

September 30, 2005

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
PO Box 2148
Salem OR 97308-2148

Re: In the Matter of NORTHWEST INDEPENDENT POWER PRODUCERS COALITION
Petition for an Investigation Regarding Competitive Bidding
OPUC Docket No. UM 1182

Dear Filing Center:

Enclosed for filing in the above-captioned docket are Portland General Electric's
Opening Comments. This document is being filed by electronic mail with the Filing Center.

An extra copy of this cover letter is enclosed. Please date stamp the extra copy and return
it to me in the envelope provided.

Thank you in advance for your assistance.

Sincerely,

/S/ V. DENISE SAUNDERS BY DCT

VDS:am

Enclosure

cc: UM 1182 Service List

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1182

In the Matter of)	OPENING COMMENTS OF
NORTHWEST INDEPENDENT)	PORTLAND GENERAL
POWER PRODUCERS)	ELECTRIC COMPANY
COALITION)	
Petition for an Investigation)	
Regarding Competitive Bidding)	

I. Introduction

Portland General Electric Company (“PGE”) appreciates this opportunity to provide comments in Docket No. UM 1182, the Competitive Bidding Investigation. We also appreciate the work of Oregon Public Utility Commission Staff (“Staff”) in preparing the September 26, 2005 Straw Proposal, which resulted from discussions among several of the parties to this Docket, including PGE. PGE believes that, subject to the few limited exceptions discussed below, the Straw Proposal provides a framework for Requests for Proposals (“RFP”) that preserves the flexibility of Order No. 91-1383 and facilitates the acquisition of resources that have the best combination of expected costs and associated risks and uncertainties for customers.

It is our understanding that Staff’s comments will include discussions of the reasoning behind each of the elements in the Straw Proposal. Therefore, we will limit these opening comments to a discussion of those elements of the Straw Proposal where our view differs from Staff’s. We will discuss in our reply comments any observations that we might have on Staff’s explanation of the reasoning underlying the elements of the Straw Proposal.

II. Comments on the Straw Proposal

PGE proposes alternatives to the following three elements contained in the Straw Proposal.

A. RFP After IRP

The Straw Proposal states that “[i]f the utility plans to consider a utility-owned site it should identify the transmission arrangements.” PGE believes that when considering a self-build alternative, a utility should identify site characteristics. However, PGE does not believe that this should extend to a disclosure of the utility’s transmission strategy for its self-build resource. A utility should have the same opportunity as all other bidders to keep such arrangements blinded from other bidders.

B. RFP Requirement

The second element of the Straw Proposal requires utilities to issue RFPs for all Major Resource acquisitions. Major Resources are defined as resources with durations greater than five years and quantities greater than 50 MW. PGE believes that the definition of Major Resources should be resources with durations greater than ten years and quantities greater than 100 *average* MW (MWa). Changing to a MWa basis ensures that non-dispatchable, intermittent or energy limited resources such as wind or hydro are treated on a comparable basis with most other technology types, which have higher expected capacity factors. As an example, a typical Pacific Northwest wind project has an expected capacity factor of approximately 30% - 35% while a new gas fired combined cycle turbine would generally have a capacity factor in excess of 90%. Defining a higher MWa would ensure that both types of projects are treated comparably.

With respect to resource duration, PGE prefers a more flexible time horizon of ten years to allow utilities to remain responsive to changing market and load conditions or time-sensitive mid-term resource opportunities. In many cases, resource opportunities that are less than or equal to ten years and 100 MWa will be related to existing resources or market dynamics rather than yet to be developed generation. The value of such opportunities is also more likely to be driven by near-term market conditions rather than long-term fundamentals or long-run equilibrium pricing. Just as shorter-term energy procurement decisions from the market that are time-sensitive due to market fluctuations, capturing high-value mid-term resource opportunities is also dependant upon the ability of purchasers to act quickly. Pursuing such time sensitive mid-term opportunities of five to ten years in duration exclusively through a potentially protracted RFP process may preclude the possibility of capturing some high-value resources on behalf of customers. Defining major resources as those greater than 100 MWa and ten years retains flexibility and ensures that utilities are able to adeptly respond to changing mid-term conditions and time sensitive and high value opportunities.

C. Bid Scoring and Evaluation Criteria

Section 8(c) of the Straw Proposal proposes that consideration of ratings agency debt imputation be reserved for the selection of final bids from the short list. It also states that the utility should be willing to obtain an advisory opinion from a ratings agency to substantiate its analysis and final decision, if requested by the Oregon Public Utility Commission (“Commission”). PGE disagrees with waiting to adjust debt imputation at the late final bid selection stage. Excluding consideration of debt imputation from short list selection could result in resource acquisitions that do not have the best combination of expected costs and associated risks and

uncertainties for customers. If the cost of debt imputation were excluded at the short listing stage, resource opportunities that have imputed debt would have an unfair advantage over those that do not.

Regardless of which approach the Commission decides to take on this issue, PGE believes it is neither practical nor desirable for the Commission to rely on outside entities to substantiate its decision on these matters. PGE suggests that the Commission work with the parties to develop a methodology or process for evaluating debt imputation calculations when they make a difference in the selection of bids.

III. Conclusion

PGE urges the Commission to adopt Staff's Straw Proposal with the changes and clarifications discussed by PGE in these comments.

DATED this 30th day of September, 2005.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing OPENING COMMENTS OF PORTLAND GENERAL ELECTRIC COMPANY to be served by electronic and U.S. Mail upon each party on the attached official service list in this proceeding.

Dated at Portland, Oregon, this 30th day of September, 2005.

/S/ DOUGLAS C. TINGEY_____

Douglas C. Tingey

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