

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1020

In The Matter of)	
)	
PORTFOLIO OPTIONS COMMITTEE)	ORDER
)	
Recommendations from the Portfolio)	
Options Committee.)	

**DISPOSITION: PORTFOLIO COMMITTEE
RECOMMENDATIONS APPROVED**

The Portfolio Options Committee (Committee) recommends portfolio options to the Public Utility Commission of Oregon (Commission) in accordance with ORS 757.603(2) and OAR 860-038-0220. At the Commission’s May 20, 2008, Public Meeting, the Committee made several recommendations regarding portfolio options. Detailed analyses of the recommendations are contained in the Commission Staff Report, presented on behalf of the Committee, which is attached as Appendix A and incorporated by reference.

First, the Committee recommends waiver of the requirement that Tradable Renewable Certificates (also called Renewable Energy Certificates or green tags) used for program compliance be registered in the Western Renewable Energy Generation Information System until January 1, 2009.

Second, the Committee recommends that it include Northwest Natural Gas Company’s (NW Natural) Smart Energy product in its oversight and review of utility-offered environmental products.

Third, the Committee recommends that a representative of NW Natural be invited to serve on the Committee.

Fourth, the Committee recommends the appointment of Bill Edmonds of NW Natural to serve as the company’s representative on the Committee.

The Commission adopts the Committee's recommendations.

ORDER

IT IS ORDERED that:

1. The requirement that Tradable Renewable Certificates (also called Renewable Energy Certificates or green tags) used for program compliance be registered in Western Renewable Energy Generation Information System is waived until January 1, 2009.
2. The Portfolio Options Committee shall include Northwest Natural Gas Company's Smart Energy product in its oversight and review of utility-offered environmental products.
3. A representative of Northwest Natural Gas Company shall serve on the Portfolio Options Committee.
4. Bill Edmonds, of Northwest Natural Gas Company, shall be appointed to serve as the company's representative on the Portfolio Options Committee.

Made, entered, and effective MAY 22 2008 .

BY THE COMMISSION:



 Becky L. Beier
Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 20, 2008**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: May 5, 2008

TO: Public Utility Commission

FROM: Lori Kohd *(LHK)*

THROUGH: *lin* Lee Sparling, *EB* Ed Busch and *BT* Bonnie Tatom

SUBJECT: PORTFOLIO OPTIONS COMMITTEE: (Docket No. UM 1020)
Recommendations from the Portfolio Options Committee.

STAFF RECOMMENDATION:

The Portfolio Options Committee (POC) recommends that the Commission:

1. Waive the requirement that Tradable Renewable Certificates (also called Renewable Energy Certificates (REC) or green tags) used for program compliance be registered in the Western Renewable Energy Generation Information System (WREGIS) until January 1, 2009.
2. Require that the POC include Northwest Natural Gas Company's (NW Natural) Smart Energy product in its oversight and review of utility-offered environmental products.
3. Invite a representative of NW Natural to serve on the POC.
4. Appoint Bill Edmonds of NW Natural to serve as the company's representative on the POC.

DISCUSSION:

WREGIS Requirement

WREGIS is the system that was developed to register and track renewable energy generation and transactions of the associated RECs through the Western Electricity Coordinating Council (WECC) region. The intent of this registry system is to facilitate the market for certificates. Further, it helps to protect against double counting of the environmental and other non-energy attributes of power from renewable resources, maintaining the integrity of renewable energy transactions for both regulatory purposes and voluntary markets.

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On January 10, 2006, staff brought to the Commission and the Commission approved the POC's recommendation to require that, beginning January 1, 2008, the RECs for portfolio options be registered with WREGIS. In its recommendation, the POC also commented that it may, at a later date, request the Commission modify this requirement if insufficient certificates are registered with WREGIS for the types of energy resources supplying RECs for the portfolio options.

