

LEGISLATION to MAKE an RPS WORKABLE FOR PUDs
OPUDA 9/5/6

1. Add express authorization to purchase, sell and own Green Tags.
2. Revise ORS 261.348 to exempt renewable resources from the existing cost effective requirement.
3. Revise ORS 285.050(3) to include PUDs as an eligible entity for Renewable Energy Development Zones.
4. Public Votes (e.g. no vote for RPS resources & if approved by vote deemed RPS)
 - Revise ORS 261.253 to exempt renewable resources from prohibitions on "unconditional and unlimited obligations."
 - Revise ORS 261.355 to eliminate the requirement for a vote to approve revenue bonds for projects outside the PUD boundaries.
 - Revise ORS 261.305 to exempt renewable resources from the 10% limitation for lease purchase agreements.
5. Financing
 - Revise ORS 261.305(6) to allow letters of credit and remove the 12 month limitation on borrowing from banks.
 - Revise ORS 261.305(6) to permit issuance of debt to finance pre purchase of project output.
 - Revise ORS 261.355(3) to allow use of revenue bonds for voluntary purchase transactions between a PUD and another utility.
6. Clarify that when a PUD participates in a project with a property tax exempt entity only that portion owned by the PUD is taxable.
7. Acquisition of renewable resources should be exempt from public contracting requirements of ORS 279.
8. Joint Operating Agency
 - Revise ORS 262.015(2) to remove the 50% ownership restriction by Joint Operating Agencies.
 - Revise ORS 262.015(3) to allow a Joint Operating Agency to own an undivided interest in renewable resources.
 - Revise ORS 262.015(1) to authorize development of facilities both within and without Oregon by a Joint Operating Agency.
9. PUDs should be allowed to form a subsidiary LLC for purposes of resource development.
10. Revise ORS 261.605(1) so that the list of PUD proceedings subject to judicial validation is consistent with ORS 33.710.

PROPOSED OREGON RENEWABLE PORTFOLIO STANDARDS

May 12, 2006

OPUDA POSITION: OPUDA can support an RPS if our needs are met as follows:

1. Caveats:

- a. Nothing in the RPS should require PUDs to forgo any allocation from the Federal Based System or to acquire resources that are in excess of retail loads.
- b. Utilities are exempt from the RPS if they have fewer than 50,000 customers or if their customers vote to opt out.
- c. Either 1) resources that have been approved by voters are deemed to meet the RPS or 2) resources acquired to meet the RPS are exempt from any requirements in ORS 261 that specifies a vote by customers.
- d. Utility is deemed to have met the RPS if their rates are 4% higher than they otherwise would have been but for the RPS (see Washington initiative).
- e. Utility is exempt if transmission is not available to deliver a renewable resource.

2. Resources that count toward the RPS should include:

- a. Resources of any type needed to integrate a renewable resource.
- b. Combined heat and power projects.
- c. Resources that are expected to use at least a 50% renewable fuel mix.
- d. Conservation.
- e. Research & Development and "dry hole" costs should "count" towards the RPS.

3. PUD must have statutory authorities, e.g. partnering and financing, sufficient for PUDs to be successful.