

Minutes
Portfolio Options Committee
Sept. 1, 2005

Committee members attending

Jeff Bissonnette (chair)	Fair and Clean Energy Coalition (public interest group)
Lisa Schwartz	Oregon Public Utility Commission Staff
Doug Kuns	Portland General Electric
Laura Beane	PacifiCorp
Justin Klure	Oregon Department of Energy
Natalie McIntire	Renewable Northwest Project (public interest group)
John Graham	Ecos Consulting (small business representative)
Dave Tooze	City of Portland (local government representative)
Gary Thompson	Sherman County (local government representative)

Others attending

Robert Meredith, PacifiCorp
Siu kee Wong, PacifiCorp
Bob Stull, PacifiCorp
Laura Rooke, PGE
Thor Hinckley, PGE
Leslie Bach, Nature Conservancy
David Manhart, Nature Conservancy
Andy Noel, Green Mountain Energy
Dan Kalafatas, Three Phases
Collin Whitehead, Three Phases
Diane Zipper, Renewable Northwest Project
Rasa Keanini, California Energy Commission (WREGIS presenter)
Phil Carver, Oregon Department of Energy (for WREGIS presentation only)
Tim Smith, Green Mountain Energy (for WREGIS presentation only)

Announcements

Robert Meredith, PacifiCorp, is now responsible for Time of Use and advanced metering issues at PacifiCorp.

The City of Portland has issued a Notice of Intent to award a contract for renewable energy to Constellation New Energy and Horizon Energy, formerly Zilka. Negotiations are underway. The form of contract likely will be a 20-year power purchase agreement with Constellation New Energy, tied to an agreement with Horizon Energy for 50 MW (16 to 17 MWa) from the Elkhorn wind project in Union County.

Orion is developing a 450 MW wind project in Sherman County. The expected on-line date is 2007. The project is going through the state siting process.

Renewable Northwest Project received a grant for a yard sign campaign (about 1,500 signs) in the Portland metropolitan area in conjunction with Three Phases and Green Mountain Energy. The signs say "I Choose Renewable Energy."

The Center for Resource Solutions is moving toward a national standard. The group is taking comments until Sept. 16th. Renewable Northwest Project will forward its comments to Jeff Bissonnette for distribution to the Portfolio Options Committee.

Minutes Review

Doug Kuns moved approval of the draft minutes from the June 9, 2005, meeting. Gary Thompson seconded. The motion passed unanimously.

Market-Based Rate Option

A subcommittee will explore possible alternatives for the market-based rate option required by SB 1149. The Time of Use option currently is filling that requirement.

Doug stated that the statutory language implies a rate that fluctuates with the market. He said customers participating in the Time of Use option like it and save money, but it may not be cost-effective in the broader sense at this time. He asked whether the Energy Policy Act of 2005 changes our approach.

Laura Beane asked whether we should look toward proposing changes for the 2007 Legislative Session. Lisa Schwartz noted that the statutory requirement is broadly written, and wondered whether it needed to be broadened further. Laura asked whether the intent of the market-based option was to reduce costs for participants. If that's the case, she suggested considering a conservation focus.

Natalie McIntire asked about equipment such as water heater timers. Doug said PGE has provided rebates for water heater timers for Time of Use participants and has conducted pilot programs for direct load control of water and space heating.

John Graham suggested we think about zero energy houses as well as energy displays, such as those for photovoltaic (PV) systems, that tell homeowners what power costs at that hour as well as the output of the PV system. He asked whether customer display technologies could improve awareness of the impacts of energy consumption, especially for the utility's 100 highest-load hours of the year.

PGE continues to look at these technologies. The company is participating in the Grid Wise project, and a display is part of the program. Customers are being currently being recruited.

The following individuals volunteered (or were recruited) to participate in the Market-Based Rate Subcommittee:

- Jason Eisdorfer, chair, will schedule subcommittee meetings.
- Lisa Schwartz
- Doug Kuns
- David Meredith and Laura Beane
- John Graham

Nature Conservancy Report (Handout attached)

Leslie Bach, The Nature Conservancy, provided an update on habitat restoration efforts supported by the Habitat option. Six projects were funded during the first half of 2005, leveraging about \$800,000 in matching funds. Leslie noted that the Habitat option

provides an important source of private dollars that are needed for leveraging public dollars.

