator and PacifiCorp as a		
14	condition of QRE service. PacifiCorp anticipates that it would voluntarily offer QRE		
15	service to ge	enerators with a nameplate capacity over 360 kW that are located within	
16	PacifiCorp's	Oregon allocated territory and for which PacifiCorp acts as the Balancing	
17	Authority. T	The general terms and conditions that would be contained in a QRE contract	
18	are set forth	in PacifiCorp's comments to issue 3b above.	
19	5. Wou	ld the following public utility activities be prohibited as discriminatory	
20	unde	r relevant law or otherwise be prohibited by any other law:	
21 22 23 24 25	a.	Acting as a QRE for owned or contracted facilities from which the utility is receiving renewable energy certificates (RECs), but not offering QRE service for other generators interconnected to the utility or for which the utility is a Balancing Authority ("Third Party Generators")	
26	See C	Opening Comments at pp. 6-8.	
27 28 29	b.	Charging Third Party Generators for QRE service if the cost of providing such service for owned or contracted facilities from which the utility is receiving RECs is included in retail rates	

1		See Opening Comments at pp. 6-8.
2 3 4		c. Charging Third Party Generators a different rate for QRE service than the internal cost the utility incurs for owned or contracted facilities from which the utility is receiving RECs.
5		See Opening Comments at pp. 6-8.
6 7 8		d. Charging Third Party Generators an amount for QRE service in excess of an amount charged to contracted facilities from which the utility is receiving RECs.
9		See Opening Comments at pp. 6-8.
10 11	6.	What are the requirements to be a QRE under the Western Renewable Energy Generation System?
12		See WREGIS Interface Control Document for Qualified Reporting Entities
13	("QR	E-ICD"), which can be viewed at www.wregis.org.
14 15	7.	Can third parties compete effectively with public utilities to provide QRE service for generators over 360 kW?
16		The Company is aware that certain entities are seeking to engage in the QRE
17	busin	ess. See Opening Comments at p. 3. Whether third parties can compete effectively
8	to pro	ovide QRE services depends to a large extent on the outcome of proceedings such as
9	this a	nd those in other states. To the extent such proceedings result in pricing being
20	offere	ed by regulated entities that does not reflect to true cost to the provider, third parties
21	would	d be less able to compete effectively.
22	8.	What are the estimated costs for providing QRE service to Third Party Generators and what is the basis for these costs?
24		See Opening Comments at pp. 10-12.
25 26 27	9.	Assuming costs associated with QRE service are allowed in retail rates, should the public utilities charge generators the fully allocated cost or the incremental cost for QRE services?

1		PacifiCorp proposes to charge generators the Company's cost of performing QRE	
2	service.		
3 4	10.	Would charges for either fully allocated or incremental costs of QRE service be prohibitively expensive for generators?	
5		See Opening Comments at p. 13.	
6 7 8 9	11.	Does the Commission have authority to order that QRE services provided by Third Party Generators be subsidized by ratepayers on a pilot program basis? If so, what are the bases and standards for such authority? Should QRE services to Third Party Generators be subsidized?	
10		PacifiCorp has no comment to this issue.	
11 12 13 14	12.	Should public utilities provide a service comprised of reporting generation data that the utility has to a third party upon the generator's request, thus giving the generator the additional option of choosing an alternative QRE? If so, what are the costs of providing such a service, and what are:	
15		Assuming that a generator had a revenue quality meter and the necessary	
16	communications equipment, and PacifiCorp has permission to interrogate the meter,		
17	PacifiCorp is willing to explore the option of voluntarily providing a service in which it		
18	interrogated a generator's meter and provided such data to a third party QRE service		
19	provid	er. Essentially, PacifiCorp would be performing all of the downstream meter	
20	interro	gation and data collection work, while allowing a third party to perform all of the	
21	upstrea	am Task/Activities identified in Table 1 of the Opening Comments.	
22		As noted in the Opening Comments, certain non-utility entities are currently	
23	offering QRE service and the potential for other entities providing such service exists.		
24	See Opening Comments at pp. 8-9. Moreover, PacifiCorp has no, nor desires to have a		
25	monopoly on the provision of QRE service within its allocated service territory,		
26	Balancing Authority Area, or otherwise.		

