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December 12, 2008

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*Via Electronic and US Mail*

Public Utility Commission  
Attn: Filing Center  
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Public Utility Commission of Oregon  
Administrative Hearing Division

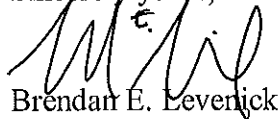
Re: Open an investigation into electric companies providing Qualified Reporting Entity services for certification of renewable energy certificates by the Western Renewable Energy Generation Information System  
**Docket No. UM 1394**

Dear Filing Center:

Enclosed please find an original and one copy of the Opening Comments on behalf of the Industrial Customers of Northwest Utilities in the above-referenced docket.

Thank you for your assistance.

Sincerely yours,

  
Brendan E. Levenick

Enclosures

cc: Service List

DOCKETED

12/12/08

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1394

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DEC 16 2008

Public Utility Commission of Oregon  
Administrative Hearing Division

In the Matter of )  
)  
THE PUBLIC UTILITY COMMISSION OF )  
OREGON )  
Open an investigation into electric companies )  
providing Qualified Reporting Entity services for )  
certification of renewable energy certificates by )  
the Western Renewable Energy Generation )  
Information System )

OPENING COMMENTS OF THE  
INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

I. INTRODUCTION

Pursuant to the December 2, 2008 Ruling, the Industrial Customers of Northwest Utilities ("ICNU") submits these opening comments in the Oregon Public Utility Commission's ("OPUC" or the "Commission") investigation regarding Oregon electric utilities provision of Qualified Reporting Entity ("QRE") services for certification of renewable energy certificates ("REC") by the Western Renewable Energy Generation Information System ("WREGIS").<sup>1/</sup> The Commission should require the electric utilities to provide QRE service to non-utility generators that request the service because the utilities will already provide this service to their own generation units, and there does not appear to be a functioning market for this service. ICNU recommends that the electric utilities provide this service without charge to non-utility generators on a pilot program basis. At a future point, when the costs of actually providing this service are

<sup>1/</sup> ICNU is only commenting on a limited number of the issues identified in the issues list at this time (Issues 1, 2, 7, 8, 9, 10 and 11); however, ICNU may address additional issues in its reply comments.

DOCKETED

better known, the Commission could revisit whether the utilities should charge non-utility generators their incremental costs associated with QRE service.

## II. COMMENTS

### 1. The Commission Should Exercise Its Authority to Require the Electric Utilities to Provide QRE Service (Issues 1, 2, 7 and 10)

Oregon's electric utilities should be required to provide QRE services for all generators over 360 kilowatts<sup>2/</sup> that request service. The Commission should exercise its authority to mandate that electric utilities provide QRE service because they are uniquely situated to provide the service. In addition, any failure to require the electric utilities to provide this service could significantly harm the development of the non-utility renewable energy market, especially small net metering customers and qualifying facilities ("QFs").

The Commission has broad regulatory authority to ensure that electric utilities provide adequate and safe service. ORS § 757.020; Northwest Climate Conditioning Ass'n v. Lobdell, 79 Or. App. 560, 566-67 (1986). In addition to this broad grant of authority, a number of other laws provide the Commission with authority over utility purchases from customer-owned generation, including the net metering, state public utility regulatory policies act ("PURPA"), direct access, and renewable portfolio standard statutes. In addition, the Commission has already ruled that it has some authority over the regulation of RECs. Re OPUC Rulemaking, AR 495, Order No. 05-1229 (Nov. 28, 2005).

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<sup>2/</sup> ICNU understands that smaller generators may self report to WREGIS. Revised Joint Issues List n.2.; PacifiCorp Initial Comments at 4.

The net metering statute provides the Commission with jurisdiction over the rates, metering and service associated with utility purchases from customer-owned generation resources. ORS § 757.300. QRE service is a metered service associated with sales from customer-owned generation that falls under the net metering statute. The Commission also has jurisdiction over all aspects of utility metering and purchase from QFs. ORS § 758.505 et seq. The state PURPA law also specifically requires the electric utilities to offer to purchase energy and capacity from QFs which are not directly connected to the electric utility's distribution or transmission system. ORS § 758.525. Finally, the legislative mandates for the Commission to eliminate barriers to the creation of a competitive retail market and to implement the requirements of Senate Bill 838 provide additional grounds for the Commission to mandate that the electric utilities offer QRE service. ORS § 757.646; ORS § 469A.005 et seq.

