

**Portfolio Options Committee
Regular Meeting Minutes - Draft
Friday, February 6, 2009**

Committee members attending

Jeff Bissonnette - Chair	Citizens' Utility Board
Lori Koho	Oregon Public Utility Commission Staff
Marc Cody (proxy)	Portland General Electric
Joelle Steward	Pacific Power
Roger Rees	Oregon Heat (residential customer representative)
Robin Straughan	Oregon Department of Energy
Kip Pheil (proxy)	Oregon Department of Energy (by phone)
Eric Lovell	Uroboros Glass (by phone)
Katie Kalinowski	Renewable Northwest Project
Jeff Bissonnette	Citizens' Utility Board

Others attending

Leslie Bach	The Nature Conservancy
Thor Hinkley	Portland General Electric
Scott Havis	Green Mountain Energy
Joanna Colby	Green Mountain Energy
Adam Capage	3 Degrees
Stasia Brownell	3 Degrees
Geoff Bastian	3 Degrees
Rhonda Rasmussen	PacifiCorp
Barbara McKibben	PacifiCorp
Aaron Lively	PacifiCorp (by phone)
Brian Harney	NW Natural

Utility Quarterly Updates (See attached reports from PGE, NWN & PPL)
PGE - Scott Havis presented for PGE. December is typically a low month for signups but there had a lot of sign-ups via the web during 4th quarter. Face to face channels have not been as successful in the Commercial sector. Lori asked for a graphical representation of the numbers so we'd be able to compare performance for year or quarterly performance.

PacifiCorp – Bulk of enrollments from bang-tail, direct mail, education mailings and outreach/events. Haven't seen a significant different in drop rates (11/08-01/09 compared with 11/07-01/08) but have seen a drop in new enrollments by about 1/2.

Katie asked what PGE is seeing for annual churn. Jeff asked why PGE thinks the web enrollments were so explosive. Scott thinks it might be www.greenpoweroregon.com and that the bottom of PGE bill shows if customer is a renewable customer or not. At this time, they can't track who is going from

www.greenpoweroregon.com to the PGE website. Thor said greenpoweroregon.com is intended to be an independent micro-site and helps retain customers.

NWN – Parr Lumber, Oregon Convention Center & Miller Paint are commercial customers who have signed up for Smart Energy. Biodigester project is announced – it's a dairy in Boardman. Bangtails, direct outreach have generated the most sign-ups.

Katie asked how NWN is handling people who move. Brian replied that you have to opt out of the program if you move. The opt in stays with the customer account when they move.

Habitat Restoration Contracts

Joelle said the last time they did the RFP was 2005 and the original intent was to do another RFP every 2 years. In 2007, staff & POC decided to just renew the current contract with The Nature Conservancy (TNC). PGE's contract with TNC also expires at the end of 2009. PGE's concern is that they have to issue an RFP for a the green power marketer this year and they'd rather not have two RFPs going at once. Both PGE & PPL believe they have a very successful relationship with TNC. PGE is concerned that the potential of having a new marketer along with a new habitat vendor would be distracting to customers.

Leslie presented an overview of TNC accomplishments since becoming habitat restoration provider for the options. She stressed the leverage they've been able to do because of the projects that need matching funds. Most grant programs aim for a 50/50 match. TNC has been able to get more like a 2:1 match. TNC has been able to provide marketing content that has helped bring subscribers to the options programs. Projects focused on watersheds that have anadromous fish. That's why there aren't projects in the Klamath area.

Leslie also mentioned that they have renewable shopping bags. Green Mountain asked if they could have some of the TNC bags to take out in the field. Jeff said it's been a few years (about 2) since the Habitat has been an independent option for PGE and wants to know how well that has worked and if it has increased enrollment in the habitat. Scott said he think the growth has been consistent. Leslie is curious about the effect but doesn't think they've seen a big impact because of the change.

Back to discussion of whether an RFP should be pursued or not for the habitat restoration provider this year...

Jeff asked Rhonda about PacifiCorp's concerns. Rhonda referred to the administrative work and confusion to customers. Jeff said if it's all changing at once, would the customer really care?

Thor thinks it would make a big difference. Because, the customers who participate in the program are usually very literate and energy savvy. Just price

changes are handled very carefully within the company. TNC has high name recognition and PGE is concerned about moving away from an organization with a good reputation and high name recognition. Why make a transition point any more confusing to a customer?

Katie asked how many responses they had to the last RFP for habitat providers. Thor said there is a larger installed base and another provider would love to get those customers. Would there be any risk of losing TNC in an RFP? Most likely the qualifications in the RFP would bring out the strengths of TNC.

The group discussed that if the contract with TNC is extended for a year and then future contracts are on a 2-year cycle that eventually, the timing for running an RFP for the marketer and habitat provider would coincide again. Suggestion would be to extend the contract for 1 year and then do RFP for the habitat provider with a 3 year contract. That would keep the marketer and habitat contract RFP processes out of sync.

Jeff stressed that the POC has historically erred on the side of being conservative and getting a good deal for customers. That requires an RFP process. There isn't any pressure on the utility to get a better deal if there isn't an RFP.