PGE's Pelton and Round Butte dams are slated for fish passage restoration in the next year or two. The Nature Conservancy used Habitat funds to support habitat restoration above the dams. These areas are not currently anadromous fish areas, but they soon will be opened to anadromous fish. Thousands of fish have already been released in Squaw Creek and the Metolius River above the dams. No committee member expressed opposition at the meeting to using Habitat funds for these projects.

Thor Hinckley said PGE is seeking endorsement by The Nature Conservancy and others for a direct mail campaign. It was more economic to purchase a large mailing list that includes Nature Conservancy members, rather than acquire the Nature Conservancy's list alone.

The Nature Conservancy continues to include in its newsletters information on the Habitat portfolio option for Oregon customers. Natalie asked Leslie to provide samples of these materials.

The Nature Conservancy's contracts with the utilities expire at the end of December. One-year contract extensions are underway. Upon introduction of a stable-rate renewable resource option for PGE, the Habitat option is expected to become a donation available to participants in any portfolio option. PacifiCorp plans no major changes in its contract with The Nature Conservancy.

WREGIS Update (Handout attached)

Rasa Keanini, California Energy Commission, gave an update on the Western Renewable Energy Generation Information System (WREGIS) by phone.

Rather than use self-reporting data from generators as a basis for registering Tradable Renewable Certificates (TRCs), WREGIS will require meter read data from various reporting agencies – control areas or qualified independent parties. Small customer-owned PV systems are an exception. Control areas need to receive permission from generators to submit data to WREGIS.

Technical operations – for example, upkeep of software — will be maintained separately from program administration.

The Texas, Wisconsin and NEPOOL tracking systems that already are in place in the U.S. serve a single state, or in the case of NEPOOL, serve multiple states but a single control area. WREGIS will serve multiple control areas, which presents new challenges.

California Bill 1078, establishing a Renewable Portfolio Standard, requires a tracking system to verify compliance. WREGIS will prevent double counting by issuing a unique serial number for each certificate.

Like NEPOOL, WREGIS plans to provide a bulletin board for buyers and sellers. However, WREGIS will not be a trading platform.

All of the information included in a WREGIS certificate fills more than one page, so slide 9 provides an example of just some of the information included.

Certificates are initially deposited in the generator's account. They may then be transferred to accounts for load-serving entities. The intended recipient must inform the WREGIS administrator that it accepts the transfer of certificates. Certificates may be:

- Retired for a particular program. The reason for retirement (the particular program) must be specified.
- Exported outside the Western Interconnect
- Put into reserves – for example, to sell separately some of the emissions attributes. Because WREGIS tracks only whole certificates, the system will not track emissions trading. Reserves also can be used to meet the Green-e certification timeline outside of a calendar year. Eventually, these reserved TRCs are retired.

Bob said TRCs purchased for residential customers participating in portfolio options will be retired. For large customers, PacifiCorp will consider reserving the tags to allow stripping off of the carbon rights for participating businesses.

Those wanting to monitor WREGIS' development can sign up for the WREGIS list serve. Stakeholders will have a role on the advisory committee. Anyone interested in becoming a stakeholder advisory committee member can e-mail Rasa. The initial stakeholder meeting took place in Portland on Aug. 22, 2005. Three Phases and Green Mountain Energy plan to be actively involved.

The stakeholder advisory committee will elect the permanent seven-member WREGIS Committee in November 2005. Two seats already are filled, representing the Western Governors' Association and California. Three seats are available for the industry, and a WECC representative will fill another seat. Another seat is available that could be filled by a representative of another state.

Proposed fees are on slide 12. A volumetric fee is most controversial. One question is whether volumetric fees should be charged to the generator or the load-serving entity. Regarding the proposed fee structure for WREGIS, Three Phases' only concern relates to distributed generation. The company will be pushing for a different fee structure for those resources.

The California Energy Commission sent its draft RFP for WREGIS technical operations to the state Department of General Services, which must approve it before it is issued.

WREGIS will go through a testing phase. After that, it will be fully operational. That's the date generators and load-serving entities are first able to sign up, expected to be sometime the first quarter of 2007.

