

RPS 2010 Rulemaking Advisory Committee

Meeting #5 Minutes

November 18, 2010

1:00pm to 4:00pm

Oregon Department of Energy

Members Present:

Jeff Bissonnette, CUB

Megan Decker, RNP

Ryan Flynn, PacifiCorp

Gary Marcus, Falls Creek Hydro

Kate Miller, Trout Unlimited

Brendan McCarthy, PGE

Tom O'Connor, OMEUA

Rick Oliver, Central Lincoln PUD/OPUDA

Doris Penwell, AOC, CREA

Zabyn Towner, PNGC

Members Absent:

Ellie Booth, Covanta Energy

Lisa Brown, WaterWatch of Oregon (alternate)

Linc Cannon, Forest Resources and Taxation

Glenn Montgomery, OSEIA

Paul Cosgrove, Covanta Energy (in for Ellie Booth)

Paul Woodin, CREA

ODOE Staff Present

Andrea Simmons

Matt Hale

Michael Schopf

Hillary Dobson

Other Stakeholders Present:

Jason Heuser, EWEB

1. Reviewed ODOE personnel changes

1. Andrea Simmons introduced the group to Matt Hale, the Energy Technology Manager, and to Michael Schopf, who will be leading the RPS operational activities.

2. Rulemaking schedule

1. Andrea Simmons reviewed the rulemaking schedule with the group. ODOE plans to file permanent RPS rules no later than February 23, 2011. There will be a public hearing on January 25, 2011 and the public comment deadline will be February 1, 2011.
2. Brendan McCarthy asked about synchronizing the rulemaking timeline with the WREGIS timeline. Andrea Simmons said that could be accomplished by tying the rule language to the WREGIS decision. Rule language will be sent out to the group by December 6th, if not earlier. Comments on the draft language from committee members would be due back to ODOE by December 10, 2010.

3. PCR 192 Update

1. Matt Hale summarized the history of PCR (process change request) 192. Kip Pheil submitted the request in October to WREGIS. The PCR asks WREGIS to modify its program in order to accommodate Oregon's "stranded" generation problem. The WREGIS SAC discussed PCR 192 on November 18th and ODOE representatives participated via conference call. The SAC gave PCR 192 a positive recommendation, with some modifications: 1) it would be for Oregon only and 2) this would be a onetime event. This issue will go to a vote early 2011. WREGIS/APEX is looking into associated administrative costs with PCR 192.
1. Tom O'Connor raised the point that EPP (Environmentally Preferred Power) from Bonneville also has a stranded generation problem.

4. Review draft language presented on incremental hydropower.

1. Low-Impact Hydropower language is the same as the temporary rule language. This temporary rule expires on February 23, 2011, but will be part of the permanent rulemaking filing.
 - a. Incremental hydro/hydro upgrades language clarifies that capacity upgrades are not eligible for the RPS.
 - b. The group asked for clarification on what qualifies as a capital investment upgrade. Doris Penwell said that with capital investment, there is usually a threshold. Tom O'Connor said that the term "capital investment" could be problematic with Bonneville activities. Zabyrn Towner stated that the goal of issuing RECs for hydro upgrades is to capture all efficiency upgrades – whether through capital investments or not. There was a suggestion that ODOE use the Bonneville accounting system. Megan Decker questioned why "capital" needs to be included at all. The group agreed. Kate Miller suggested "investments in upgrades to existing facilities/equipment." She pointed to the RPS' purpose of incentivizing investment.
 - c. PGE and PacifiCorp representatives said disagreed with the term "upgrade" and preferred just using "investment." PGE recommends more closely tracking the federal PTC language. Kate Miller noted that the federal language does not provide any

guidance on what “efficiency” is – describes it as what “capacity” isn’t. She recommends keeping it simple, if possible.

- d. Tom O’Connor raised the point that federal facilities, such as Bonneville) are not FERC certified; the rules need to provide for that. He suggested that an attestation may suffice.
- e. Megan Decker suggested working on consistency within the draft language by repeating phrase from OAR 330-160-0050(1).

BREAK

5. The group addressed the remaining items on the agenda

1. The group reviewed the remaining issues that have been brought up in this rulemaking and discussed whether these issues would be better addressed not through rulemaking, or possibly in a later rulemaking.
2. Matt Hale asked the group if they would be willing to meet between December 6th and the 15th. The group agreed to do so and discussed schedules.
3. Ryan Flynn, Megan Decker, and Jason Heuser all agreed that the NERC e-tags/bundled REC issue needs to be addressed very soon.

6. The group discussed the “stranded” generation issue

2. Jason Heuser said that EWEB has two facilities that are registered with WREGIS, but haven’t been approved by ODOE as qualifying for the Oregon RPS. Michael Schopf explained that as long as EWEB has been uploading its meter data to WREGIS, there should not be a significant problem.
3. Zabyrn Towner said that the Bonneville dams are producing stranded generation and may not be registered with WREGIS. Tom O’Connor believed that the EPP facilities are currently registered with WREGIS.
4. The group discussed a potential interim tracking system. Facilities would need to be registered with WREGIS. There would need to be a cutoff date, such as March 31, 2012, the compliance year’s absolute deadline. Attestations and data provided by generators in an electronic form would be required documentation.
 - a. The group discussed making audits a required part of any interim tracking system. PGE said it was willing to be subject to an audit. PacifiCorp agreed to a books and records-type audit. The group discussed the possibility that a third party may actually perform the audits.
5. The group discussed the possible WREGIS option, which would generate extra administrative costs for WREGIS. WREGIS needs to know the time period with that, and the number of generators. WREGIS costs are currently borne by WREGIS participants.
6. Rick Oliver asked about a discussion in a previous meeting where Kip Pheil mentioned possibly being able to deal with stranded RECs through NARR. The group agreed that the WREGIS option seemed more promising.

7. Bundled REC discussion

1. OAR 330-160-0025(1) requires a NERC e-tag. Ryan Flynn suggested language for allowing an exception for bundled RECs under the rules. The group discussed the original purpose of requiring the e-tag.
2. The group discussed the two situations where e-tags are not created, yet where utilities believe they should be treated as bundled RECs. First, in power swap situations. Second, in-system generation.
3. EWEB has a problem meeting the NERC e-tag requirement because of a power swap situation. PacifiCorp has in-system generation that does not have e-tags.