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June 21, 2012

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol Street NE, #215
PO Box 2148
Salem OR 97308-2148

Re: UM 1182 (2)

Attention Filing Center:

Enclosed for filing in the captioned docket are an original and two copies of:

- **RESPONSE TO REQUEST FOR ALJ CERTIFICATION OF RULING**

This is being filed by electronic mail with the Filing Center. An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "V. Denise Saunders". The signature is written in a cursive, flowing style.

V. DENISE SAUNDERS
Associate General Counsel

VDS:cbm
Enclosures
cc: UM 1182 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1182 (2)

In the Matter of)	
)	PGE RESPONSE TO REQUEST
PUBLIC UTILITY COMMISSION OF)	FOR ALJ CERTIFICATION OF
OREGON)	RULING
)	
Investigation Regarding Competitive Bidding)	

Portland General Electric Company (PGE) files this Response to the June 14th, 2012, Request by the Northwest and Intermountain Power Producers Coalition (NIPPC) for the Administrative Law Judge (ALJ) to certify her May 30, 2012, Ruling (ALJ Ruling) for consideration and disposition by the Public Utility Commission of Oregon (Commission or OPUC). As discussed herein, NIPPC has not demonstrated “good cause” to justify certification. Nevertheless, if the ALJ Ruling is certified, it should be affirmed by the Commission.

NIPPC argues that the ALJ should certify the Ruling under OAR 860-001-0090(2)(c) claiming “‘good cause’ exists for certification to ensure that the items to be addressed are the items the Commission is most interested in pursuing.” NIPPC Request at 2. NIPPC’s argument appears to be based on two faulty premises: (1) that the Commission’s intent in reopening Docket UM 1182 is to address a perceived bias for self-build resources¹ by focusing solely on ways to increase the costs of self-build bids; and (2) that an evaluation of Counterparty Risk can only serve to increase the cost of IPP bids.

NIPPC argues that the Commission’s intent in reopening this docket was to reduce the alleged self-build bias and suggests that the list of issues to reduce the perceived self-build bias should lend themselves to an approach whereby “adders” can be included in the costs of self-build proposals. NIPPC Request at 2-3; *See also*, NIPPC’s Comments filed March 19, 2012.

¹ PGE does not believe such a bias exists.

Contrary to NIPPC's suggestion, we do not believe the Commission intended this docket to focus only on determining ways to increase the cost of self-build bids. In Order 11-001, the Commission stated that it was reopening the docket to "further examine issues related to our competitive bidding guidelines." *In the Matter of the Public Utility Commission of Oregon Investigation Regarding Performance-Based Ratemaking Mechanisms to Address Potential Build v. Buy Bias*, Docket No. UM 1276, Order No. 11-001 at 6 (Jan 3, 2011) (Order 11-001). The Commission said it wanted "comment on the analytic framework and methodologies that should be used to evaluate and compare resource ownership to purchasing power from an independent power producer." Order 11-001 at 6. A comparison of utility-owned resources to IPPs cannot be done if, as NIPPC apparently suggests, the Commission intended the parties to only look at those risks that are more likely to benefit IPP bids. Order 11-001 asks for "examination," "evaluation" and "analysis" of risks. The analytic rigor that the Commission appropriately requests cannot be achieved by looking only for benefits to IPPs and turning a blind eye to corresponding risks.

Moreover, NIPPC offers no support for its allegation that "Counterparty Risk appears to be a metric the utilities intend to develop in a manner that would increase self-build bias." NIPPC Request at 3. Indeed as the Staff Comments filed in this proceeding point out, risks associated with Counterparty Risk can benefit an IPP if the IPP's financial strength is better than that of the utility. Staff Comments at 4.

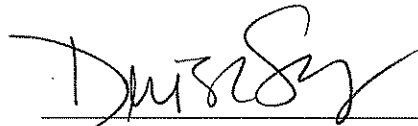
In short, Order 11-001 did not restrict the types of risks to be considered in this docket. The ALJ Ruling adopting the initial issues to be addressed in this docket is consistent with the explicit language of the Order. NIPPC has not established any good cause to certify the ALJ Ruling for Commission consideration.

Nevertheless, if the ALJ Ruling is certified, the Commission should affirm the ruling and decline to replace Counterparty Risk with Wind Capacity Factors. As discussed at length in the IOU Comments, Counterparty Risk can be significant and underlies virtually all of the other factors identified by the Parties. IOU Comments at 4-7. It is not a risk that is fully addressed in Oregon RFPs through existing mechanisms. In addition, it is a factor that lends itself to an analytical approach. *See Id.* In contrast, as the IOUs also discussed, the wind assessment methodologies used for previously developed utility-owned and PPA wind resources currently in utilities' portfolios are less evolved than the methodologies that will be applicable for future competitive procurement processes. *Id.* at 12-13. Therefore, issues related to wind capacity factors do not lend themselves to analysis at this time.

For the reasons set forth above, PGE requests that the ALJ decline to certify the Ruling. If the Ruling is certified, we ask that the Commission affirm it for the reasons discussed in the IOUs' March 19, 2012, Comments.

DATED this 21st day of June, 2012.

Respectfully submitted,

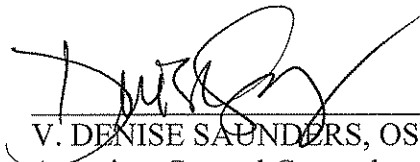


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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **RESPONSE TO REQUEST FOR ALJ CERTIFICATION OF RULING** be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UM 1182.

Dated at Portland, Oregon, this 21st day of June, 2012.



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