



OREGON OFFICE
OF ENERGY

**Self-Direction of Public Purpose Charges for
Renewable Power Purchases, Renewable Tags or
On-Site Generation From Renewable Resources**

Statutory Requirements

Expenditures for electricity from renewable resources or renewable tags supplied no earlier than March 1, 2002, qualify (or the date the Office of Energy certifies the project, if that date is later).

Eligible renewable resource generation facilities are those placed in operation (generating electricity) after July 23, 1999, the date Oregon's electricity restructuring bill became law, or an addition after that date to an existing renewable resource project.

Resources may include wind, waste, solar, geothermal, landfill and digester gas, low-emission nontoxic biomass based on solid organic fuels from wood, forest and field residues, and hydroelectric facilities located outside protected areas as defined by federal law in effect on July 23, 1999.

Only the above-market costs are eligible.

Oregon Office of Energy Interpretations and Guidelines

Contract for Purchase of Electricity from Renewable Resources

Contracts for renewable resource electricity products must include a performance obligation for the amount and type of generation specified. Contracts should include the Energy Information Administration site name and number of the renewable resource, type of renewable resource, first date of operation of the resource, generation period for the electricity being supplied, the amount of electricity (MWh), price per unit of energy and total cost.

The above-market cost of electricity from renewable resources is determined as follows: The conventional electricity price is the customer's distribution utility estimated wholesale market price of electricity used in calculating the ongoing resource valuation mechanism (PGE's Schedule 125 and PacifiCorp's Transition Adjustment Schedule 294 under OAR 860-038-0140) published for that calendar year. For a site-specific renewable power contract having terms and conditions substantially similar to a conventional power contract for that site, the price differential between the two contracts may be used as the above-market cost. The Office of Energy will determine whether the above-market costs reported in the application appear reasonable in comparison to similar resources.

For power contracts, the supplier must be Pacific Power, Portland General Electric or an alternative Electricity Service Supplier certified by the Oregon Public Utility Commission. (Renewable tag suppliers do not need to be certified by the PUC.)

Purchase of Tradable Renewable Certificates or Tags

The entire cost of a renewable tag is the above-market cost. Tradable certificates or tags shall include the Energy Information Administration site name and number of the renewable resource, the type of renewable resource, first date of operation of the resource, generation period for the green tags, the amount of electricity (MWh), price per unit of energy and total cost. The Office of Energy will determine whether the above-market costs reported in the application appear reasonable in comparison to similar resources.

Electricity Generation From Renewable Resource Projects That Are Owned or Leased by the Applicant and Used at the Applicant's Site

One of the following methods (a or b) shall be used to determine the above-market cost for new renewable resource facilities owned or leased by the applicant that generate electricity for use at the applicant's site. The revenue (net of the costs of transmitting the power) from selling electricity from the project to other sites must be disclosed and shall be subtracted annually from the above-market cost in either of the following methods:

- a) Under this method, the above-market cost for a new renewable resource project is all construction costs plus estimated maintenance and renewable fuel costs for the period ending Feb. 28, 2012, or 10 years, (whichever is less) minus the costs of a prototype natural gas combined-cycle combustion turbine (CCCT) operated at the same capacity factor as the renewable resource project over the same period.

The standards developed by the Northwest Power Planning Council, listed below, shall initially be used to determine the per-unit costs for the proto-type CCCT. These standards will be updated and published at a later date. The reason for selection of low, medium or high capital cost shall be explained and technically supportable.

- Capital cost (\$/kW): \$550 (low), \$610 (medium), \$670 (high)
- Capital cost reduction (real, 2000-2019): -0.5%/yr
- Fixed O&M (exclusive of fuel, taxes & insurance) (\$/kW/yr): \$19
- Variable O&M (exclusive of fuel): 1.1 mill/kWh
- O&M cost reduction (real, 2000-2019): -1.2%/yr
- Heat rate (Btu/kWh): 6,900 (new & clean), 7,060 (lifetime average)
(no cogeneration. Reduce 300 - 500 Btu/kWh for cogeneration projects.)
- Heat rate improvement (2000 - 2019): -0.4%/yr
- Average annual availability: 90 – 95%,

These costs are assumed to be incurred by independent developers with the following financial characteristics:

- Debt/equity ratio: 70/30

- Interest on debt: 8.7% (nominal)
- Return on equity: 17.3% (nominal)
- Long-term annual general inflation: 2.5%
- 15-year capital financing; 30-year project life
- Weighted after-tax cost-of-capital discount rate, nominal: 9%

All costs are in year 2000 dollars; heat rate is for 2000 service (1998 equipment).