The Commission should require the electric utilities to provide QRE service because it is unclear whether there is a market to provide cost effective QRE service for non-utility generators. Portland General Electric Company ("PGE") and Idaho Power Company ("IPC") suggest that there are two companies that provide QRE reporting services. PGE Initial Comments at 2; IPC Initial Comments at 4. PacifiCorp, however, explains that at least one of these entities only provides QRE services for very small generators, and PacifiCorp recommends that the Commission should focus on the potential, rather than the current QRE market. PacifiCorp Initial Comments at 8. The Commission should not abandon non-utility generators by hoping that a cost effective market for QRE services develops.

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The electric utilities also should provide QRE service because they will provide this service for their own generation units. There are no practical or legal impediments to the utilities also providing QRE service to non-utility generators.

Failing to require the electric utilities to provide this service could also significantly harm non-utility generators and the competitive retail market for renewable resources. The one-time start up costs to report the environmental attributes to WREGIS could be prohibitively high for non-utility generators, especially small net metering customers and small QFs. See PGE Data Response (“DR”) 4. If each non-utility generator is required to pay their own full start up costs, then the number of economic renewable projects may be reduced and/or certain renewable generators may be unable to obtain environmental certification. This could cause unnecessary reduction in the amount of qualifying electricity to meet Oregon’s renewable portfolio standard, and harm the competitive renewable energy wholesale markets.

**2. The Commission Should Require the Utilities to Provide QRE Services Without Charge (Issues 8, 9, 10 and 11)**

The Oregon utilities should provide QRE services to Oregon non-utility generators at a reduced charge or without charge on a pilot program basis. Requiring the utilities to provide QRE service at a reduced or no charge on a pilot basis is consistent with the goal of ensuring that customer-owned generators are able to sell their certified renewable energy in the market, and fostering the competitive wholesale renewable energy market.

The Commission has the authority to mandate that the utilities provide QRE services without charge. The state PURPA statute provides the Commission with the legislative direction to “[p]romote the development of a diverse array of permanently sustainable energy resources” and to “[i]ncrease the marketability of electric energy produced by” QFs. ORS § 758.515. The Commission also has the explicit authority to limit the charges imposed by utilities upon customer-owned generators with net metering facilities. ORS § 757.300(2).

The overall incremental costs to the Oregon utilities to provide this service may not be significant. PGE, PacifiCorp and IPC have responded to discovery requests which indicate that their own incremental cost of providing QRE service may be small. PGE DR 4 (monthly fee for non-utility generator estimated at \$85); IPC DR 3 (monthly cost per non-utility generator at \$112); PacifiCorp DR 10 (monthly cost estimated at \$100). It is possible that resources spent participating and litigating this proceeding by the Commission, the utilities and intervenors will be less than the total incremental cost of the utilities’ providing this service to non-utility generators.

There is also inadequate information in this proceeding to determine the incremental costs of providing QRE service to non-utility generators. The utilities actual costs of providing QRE service may be lower than they are currently estimating. PGE and PacifiCorp have not yet provided QRE service to non-utility generators, and have no historic costs upon which to base their cost estimates. IPC has provided the only specific information regarding the actual costs of providing this service, but there are significant questions about whether IPC’s costs are appropriate if the service is offered to more than

two customers, whether the costs will be less for smaller generators, or if the costs are appropriate for all types of generators capable of producing RECs. In addition, this proceeding does not include testimony or a hearing to appropriately review and challenge any utility cost estimates. Instead of allowing a specific charge based on incomplete information, the Commission should adopt a QRE pilot program with no or only a token charge, and review this issue in the utilities' general rate case filings.

The utilities also have proposed to allocate a portion of its own QRE service start up costs to non-utility generators. E.g., PGE DR 4; PacifiCorp DR 7. PGE estimates will be a one time \$400 charge for each non-utility generator. PGE DR 4. Under no circumstances should the Commission allow the utilities to charge any QRE service start up costs to non-utility generators. The electric utilities should be fully responsible for these start up costs because they will be required to incur, or already have incurred, these costs regardless of whether they offer QRE services to non-utility generators.