The committee discussed how a WREGIS certification requirement for portfolio options should be phased in. Dan Kalafatas recommended treating 2007 as a phase-in year, with 2008 the first year that all TRCs would have to be WREGIS-certified. Under current Green-e true-up rules, TRCs used for 2007, for example, can be generated during the last half of 2006, all of 2007 and the first quarter of 2008.

Thor recommended the committee propose a standard that tags issued as of a date certain must be WREGIS-certified.

Doug expressed concern that TRCs might be rendered value-less if they're not WREGIS-certified.

Dan said Three Phases is acquiring TRCs from a lot of distributed generation, and it will take time to bring those projects into WREGIS.

Phil Carver supports a date certain that tags must be WREGIS-certified. He pointed out that the goal is in fact to make tags worthless at some point if they're not certified, locking in that date a year ahead. In California, once WREGIS is operational, it must be used to satisfy the Renewable Portfolio Standard.

Bob Stull said PacifiCorp would want to know the Commission's policy on WREGIS certification soon. He said including the committee's recommendation along with our July 1, 2006, recommendations would be soon enough. That would allow a specific requirement to be included in the new contract for a TRC/marketing supplier beginning in 2007. PacifiCorp plans to conduct an RFP for that supplier in June 2006.

Lisa will circulate for comment before the next public committee meeting a motion that, if adopted by the Commission, would require WREGIS certification of TRCs used for portfolio options. She will include in the motion a statement that the committee may return to the Commission with a modified schedule for certification requirements for certain types of resources used for portfolio options, if business activity at WREGIS for those types of TRCs is insufficient.

Quarterly Reports (Handouts attached)

Andy Noel gave PGE's report for the second quarter of 2005. Direct sales, bill inserts and direct mail yielded the most enrollments during the quarter. The spike in Web and phone enrollments is attributable to operational improvements and coordination between PGE corporate and Green Mountain Energy marketing.

Increased enrollment in the past six months indicates that Green Mountain Energy likely will meet its "stretch goal" for the year.

Churn is dropping. It actually is 1,000 less than indicated in the handout because customers are "dropped" for one month before they are "re-enrolled." Programs now are retaining roughly a third of customers that move.

Only 10 percent to 15 percent of participants are dropping out because they think the program costs too much or they are unhappy with it. The remainder are moving out of the area or leaving the program for reasons unrelated to the program.

Bob Stull gave PacifiCorp's report for the second quarter. Bangtails and the educational mailing yielded the most signups, both for renewable resource and Time of Use options.

Enrollment in the company's renewable resource options is now at 3.83 percent for Oregon overall. That's a 7 percent jump from the first quarter.

Jeff Bissonnette noted that according to the July 2005 report on the OPUC Web site, the company's penetration rate is higher. Lisa said the report is marked July 1st, which means the results are as of June 30th. Laura Beane said she'd find out the reasons for

differences between the company's reports to the committee and reports on the Commission Web site. Bob said one possibility is that an enrollment is not reported to the Commission until it reaches the billing databases.

Churn has gone down each year. The programs lose most participants in winter.

PacifiCorp's Hood River Challenge, supported by the county and Chamber of Commerce, has the goal of enrolling 15 percent of the city's residents and businesses.

Collin Whitehead reported on new solar resources for PacifiCorp's Usage and Habitat options:

- A 2.88 kW project at a residence/home office in Ashland
- A 1 kW project at Portland State University
- A 1 kW project at Grant County Fairgrounds
- Up to 165 kW of Energy Trust of Oregon-funded residential solar energy systems. A letter will go out soon to 85 residents who have received Energy Trust assistance for solar energy systems.

The "Seamless Move" is in place for all options at PacifiCorp. For participants who move within the company's service area, their option moves with them.

Next Meeting

The next meeting tentatively will be held the last week of October. Jeff will coordinate with Thor about timing a discussion on PGE's possible stable-rate renewable resources product.

Topics will include:

- Executive session for potential PGE stable-rate product
- WREGIS motion
- Time of Use subcommittee report
- RFP for using Blue Sky surplus funds

— *Lisa Schwartz, Oregon Public Utility Commission staff*