— **OR** —

- b) Under this method, the above-market cost for a new renewable resource project is all construction costs, with annual increases for actual maintenance and renewable fuel costs and decreases for the market value of power generated. The market value of the power is the wholesale power price multiplied by the amount of power generated by the facility that year. The wholesale power price is the estimated wholesale market price of electricity used in calculating the ongoing resource valuation mechanism (PGE's Schedule 125 and PacifiCorp's Transition Adjustment Schedule 294 under OAR 860-038-0140) published for that calendar year.

Under either method, the Office of Energy will determine whether the above-market costs reported in the application appear reasonable in comparison to similar resources.

Renewable Resource Electricity Supplier Requirements

Suppliers must undergo, at their expense, an annual third-party verification of contracts, meter data, billing statements, and any other records necessary to substantiate that the sale of renewable resource electricity products is consistent with the National Association of Attorneys General "Environmental Marketing Guidelines for Electricity." Those standards may be reviewed at:

http://www.naag.org/legislation/Green_Marketing_guidelines.PDF

The third-party verification must be provided by an entity independent of the supplier and be available to other companies seeking this service.

The supplier must purchase within the year enough renewable resource electricity or tags of the type promised to the customer. By May 1 each year, the supplier must provide the Office of Energy an affidavit from an independent third-party certifier verifying that the supplier purchased on behalf of customers enough renewable resource products of the type promised to them for the year. However, if at the end of the year it becomes apparent that the supplier did not purchase sufficient amounts, the supplier has a 12-month grace period to purchase the requisite amount of renewable resource electricity or tags to meet the needs of the previous year. The supplier must notify the Office of Energy of its intent to do that. A particular MWh of electricity or tags from a particular generating unit can only be applied to a single year and a single customer.

For renewable tag sales, requirements include but are not limited to the following:

- The supplier should have certificates that reliably establish that, for the period relevant to the claim, the supplier purchased the sole rights to the claimed attributes in an amount adequate to meet consumption demand for the product consistent with the claimed attributes. In addition, no more than one certificate should be issued for any one unit of power.
- Any claim about current or future attributes that is based on the purchase of certificates requires competent and reliable evidence to support the expectation that the generators of electricity from whom the certificates are purchased will produce sufficient electricity to meet reasonably anticipated demand for the attributes they represent.
- Tradable certificates or tags shall include the Energy Information Administration site name and number of the renewable resource, the type of renewable resource, first operation of the resource, generation period for the green tags, the amount of electricity (MWh), price per unit of energy and total cost.

Information Needs From Renewable Power Producers and Renewable Tag Suppliers

The following minimum information shall be provided to the Oregon Office of Energy by renewable power and renewable tag suppliers for products sold to self-directing customers:

- Supplier contact information
- Supplier business identification number
- Oregon PUC Energy Service Supplier number (power suppliers only)
- Resource type
- Date facility started operation
- Facility Energy Information Administration name
- Facility Energy Information Administration i.d. number
- Facility location
- Supplier's independent third party certifier - name, e-mail, phone number, address, business identification number
- Whether amount of renewable power is fixed or varies based on power use at the site (for power contracts only)
- Price per megawatt-hour and total cost (If dependent on contract terms, this information shall be disclosed in the customer's contract with supplier, attached to the application to Office of Energy for Renewable Energy Resource Precertification)

Definitions:

“Electricity product” means the electrical energy produced by a generating facility (or an on-site generator), or the attributes associated with that electrical energy, that a retail seller offers to sell or sells to consumers or businesses under terms and conditions specific to an offer or a tariff.

“Tradable certificates,” “tags” or “green tags” are the non-power attributes associated with the power generated from specified renewable energy facilities. A green tag

represents the non-power attributes made available by the generation of one megawatt-hour (MWh) from one or more specified facilities.

“Non-power attributes” means the fuel, emissions, or any other characteristic of a specified renewable energy resource deemed of value to the parties except for the energy, capacity, reliability, or power quality attributes. These non-power attributes include but are not limited to any avoided emissions of pollutants to the air, soil or water such as sulfur dioxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and any other pollutant that is now or may in the future be regulated under the pollution control laws of the United States; and further include any avoided emissions of carbon dioxide (CO₂) and any other greenhouse gas (GHG) that contributes to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere, along with the green tag reporting rights to these avoided emissions.