### III. CONCLUSION

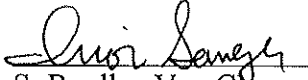
The Commission should require the Oregon electric utilities to provide QRE service to any Oregon non-utility generators that requests the service. The Commission should also adopt QRE pilot programs for the electric utilities that offer the service at no or reduced cost, at least until each utility's next general rate case. Not only does the Commission have the legal authority to impose these requirements, but they will ensure that non-utility generators have an option to obtain QRE service during the early stages of implementation of the Oregon renewable portfolio standard.

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Dated this 12<sup>th</sup> day of December, 2008.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.



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Of Attorneys for the Industrial Customers  
of Northwest Utilities



# Attachment A

December 5, 2008

TO: Vikie Bailey-Goggins  
Oregon Public Utility Commission

FROM: Doug Kuns  
Manager, Pricing and Tariffs

**PORTLAND GENERAL ELECTRIC  
UM 1394  
PGE Response to OPUC Data Request  
Dated November 19, 2008  
Question No. 004**

**Request:**

**Please provide workpapers for each fee in the draft schedule for the WREGIS renewable energy certificate reporting service PGE filed on November 6, 2008. Include in your response the basis for the “estimated incremental costs” for designing data collection and reporting programs and the basis for individual generator set-up costs, both of which would be recovered through the “QRE set-up cost recovery charge,” as well as the basis for assuming 0.5 FTE is needed to maintain monthly QRE service for 60 MW of generation. See PGE’s initial comments, Attachment 2 at 2-3. Also include a list of required QRE activities that each fee would support with a breakdown by cost element.**

**Response:**

Attachment 004-A describes the process for PGE to become a QRE, set up accounts, and provide monthly QRE services.

The hours and fees described are very rough estimates and should be considered preliminary and subject to adjustment. Cost estimates are PGE labor-related.

**UM 1394**  
**Attachment 004-A**  
PGE QRE Process

## PGE QRE Process/Costs Initial Analysis

### Start Up Process

1. Register as a QRE with WREGIS. 20 hrs @ \$50 hr = \$1000.
  - a. Read and sign the WREGIS Terms of Use Agreement.
  - b. Submit online application.
  - c. Submit FERC form 714 for the most recent year by email.
  - d. Sign affidavit declaring the Company agrees to the Qualified Reporting Entity (QRE) Guidelines and protocol established in the Interface Control Document (ICD).
  - e. Receive email describing account activation.
  
2. Set up system to store WREGIS Account Holder data to be submitted to WREGIS. 80 hrs @ \$50 hr = \$4000.
  
3. Set up automated data file conversion for purposes of reporting to WREGIS. 80 hrs @ \$50 hr = \$4000.
  
4. Train an analyst 3 on the following: 80 hrs @ \$50 hr = \$4000.
  - a. WREGIS Account Holder application process.
  - b. QRE reporting to WREGIS process.
  - c. Fielding calls/email from WREGIS Account Holders.
  
5. Test the system. 40 hrs @ \$50 hr = \$2000.

Total minimum estimated Start Up Costs = \$15,000

Generator	Nameplate Capacity per Generator	Estimated Cost *
Start Up Costs; register as QRE, train employee, and set up system to manage data,		\$15,000
Allocation to: Pelton/Round Butte	50 MW	\$12,500
Allocation to: Ten Non-PGE Generators	1 MW	\$250
Plus: costs to establish service, review agreement, and set up account		\$150
Total One Time Set Up Fee per Non-PGE Generator		\$400

\* Cost is allocated using a weighted average based on nameplate capacity

**WREGIS Account Holder Registration and Reporting Process – Non-PGE Resources**

1. The renewable resource generator asks the company to provide QRE service.
2. The Company gives the resource generator a list of prerequisites that need to be completed prior to signing a contract to receive QRE services.
  - a. Possess a generation facility with a nameplate capacity greater than 360 kW at a site connected to the Company’s distribution. The facility must be located within the Company’s retail service territory.
  - b. Become a WREGIS Account Holder.
  - c. Register the renewable resource with WREGIS.
  - d. Pay any applicable fees to WREGIS.
  - e. Possess an interconnection agreement with the Company, if required.
  - f. Acquire the necessary metering equipment, provided by the Company.
3. The renewable resource generator, now known as the WREGIS Account Holder, enters into a WREGIS Reporting Service Agreement with the Company. The WREGIS Account Holder pays the new account fee.
4. The Company gathers meter data, either remotely or using an onsite reading.
5. The Company transforms data into a file and uploads data to WREGIS, as outlined in the Interface Control Document (ICD) monthly.
6. The Company bills the WREGIS Account Holder per kWh for collecting data and reporting to WREGIS.
7. The WREGIS Account Holder notifies the Company of any discrepancies or adjustments and adjustments are made as necessary.