Kip said that he thinks the marketer side has more to be discovered in an RFP process because the market has changed so much and so fast.

Joelle said they haven't started the RFP for the green power marketer yet. They are waiting to see if the POC was going to suggest looking at new options for customers.

Jeff asked if the group would support a motion to recommend that the commission to allow the utilities to extend the contract with the habitat provider (TNC) without RFP for 1 year and then be required to go out for bid after that year.

Katie moved, Robin Seconded: PPL and NWN abstained all others in favor.

Both PGE and PacifiCorp will be issuing RFPs for the options marketers in summer 2009.

Portfolio Options options

A subgroup of the POC have been meeting to see if there are options that can be structured to protect customers from the varying price of RECs.

Three active suggestions being discussed.

(1) Allowing RECs to be purchased outside of the WECC.

Current requirement is that all RECs need to be purchased within WECC. We would establish a priority system for procurement. Preference order would be: within state, regional, wecc and anywhere. Should have some limit to number that can come outside of WECC. Still trying to figure out what that cap might be. Kip said that outside of WECC may put auditing back into a paper system and a less robust audit trail. Jeff commented that we want to limit the RECs out of the

system because of that. Adam said there is a lot more enrollment in WREGIS now, a lot more facilities are certified in WREGIS. Adam said WREGIS has been replicated across the country and thinks it would be fair to say if RECs come from out of the WECC that they have to be registered with *some* electronic tracking system.

(2) Low Impact hydro option –

Thor said PGE has incrementally increased the output of the Pelton Round Butte dam. New rotors gave them higher efficiency in 2000. And it's certified as low-impact. If it's certified to green-e standards, it could lead to availability of RECs from an Oregon facility. The incremental amount would not be eligible for RPS. Need to make sure RECs aren't double counted. Kip said that the limit is 50 aMW and there will be excess that could go to the Options Programs.

(3) Stable rate option

Dave Tooze had a proposal and Thor discussed the concept. The reality for PGE is that all of PGE's wind development is dedicated to meeting its RPS goals. They have no capacity to dedicate to a stable rate product. The most feasible way to do it would be to go to mid-C and buy a strip of power for some length of time. Then buy a separate 5 year strip of RECs. And then bundle those for a stable product. Possible but not simple. The result would be a stable product that is green but its not stable because its green.

Adam said 3degrees reviewed the idea a few years ago and decided they could never get it through a process with a utility partner.

Kip referred to Foot Creek phase 2 that is dedicated to Salem Electric's green power program through BPA. Kip thinks there are small developments that might be appropriate? Katie said RNP would like to find a stable rate product if it's possible and asked if there is anyway PGE could make some of its wind projects set aside for the voluntary programs. Thor said that the problem with the options is the customer can leave in 30 days and there isn't any guarantee the turbines could be paid off. Mark Cody said the stable rate products have very high transaction costs. Separate tracking systems, separate ratemaking process, still have to shape and firm to the load. Katie said she'd like to pursue more discussions about smaller projects. Kip suggested maybe partnering with NW Natural on one of the dairy projects.

Jeff thinks its unlikely we'll figure out a stable rate product so the recommendation we'll probably be looking at is looking outside of WECC. Rhonda said they need to know what the California decision is which is supposed to come out Feb 23. If California is able to purchase unbundled green power, it will put a lot of upward pressure on prices in the WECC.

Presentation from Ron Smith (See attached document)

His comments are specific to Blue Sky but some are generally applicable to PGE. A few years ago, he signed up for a Blue Sky like program. He wrote a monograph a few years ago about climate change and suggested one of the personal actions people could take is sign up for portfolio options. His friends told

him that it was a marketing scam for the utilities and not a real value. So, he began investigating the value of the programs about 6 months ago.

From customer's point of view, blue sky marketing literature paints a picture that it's a creation of PPL and its own personal inspiration. But it's a regulatory requirement. As far as he can tell, customers don't actually buy green energy. He thinks all people buy are RECs that go to marketers. Impression that the product really offsets carbon emissions. But that's not what he thinks is happening.

Thinks that there is a disconnect between what is offered and what customers think they are getting. Little, to no discussion of program costs and what happens to the dollars from the programs. Marketing materials need to be clearer. What a REC is, what the program overhead is. He contends that there isn't enough information to make an informed decision.

Habitat option is furthest from the central mission of the utilities and PUC. Oregon law doesn't require it specifically. He argues that the habitat option adds little value to the central mission of these options. If utilities matched dollar for dollar of what customers are paying then he'd be for them. But doesn't see that happening soon.

Renewable energy is a good thing, thinks Blue Sky can make a valuable contribution but thinks it could be improved.

Jeff asked if anyone has any questions for Ron. No questions came up and we will continue to discuss the recommendations. Joelle thanked Ron for the depth of the analysis and said Ron is the kind of customer they have a hard time marketing to. Kip suggested that the RPS is the place to look at the overall energy policy.

Suggested Topics for next meeting:

-Review the utility reporting template.

Next Regular Meeting – Monday March 30, 2009, 1:30 – 3:30 pm at PGE.

Adjourn at 3:35 pm

by *Lori Koho*