1	The provision of such a service, however, would be conditioned on (1)
2	appropriate cost recovery for the service; and (2) the execution of an agreement between
3	and among the prospective third-party QRE providers, the generator and the utility. The
4	cost of providing such a service is estimated to be \$50 per month, per generator, with a
5	one time set up fee that has not yet been determined. Any additional data requests by a
6	third party beyond the basic monthly provision per generator would be charged at the
7	service rate of \$50 per hour.
8	a. The bases for those costs?
9	The estimated costs (\$50 per generator, per month) are based on one hour spent
10	for upstream work per generator, per month, which includes meter interrogation,
11	diagnostics, edits and checks.
12	b. The liabilities of providing meter data to an alternative QRE?
13	As discussed below regarding the provision of QRE service, a utility would be
14	generally exposed to claims loss or damage resulting from delays, errors, omissions, or
15	other inaccuracies in providing meter data to alternative QREs. For this reason,
16	PacifiCorp would only be willing to provide such data pursuant to agreements with the
17	generator and the third party QRE provider containing appropriate waiver and
18	indemnification provisions.
19 20	c. The responsibilities of providing meter data to an alternative QRE? What if the generator wants corrections/adjustments?
21	Assuming the generator has the necessary revenue quality meter and
22	communications equipment in place, the utility would be responsible for interrogating the
23	meter, diagnostics, edits and checks. This data would then be transmitted on a monthly
24	basis to the third party QRE provider. The meter data would be provided by the utility to
25	the third-party QRE provider as-is, with no warranties. As discussed above, the utility's
	Page 9 - PACIFICORP'S COMMENTS TO JOINT ISSUES LIST

2	would be handled between the generator and the third party QRE provider.	
3	13.	Under what conditions might additional metering be needed to provide QRE service for generators, and who should bear the cost?
5		WREGIS qualification requires revenue quality metering (MV90) for
6	participation. The cost of installing, operating and maintaining the meter is the	
7	responsibility of the generator.	
8 9 10 11	14.	Does the Federal Energy Regulatory Commission (FERC) have jurisdiction over Qualified Reporting Entity (QRE) service provided public utilities? Does the answer depend on the design of this service and which function of the utility provides the service?
12		See Opening Comments at pp. 5-6.
13 14	15.	What are the responsibilities and liabilities of the utility providing QRE service?
15		The specific responsibilities associated with providing QRE service are set forth
16	in pages 10-12 of the Opening Comments and the QRE-ICD. In general, QREs are	
17	required to report generation data at a sufficiently detailed level as to identify the amount	
18	of renewable energy generated by the generating unit. The data needs to be inherently	
19	reliable, and fully auditable. To that end, the data needs to be of financial settlement	
20	quality data from revenue quality meters. In addition to reporting of data, QREs are	
21	required to provide WREGIS with regular internal and external audit and verification	
22	reports.	
23		It is impossible to provide an exhaustive list of all potential liabilities that a utility
24	might be exposed to in performance of its duties as a QRE. With that being said, a QRE	
25	would be generally exposed to claims loss or damage resulting from delays, errors,	
26	omissions, or other inaccuracies in the reporting of generation data to WREGIS. Such	

only role would be to interrogate the meter. Any corrections or adjustments to the data

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- 1 claims could be brought by multiple potential parties, including, generators, renewable
- 2 portfolio standard administrators and/or parties to REC purchase agreements.

3 III. CONCLUSION

- 4 PacifiCorp appreciates the opportunity to provide opening comments in this
- 5 proceeding.

DATED: December 12, 2008.

Jordan A. White Legal Counsel Pacific Power PacifiCorp

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of December, 2008, I caused to be served, via E-Mail and US Mail (to those parties who have not waived paper service), a true and correct copy of the foregoing document on the following named person(s) at his or her last-known address(es) indicated below.

SERVICE LIST UM 1394

G. Catriona McCracken (W) Citizens' Utility Board of Oregon 610 SW Broadway, Suite 308 Portland, OR 97205 catriona@oregoncub.org

Oregon Dockets (W)
Pacific Power
825 NE Multnomah, Suite 2000
Portland, OR 97232
oregondockets@pacificorp.com

Jeremy Weinstein (W)
Pacific Power
1512 Bonanza St.
Walnut Creek, CA 94596
Jeremy.weinstein@pacificorp.com

Jesse D. Ratcliffe (W)
Assistant Attorney General
Regulated Utility and Business Section
1162 Court St. NE
Salem, OR 97301-4096
Jesse.d.ratcliffe@doj.state.or.us

Debra Malin
Bonneville Power Administration
905 NE 11th Ave.
Portland, OR 97208
djmalin@bpa.gov

Kip Pheil (W)
Oregon Department of Energy
625 Marion St. NE, Suite 1
Salem, OR 97301-3737
Kip.pheil@state.or.us