Generator	Nameplate Capacity per Generator	Estimated Annual Cost	Estimated Cost Per Month *
One half full time equivalent employee, annually		\$50,000	
Allocation to: Pelton/Round Butte	50 MW		\$3,472
Allocation to: Ten Non-PGE Generators	1 MW		\$69
Plus: Maintain system and accounts			\$16
Total Monthly Fee per Non-PGE Generator			\$85

\* Cost is allocated using a weighted average based on nameplate capacity

**STAFF REQUEST 3:**

Please estimate the Company's total time and cost per month for QRE services for owned and contracted renewable resource facilities for which the Company acquires renewable energy certificates. Include in your response the following information:

- a. The number of owned facilities included in the estimate.
- b. The number of contracted facilities included in the estimate
- c. The estimated number of hours spent on QRE services for an individual owned facility per month
- d. The estimated number of hours spent on QRE services for an individual contracted facility per month
- e. The estimated cost to the Company to provide QRE services for an individual owned facility per month
- f. The estimated cost to the Company to provide QRE services for an individual contracted facility per month

**IDAHO POWER COMPANY RESPONSE:**

*Idaho Power does not currently track REC's from any Idaho Power owned generation facilities. Therefore questions a, c, and e are not applicable to Idaho Power.*

*Idaho Power is currently using WREGIS to track REC's from two renewable energy projects. Idaho Power is the sole purchaser of energy from these projects and contractually is acquiring all or a portion of the REC's from these projects. Idaho Power spends approximately 1.5 hours per project per month performing this service at a cost of approximately \$74.88 per hour. This equates to a total cost per project of \$112.31 per month, and a combined total of \$224.62 per month for both projects.*

UM-1394 / PacifiCorp  
December 8, 2008  
OPUC Data request 7

**OPUC Data Request 7**

Please refer to draft Schedule 325, filed on November 6, 2008. Please provide the estimated Service Charges — monthly fee plus hourly fee — for calendar year 2009, by cost element, if the Company designed the charges based on:

- a. Fully allocated cost
- b. Incremental cost

Provide the Company's definitions for items (a) and (b), provide the basis for the calculated charges, explain assumptions used, and include spreadsheets in electronic format with formula intact.

**Response to OPUC Data Request 7**

Draft Schedule 325 included in the November 6, 2008 filing, was provided for discussion purposes only and does not constitute a specific pricing proposal by the Company. Nonetheless, the Company responds as follows:

As explained in response to OPUC Data Request 1, all Task/Activities would be incremental work. The estimated service charges are based on a fully allocated cost based on an hourly rate for the employer of approximately \$50/hour. Based on this, the Company estimates the Service Charge under this pricing structure would be a \$100 monthly fee plus \$50 per hour for work performed in excess of "x" hours per month. The Company has not determined a reasonable number of hours for "x" at this time.

UM-1394 / PacifiCorp  
December 8, 2008  
OPUC Data request 10

**OPUC Data Request 10**

Please refer to Staff Data Request No. 9. Estimate the cost of providing this service for an individual Third Party Generator. Provide the basis for the calculations, explain assumptions used, and include spreadsheets in electronic format with formula intact.

**Response to OPUC Data Request 10**

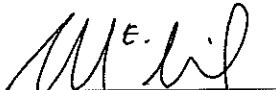
The estimated cost of this service is \$100 per month, based on an employee cost of \$50/hour for one hour.



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have this day served the foregoing Opening Comments the Industrial Customers of Northwest Utilities upon the parties on the service list, shown below, by causing the same to be sent by electronic mail to all parties, as well as, deposited in the U.S. Mail, postage-prepaid, to parties which have not waived paper service.

Dated at Portland, Oregon, this 12th day of December, 2008.

  
Brendan E. Levenick

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