At the April 23, 2008, meeting of the POC, both PacifiCorp and Portland General Electric (PGE) presented data to the POC illustrating that while the WREGIS system became operational in June 2007, generators have been slow to register with the system. PGE showed that approximately 25% of the generators they have typically sourced RECs from are registered, and PacifiCorp stated that less than 20% of their sources are registered at this time. Staff from Oregon Department of Energy (ODOE) confirmed the statistics presented by the two utilities.

Representatives of ODOE, Renewable Northwest Project (RNP), PacifiCorp and PGE all agreed that the market is moving toward all generators being registered in WREGIS. However, there is currently a REC market outside of WREGIS. As long as there is a market for RECs outside of WREGIS, many generators will wait until that market is exhausted before spending the money and time to become registered.

The POC discussed if waiving the WREGIS requirement for six months rather than one year would allow enough time for the majority of generators to register. RNP and others highlighted that there is an approximate 90-day lag between a generator getting registered and its ability to generate RECs in the system. Therefore, adequate time needs to be allowed both for generators to be registered and for actual RECs to be available in the WREGIS system.

Based on the information provided, the POC unanimously approved the following motion:

The POC recommends that the Commission waive, for calendar year 2008, the requirement adopted January 10, 2006, that Tradable Renewable Certificates for portfolio options be registered with the Western Renewable Energy Generation Information System (WREGIS) beginning January 1, 2008. It is expected that the utilities will continue to provide Green E certified or Green E certifiable RECs to support the portfolio options. The POC will re-evaluate the requirement in the fall of 2008 for applicability for calendar year 2009.

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Northwest Natural Gas Smart Energy Program

On August 29, 2007, the Commission approved NW Natural's request to launch a Smart Energy Program. The Smart Energy Program is a voluntary pilot program where participants elect to pay a premium each month with their gas bill. The Smart Energy premiums are then used to develop regional project-based emission reductions emphasizing biogas capture through a partnership between NW Natural and The Climate Trust. These are projects that will permanently offset green house gas (GHG) emissions.

The voluntary programs offered by PGE and PacifiCorp are required by statute. Oversight of those programs is required by ORS 860-038-0220. While NW Natural's Smart Energy Program is not covered by either statute or rule, the POC recognized that the Smart Energy Program is very similar in concept to the portfolio options offered by the other two utilities and discussed incorporating oversight of NW Natural's program in the responsibility of the POC at a meeting on September 12, 2007. The committee invited NW Natural and The Climate Trust to make a presentation at its meeting on November 16, 2007. At its February 8, 2008 meeting, the POC unanimously approved the following motion:

The POC recommends that the Commission direct the POC to include NW Natural's Smart Energy Program in its oversight of utility offered environmental products for customers. In performing this oversight function, the POC will provide input to the company on outreach efforts, review product reports provided to the Commission and offer suggestions to aid in the success of the product. The POC should also invite a representative of NW Natural to serve on the committee.

Bill Edmonds of NW Natural is the champion for this product. Mr. Edmonds is also the Director of Environmental Policy and Sustainability for NW Natural. The POC believes he is the appropriate representative, and Mr. Edmonds has volunteered to serve in that capacity. Therefore, the committee is asking the Commission to approve Bill Edmonds as the NW Natural representative on the POC if the Commission agrees with the POC's recommendation to add NW Natural's Smart Energy Program to the committee's oversight responsibilities.

PROPOSED COMMISSION MOTION:

1. The requirement that Tradable Renewable Certificates (also called Renewable Energy Certificates (REC) or green tags) used for program compliance be registered

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in Western Renewable Energy Generation Information System (WREGIS) be waived until January 1, 2009.

2. The POC include Northwest Natural Gas Company's (NW Natural) Smart Energy product in its oversight and review of utility-offered environmental products.
3. A representative of NW Natural shall serve on the POC.
4. Bill Edmonds of NW Natural be appointed to serve as the company's representative on the POC.

POC UM 1020 May 2008