

APRIL 4, 2006
OMEU BACKGROUNDER
STATE RENEWABLE RESOURCE POLICIES

OMEU members are small utilities that are full or partial requirements customers of BPA.

OMEU members believe that Oregon's renewable energy policy should recognize that the existing resource mix for our utilities is almost entirely clean, renewable hydropower purchased from BPA. Virtually 100% of our power comes from resources that do not contribute to greenhouse gas emissions or global warming.

OMEU believes renewable resources will be and should be a significant component of the resource mix necessary to meet load growth and the needs of our customers and consumers in the future. These resources must be reliable and cost effective.

OMEU supports the continued use of cost-effective conservation and energy efficiency as the first choice in response to load growth in our communities.

OMEU members will work with our customers to provide them with available renewable resource products and services such as Renewable Energy Certificates (RECs).

OMEU believes state policy must strike a balance between cost to the consumer and providing reasonable price incentives for renewable development. To the extent the State wishes to use renewable resources to promote its broader economic development objectives, the State must provide the necessary grants, loans and other incentives.

OMEU believes that a balanced, comprehensive state energy policy must recognize we need to resolve the following critical issues for consumer-owned utilities:

1. BPA renewable resource products must be available at an affordable price.
2. Adequate and affordable transmission access. There are particular problems moving power from east of the Cascades to load west of the mountains.
3. Preservation of the economic benefit of the federal hydropower system including its availability for shaping and firming. This requires reaching agreement on fish and wildlife measures that protect and enhance these resources in the most cost-effective manner possible.
4. BPA contracts for the post-2011 period that will allow us to purchase or develop renewable resources without jeopardizing our allocation of preference power. These specifics of these contracts will only be resolved as part of the Regional negotiations on the future of BPA including decisions on allocation or tiered rates.
5. Resolution of the GTA issue in a manner that will allow public power utilities served over IOU transmission facilities to bring in non-federal power at reasonable rates and conditions
6. Incentives at the federal and State levels that are comparable to those available to private utilities.

OMEU members support a cooperative approach between State government, BPA and local public power utilities in the development of renewable resources. We look forward to working with you as partners to benefit our communities.

APRIL 4, 2006
A RESOLUTION DESCRIBING
OMEU PRINCIPLES
FOR CONSIDERATION OF AN
OREGON RENEWABLE PORTFOLIO STANDARD

WHEREAS, Oregon municipal electric utility members are small, publicly-owned distribution utilities who purchase our power from the Bonneville Power Administration; and,

WHEREAS, virtually 100% of the existing BPA Federal Base System power comes from resources that do not contribute to greenhouse gas emissions or global warming; and,

WHEREAS, new reliable and cost-effective conservation and renewable resources will be and should be the major component of the resource mix necessary to meet future load growth; and,

WHEREAS, increased development of renewable resources will require adequate and affordable transmission access and the availability of the federal hydropower system and other base load resources for shaping and firming; and,

WHEREAS, OMEU members support a cooperative approach between State government, BPA and local public power utilities in the development of renewable resources necessary to meet the needs of our communities; and,

WHEREAS, OMEU believes our locally-elected city councils and utility boards are best equipped to make decisions regarding the most appropriate resource mix for our communities; and,

THEREFORE BE IT RESOLVED THAT, the State should adopt renewable resource goals rather than one-size fits-all mandated standards; and,

BE IT FURTHER RESOLVED THAT, if the State adopts a mandatory Renewable Resource Portfolio Standard (RPS), it must have a separate section dealing with consumer-owned utilities based on the following principles:

1. Existing loads of OMEU members will continue to be served by BPA through federal contacts under an allocation of the existing Federal Base System to preference customers. In no case, should an RPS reduce our allocation of federal power.
2. Targets for new renewable resources under an RPS should focus on resources and purchases necessary to meet load growth.
3. Local elected officials must retain the flexibility to determine the most cost-effective mix of specific, qualified conservation, energy efficiency and renewable resources necessary to meet established targets.
4. Targets should be reasonable, flexible and meaningful and should include off-ramps to avoid unnecessary economic harm to our communities and our consumers.