

Sent: Thursday, March 13, 2008 8:33 PM

Subject: AR 518 SB 838 (RPS) Rulemaking - 3/17/08 Workshop - basis of ACP rate

The Alternative Compliance Rate should be determined to be the rate which achieves the requirement of SB 838 but does not exceed the 4% cost cap. The law, of course, provides that Alternative Compliance Payments when added to other costs of compliance will not exceed the 4% cap.

This approach would most clearly “provide an adequate incentive for the electric company or electricity service supplier to purchase or generate qualifying electricity in lieu of using alternative compliance payments to meet the renewable portfolio standard.” Compliance through ACP or actual acquisition of qualifying electricity would be an equal investment but acquisition would get the qualifying resource – if available - on line sooner.

This approach can take into account the Section 20 (2) requirement that the rate shall be “based on the cost of qualifying electricity, contracts that the electric company or electricity service supplier has acquired for future delivery of qualifying electricity and the number of unbundled renewable energy certificates that the company or supplier anticipates using in the compliance year to meet the renewable portfolio standard applicable to the company or supplier.”

The expected cost of qualifying electricity, contracts, and anticipated unbundled renewable energy certificates would be used to determine both the incremental cost (relative to the 4% cap) and the potential shortfall of certificates needed to satisfy the RPS.

Kip Pheil, Senior Policy Analyst
Renewable Energy Division
Oregon Department of Energy
625 Marion Street NE
Salem, Oregon 97301-3737

kip.pheil@state.or.us

503.378.4442 (direct) :: 800.221.8035 (in Oregon) :: 503.373.7806 (fax)