

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 10, 2006

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: December 15, 2005

TO: Public Utility Commission

FROM: Lisa Schwartz

THROUGH: Lee Sparling, Ed Busch and Bonnie Tatom

SUBJECT: PORTFOLIO OPTIONS COMMITTEE: Recommendation to require Tradable Renewable Certificates for portfolio options be registered with the Western Renewable Energy Generation Information System beginning January 1, 2008.

PORTFOLIO OPTIONS COMMITTEE RECOMMENDATION:

The Portfolio Options Committee recommends that the Commission require, beginning January 1, 2008, that all Tradable Renewable Certificates Portland General Electric and PacifiCorp purchase for renewable resource portfolio options pursuant to OAR 860-038-0220(4) and (6) be registered with the Western Renewable Energy Generation Information System (WREGIS). The Committee 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 Tradable Renewable Certificates for the portfolio options.

DISCUSSION:

WREGIS is expected to be operational in the first quarter of 2007. The system will register and track renewable energy generation and transactions of the associated Tradable Renewable Certificates (also called Renewable Energy Certificates or green tags) through the Western Electricity Coordinating Council (WECC) region. WECC will house WREGIS.

The WECC region includes the provinces of Alberta and British Columbia, the northern portion of Baja California in Mexico, and all or portions of the following Western states: Oregon, Washington, California, Idaho, Nevada, Arizona, Montana, Wyoming, Utah,

New Mexico, South Dakota, Nebraska, Colorado and Texas. Generators in any part of a state included in the WECC region are eligible to register with WREGIS.

WREGIS also will be able to import certificates from (and export certificates to) compatible tracking systems, which may include the Electric Reliability Council of Texas and the New England Power Pool Generation Information System.

The registry system will facilitate the market for certificates. Further, it will 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. Mandating the use of WREGIS certificates for renewable resource portfolio options in Oregon will protect participating customers.

Governance and cost

The Western Governors' Association, the Western Regional Air Partnership and the California Energy Commission are funding the development of WREGIS. Each of these organizations appoint a member to the seven-member WREGIS Committee, which will operate the system. Four other members are elected by the WREGIS Stakeholder Advisory Committee, composed of regulators, industry participants and others who advise the WREGIS Committee.

State energy offices, public utility commissions, utilities and public interest groups helped develop the institutional and operating rules.

The WREGIS Committee has not yet determined the fee structure for registering and tracking transactions of WREGIS certificates. However, based on estimated operational costs, the fees are expected to be minimal on a megawatt-hour basis. (Each certificate represents one megawatt-hour of generation.) The WREGIS Institutional Committee recommended the following fees:

- One-Time Generator Registration Fee
 - \$25 for customer-side distributed generation
 - \$250 for all other classes of generators
- Annual Account Fee
 - \$500 for accounts with up to 60 transactions per year
 - \$1,000 for accounts with more than 60 transactions per year
- Volumetric Fee
 - \$0.02 per certificate (per megawatt-hour of generation)

Generators and WREGIS account holders, including utilities and their certificate suppliers/marketers, will pay the WREGIS fees directly.

Timing of recommendation

The Portfolio Options Committee has monitored the development of WREGIS for some time. The committee delayed consideration of a recommendation to the Commission because the expected on-line date of WREGIS was delayed. The committee wants to provide sufficient time for the utilities and their third-party certificate suppliers to prepare for a WREGIS requirement in Oregon. In addition, PacifiCorp would like to know if such a requirement will be in place before it issues in mid-2006 a Request for Proposals for a multi-year contract for certificates and marketing services.

The committee took up staff's motion for a WREGIS requirement at its meeting on December 9, 2005. The motion passed unanimously.

The committee's recommendation addresses possible shortages in supply of WREGIS certificates by advising that the committee may at a later date request the Commission modify the requirement if insufficient WREGIS certificates are available for any type of energy resource supplying the portfolio options. For example, one percent of the green tags supplying PacifiCorp's Renewable Usage and Habitat options comes from small solar energy installations. As 2008 approaches, if there is an insufficient supply of WREGIS certificates for solar energy resources, the committee likely would recommend the Commission allow PacifiCorp to continue for a period of time to purchase green tags from solar energy resources that are not registered with WREGIS.

PROPOSED COMMISSION MOTION:

Beginning January 1, 2008, all Tradable Renewable Certificates purchased for renewable resource portfolio options pursuant to OAR 860-038-0220(4) and (6) be registered with the Western Renewable Energy Generation Information System.