



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

December 11, 2007

In reply refer to: DKR-7

Mr. Kip Pheil
Oregon Department of Energy
625 Marion St. N.E.
Salem, OR 97301-3737

Re: Bonneville Power Administration comments on Oregon Department of Energy draft rules establishing a Renewable Energy Certificate system

Dear Mr. Pheil:

The Bonneville Power Administration (BPA) has reviewed the second draft of administrative rules proposed by the Department of Energy to establish a renewable energy certificate system in Oregon. We respectfully submit the following written comments for your consideration.

1. It is very important to BPA and its customer utilities that the rules appropriately allow and account for power exchange agreements involving BPA and other utilities located within the boundary of the Western Electric Coordinating Council. As demand for renewable energy grows across the west, we believe that power exchange agreements, under which a utility purchases renewable energy from a project and then exchanges it with another utility for power delivered into its control area at a later date, will be used more frequently. BPA currently has such an arrangement with PacifiCorp for power. BPA purchases from the Foote Creek Wind Project in Wyoming and anticipates entering into similar arrangements in the future. It therefore, is imperative that the rules be very clear that Renewable Energy Certificate system (RECs) derived from power exchange agreements involving BPA qualify toward Oregon's Renewable Portfolio Standard (RPS).

As drafted, 330-150-0025(1)(a), appears to cover a power exchange agreement involving an electric utility. At least, that is how BPA interprets the phrase "or to a delivery point designated by an electric utility for purposes of subsequent delivery to the electric utility." Our concern is that under ORS 757.600(13), the statutory definition of "electric utility" for Senate Bill 838, an electric utility is defined as "an electric company or consumer-owned utility that is engaged in the business of distributing electricity to retail customers of this state." BPA does not meet this definition. In addition, as currently drafted, 330-150-0025(b) appears to contemplate only renewable resources being delivered directly to BPA. We therefore request that the same flexibility for electric

utilities to enter into power exchange agreements contained in 330-150-0025(1)(a) be extended to BPA in 330-150-0025(1)(b). This change is consistent with the flexibility afforded both BPA and electric utilities in Section 15(b) of SB 838.

2. While BPA is currently working toward signing up as a Qualified Reporting Entity with Western Renewable Energy Generation Information System (WREGIS), the agency believes that should WREGIS someday not meet either Oregon's needs or its needs for qualifying RECs toward the RPS, there need to be alternatives available. As drafted, 330-150-0020(c) appears to cover situations when the Director of the Department of Energy determines that changes to WREGIS operating provisions impact the ability of WREGIS to facilitate the Oregon RPS. Our concern is what happens when a change to WREGIS operations or, worse, a direct dispute or conflict with WREGIS, prevents an individual utility from using WREGIS to demonstrate compliance with the RPS? BPA believes that it is prudent to identify alternatives to WREGIS directly in the rules as contingencies should WREGIS not be a viable option for an Oregon utility at some point in the future. Indeed, SB 838 allows the use of RECs that are "issued, monitored accounted for or transferred by or through a regional system or trading program including but not limited to WREGIS." SB 838 (emphasis added). We suggest you add similar language to the rules to reflect this same flexibility.

I appreciate the opportunity to submit these written comments and would be happy to discuss either issue in more detail. I can be reached in Portland at (503) 230-3100.

Sincerely,

/s/ Peter Cogswell

Peter Cogswell
Oregon Constituent Account Executive
Bonneville Power Administration