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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1020

In the Matter of the Portfolio Advisory)
Committee's Recommendation for) ORDER
Portfolio Options.)

DISPOSITION: REVISED PORTFOLIO BID PROCESS APPROVED

At its Public Meeting on July 24, 2001, the Commission adopted the recommendations of Staff and the Portfolio Advisory Committee to approve a revised bidding process. A description of the filings and their procedural history is contained in the Staff Report attached as Appendix A and incorporated by reference.

ORDER

IT IS ORDERED THAT the request for a revised bidding process is approved, as further described in Appendix A.

Made, entered and effective _____.

BY THE COMMISSION:

Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 24, 2001**

REGULAR AGENDA X **CONSENT AGENDA** **EFFECTIVE DATE**

DATE: July 17, 2001

TO: Phil Nyegaard through Lee Sparling and Jack Breen

FROM: Rebecca Hathhorn and on behalf of the Portfolio Advisory Committee

SUBJECT: UM 1020: Consideration of the decision made at the May 22, 2001 public meeting approving PacifiCorp's and PGE's bid process for renewal resource portfolio options.

SUMMARY RECOMMENDATION:

The Portfolio Advisory Committee recommends that, for the Salmon Friendly Power and the blended renewable resource products, the Commission approve a revised bidding process and that the RFPs be reissued. The revised utility RFPs should include a retail marketing component. The marketing is in addition to the storefront marketing and consumer awareness campaigns that the utilities will conduct.¹

DISCUSSION:

Background

On March 20, 2001, the Commission approved, among other options, a blended renewable resource and an environmental mitigation option. PUC Order No. 01-337 details these options. Attachment C of this order details the considerations for designing the portfolio options that guided the Portfolio Advisory Committee in making its recommendation. Pursuant to OAR 860-038-0220(6) "each electric company must acquire the renewable supply resources necessary to provide the renewable energy resources product through a Commission-approved bidding process or other Commission-approved means."

On May 1, 2001, PacifiCorp and PGE (the Companies) filed proposals for the renewable resource bid process. Staff reviewed the proposals and had discussions with the companies. On May 22, 2001, the Commission approved the bid process as outlined in Staff's memorandum and issued Order No. 01-470.

¹ Passed 9-to-0 with 1 abstention (PGE). Richard Pine, representing AOI has not yet voted. Brian Soth representing PGE believes this is a Commission issue — outside the purview of the committee. PGE will do whatever the Commission orders.

Pursuant to the approved bid process, PGE and PacifiCorp issued the Requests for Proposals (RFP) on May 25 and May 30, 2001, respectively. The RFPs were due June 19 and June 11, 2001, respectively. The timeline was very compressed in order to meet the dates as outlined in Staff's memo and allow adequate review time for Commission approval by August 1, 2001. Before a delay of SB 1149 was passed by the Oregon State Senate and the House of Representatives, it had been Staff's intention to review the final proposed portfolio tariffs, which were to have been filed on July 2, 2001 and to seek approval of those tariffs at the July 24, 2001 public meeting. The delay of SB 1149 by HB 3633 has altered the previously projected timeline, as I will discuss below.

On June 25, 2001, Peter West of Renewable Northwest Project presented a letter to the Commission. Mr. West stated that he believed the bid process approved by the Commission was in violation of the principles and design adopted by the Commission on March 20, 2001. Mr. West made a short presentation at the public meeting on June 26, 2001. Counsel advised the Commission that no action could be taken since sufficient public notice wasn't given to interested parties. The Commission requested that Staff come back to the next public meeting, July 10, 2001, after consulting with interested parties and the Portfolio Advisory Committee.

Counsel has informed Staff that the Commission has the authority to review its decision made on May 22, 2001, approving the bid proposals, as a result of the letter dated June 22, 2001 by Peter West, et al. The authority for such a review is pursuant to ORS 756.568, which addresses rescission, suspension and amendment of orders.

Consultation with Interested Parties

Staff arranged for a meeting of the Portfolio Advisory Committee (Committee) on July 3, 2001. Eight members were in attendance representing the following groups: Oregon Office of Energy, City of Portland, Fair and Clean Energy Coalition, Renewable Northwest Project, AARP, PGE, PacifiCorp, and PUC Staff. Seven members represent a majority. Before the end of the meeting, the Committee lost two members who had schedule conflicts. Therefore, at the end of the meeting, no votes could be taken. It was decided that another meeting would be necessary in order to report to the Commission the views of members of the Committee.

A second meeting of the Committee was scheduled for July 13, 2001. Nine members were present representing: Oregon Office of Energy, Citizen's Utility Board, City of Portland, Fair and Clean Energy Coalition, Renewable Northwest Project, AARP, League of Oregon Cities, PGE, PacifiCorp, and PUC Staff.

Status of PacifiCorp's Bid Process

PacifiCorp's RFP was opened on May 30, 2001 and closed on June 11, 2001. As of the Committee meeting on July 3, 2001, PacifiCorp had executed a contract with the winning bidder.

However, as of the Committee meeting on July 13, 2001, PacifiCorp had withdrawn its acceptance of the contract it had conditionally executed with the winning bidder of its RFP for the blended renewable resource and environmental mitigation options. PacifiCorp is no longer restricted by the contract (as it had stated at the July 3 Committee meeting) and it believes the bidding process should be revised.

Status of PGE's Bid Process

PGE's RFP was opened on May 25, 2001 and closed on June 19, 2001. As of the Portfolio Advisory Committee meeting on July 13, 2001, PGE had internally determined who would be the winning bidder, but had not executed a contract or informed the bidder that they were successful.

Committee Discussion

Given the fact that both utilities are in a position at this time to revise the bidding process, the Committee has recommended that, for the Salmon Friendly Power and the blended renewable resource products, the Commission approve a revised bidding process and that the RFPs be reissued. The revised utility RFPs should include a retail marketing component. This satisfied the signers of the May 25, 2001 letter from Peter West, et al.

The details of a revised bidding process and the RFP, for each company, will be presented to the Commission at the August 21, 2001 public meeting after thorough review and comments from all interested parties.

STAFF RECOMMENDATIONS:

The Portfolio Advisory Committee recommends that the Commission approve a revised bidding process and that the RFPs be reissued. The revised utility RFPs should include a retail marketing component. The marketing is in addition to the storefront marketing and consumer awareness campaigns that the utilities will conduct.