Robert Jenks (W)
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 308
Portland, OR 97205
bob@oregoncub.org

Jordan White (W)
Pacific Power
825 NE Multnomah, Suite 2000
Portland, OR 97232
Jordan.white@pacificorp.com

Lisa C. Schwartz Oregon Public Utility Commission PO Box 2148 Salem, OR 97308-2148 Lisa.c.schwartz@state.or.us

Michael T. Weirich Assistant Attorney General Regulated Utility and Business Section 1162 Court Street NE Salem, OR 97301-4096 michael.weirich@doj.state.or.us

J. Courtney Olive Bonneville Power Administration 905 NE 11th Ave. Portland, OR 97208 Jcolive@bpa.gov

Gary Marcus (W)
Falls Creek HP Limited Partnership
P.O. Box 359
Eugene, OR 97440
Garymarcus 1@aol.com

Diane Moore (W)
Falls Creek HP Limited Partnership
P.O. Box 359
Eugene, OR 97440
dmoore@frontier-technology.com

Toan-Hao Nguyen (W)
Iberdrola Renewables, Inc.
1125 NW Couch St, Suite 700
Portland, OR 97209
Toan.nguyen@iberdrolausa.com

Randy Allphin (W) Idaho Power Company P.O. Box 70 Boise, ID 83707-0070 rallphin@idahopower.com

Barton L. Kline (W) Idaho Power Company P.O. Box 70 Boise, ID 83707-0070 bkline@idahopower.com

Wendy McIndoo McDowell & Rackner PC 520 SW Sixth Ave, Suite 830 Portland, OR 97204 wendy@mcd-law.com

John W. Stephens (W)
Esler Stephens & Buckley
888 SW Fifth Ave, Suite 700
Portland, OR 97204-2021
stephens@eslerstephens.com

J. Richard George Portland General Electric 121 SW Salmon St. 1WTC1301 Portland, OR 97204 Richard.george@pgn.com

Ann English Gravatt (W) Renewable Northwest Project 917 SW Oak St, Suite 303 Portland, OR 97205 ann@rnp.org Kevin Lynch (W)
Iberdrola Renewables, Inc.
1125 NW Couch St, Suite 700
Portland, OR 97209
Kevin.lynch@iberdrolausa.com

Carrie Plemons (W)
Iberdrola Renewables, Inc.
1125 NW Couch St, Suite 700
Portland, OR 97209
Carrie.plemons@iberdrolausa.com

Christa Bearry (W) Idaho Power Company P.O. Box 70 Boise, ID 83707-0070 cbearry@idahopower.com

Mike Youngblood (W)
Idaho Power Company
P.O. Box 70
Boise, ID 83707-0070
myoungblood@idahopower.com

Lisa F. Rackner McDowell & Rackner PC 520 SW Sixth Ave, Suite 830 Portland, OR 97204 <u>lisa@mcd-law.com</u>

Randall Dahlgren
Portland General Electric
121 SW Salmon St. 1WTC0702
Portland, OR 97204
Peg.opuc.filings@pgn.com

Katie Kalinowski (W) Renewable Northwest Project 917 SW Oak St, Suite 303 Portland, OR 97205 Katie@rnp.org

Melinda Davison Davison Van Cleve PC 333 SW Taylor, Suite 400 Portland, OR 97204 mail@dvclaw.com Randall J. Falkenberg RFI Consulting, Inc. PMB 362 8343 Roswell Rd. Sandy Springs, GA 30350 consultrfi@aol.com

Shauna Pratt (W)
U.S. Geothermal Inc.
1505 Tyrell Lane
Boise, ID 83706
spratt@usgeothermal.com

Will K. Carey (W) Annala, Carey, Baker, et al., PC PO Box 325 Hood River, OR 97031 wcarey@hoodriverattorneys.com

Adam Lowney McDowell & Rackner PC 520 SW Sixth Ave, Suite 820 Portland, OR 97204 adam@mcd-law.com Peter J. Richardson (W) Richardson & O'Leary PLLC P.O. Box 7218 Boise, ID 83707 peter@richardsonandoleary.com

Kevin Kitz (W) U.S. Operators, Inc. 1505 Tyrell Lane Boise, ID 83706 kkitz@usgeothermal.com

Paul R. Woodin (W) Community Renewable Energy Association 1113 Kelly Ave The Dalles, OR 97058 pwoodin@communityrenewables.org

Vijay A. Satyal (W) Oregon Department of Energy 625 Marion St. NE Salem, OR 97301 Vijay.a.satyal@state.or.us

Carrie Meyer

Coordinator, Administrative Service