

**BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION**

DOCKET NO. UE-061895

ATTACHMENT B
to the Comments of the NW Energy Coalition,
the Northwest Energy Efficiency Council
and the Renewable Northwest Project

July 9, 2007



July 6, 2007

Chairman Mark Sidran
Commissioner Patrick J. Oshie
Commissioner Philip Jones
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

RE: Forward Contracts for Renewable Energy Certificates (RECs)

Dear Commissioners,

The Bonneville Environmental Foundation (BEF) is a non-profit 501(c)(3) corporation, based in Portland, OR. BEF introduced the Green Tag (Renewable Energy Certificate) to the region in 1999, and closed the nation's first retail Green Tag transaction in 2000.

It has come to our attention that the Commission has concerns regarding the availability and verification of forward contracts for Green Tags. We submit this letter in an effort to describe our experience in this market, in hopes that our experience can assist the Commission in its deliberations.

Since 2000, BEF has closed many Green Tag contracts with non-profit, commercial and utility customers, including several Washington electric utilities. BEF also maintains multi-year contracts to purchase Green Tags from several Washington-based renewable energy facilities. Our experience, and that of most participants in the Green Tag market, is that large volume Green Tag contracts are generally signed for multi-year periods. Under those contracts, developers and brokers agree to deliver Green Tags in contracted quantities in each of the years specified in the contract. This approach has become standard industry practice.

Indeed, this is no different than many power contracts. The fact that the power has not yet been generated does not prevent the parties from contracting for future power generation. The same is true for the Green Tags these projects generate.

In our contracts with renewable energy generators, we agree to purchase Green Tags in amounts that are within the expected annual generation of the specified projects. Again, this is no different from a power contract. In order to ensure the integrity of green tags, BEF audits to verify that power is produced for every contracted-for REC. In the rare instance of nonperformance of a contracted-for REC, BEF acquires a substitute REC.

In summary, the Commission can be assured that contracts for the future generation of Green Tags are standard industry practice.

If we can be of further assistance, please do not hesitate to let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "R Harmon", is written over a light blue horizontal line.

Robert Harmon
Senior Vice President
Bonneville Environmental Foundation



July 9, 2007

Commissioner Mark Sidran
Commissioner Patrick J. Oshie
Commissioner Philip Jones
P.O. Box 47250
Olympia, WA 98504-7250

Dear Commissioners:

PPM Energy, Inc. (PPM) is a developer and marketer of wind energy. PPM owns or controls over 2,000 MW of wind energy generation in the United States including the Big Horn and Stateline wind projects in Washington. In addition to developing renewable energy facilities, PPM buys and sells energy and Renewable Energy Certificates (RECS), among other energy-related commodities.

PPM applauds the State of Washington for the passage of its Energy Independence Act, establishing a Renewable Portfolio Standard (RPS). This law will play an important role in the continued development of new renewable facilities in the Pacific Northwest and will give Washington electric consumers clean and secure energy supplies that are less vulnerable to market volatility associated with fossil fuels.

As part of the rulemaking for the implementation of the RPS, we understand that there are some issues and questions as to how RECs are transacted in the markets, and whether RECs are transacted in the forward markets. Similar to energy and other commodities, it is possible to purchase RECs that have not yet been generated based on anticipated energy generation. For example, when a utility enters into a long-term power purchase agreement (PPA) for the energy and the RECs from a wind generation facility, neither the power nor the RECs have yet been generated. The transaction is based on the estimated output of the facility. Actual production of the RECs is verified by the seller after the energy is produced. Similarly RECs may be purchased on a forward basis separately from the energy. The transaction may be on a firm basis for a firm stated quantity, or RECs may be transacted on a unit-contingent or as-generated basis. Typically, the Seller is not compensated for the RECs until they have been generated, and invoicing and verification happens after-the-fact. REC transactions may be for multiple years or on a shorter-term basis. PPM has had experience both buying and selling RECs on a forward basis, and it is a common practice in the market.

To provide you with an example of that practice, PPM has enclosed a copy of an RFP recently issued by the Western Area Power Administration seeking a forward contract for RECs. Through this RFP WAPA sought to procure RECs for the period of October, 2007 through September 30, 2010. Refer to page 2 of the solicitation, Section 3.1 for more information on the term of the requested contract.

PPM Energy appreciates this opportunity to provide comments and information and is available to provide additional information on REC markets. Carrie Plemons is Director, Renewable Origination and manages PPM's REC transactions on a national basis. She may be reached at 503-796-6950. Please feel free to contact me as well at 503-796-7723.

Best Regards,

A handwritten signature in black ink, appearing to read 'DF', followed by a long horizontal line extending to the right.

Don Furman
Senior Vice President
PPM Energy, Inc.

**Western Area Power Administration
Request for Proposals
Regarding the Purchase of Renewable Energy Certificates
June 2007**

1. **BACKGROUND:** Western Area Power Administration (Western), a power marketing administration within the U.S. Department of Energy, desires to purchase Renewable Energy Certificates (RECs) under this Request for Proposals (RFP). The Colorado River Storage Project - Management Center (CRSP) is the contracting office on behalf of Western. The purchase, made on behalf of Federal agencies, is pursuant to the Economy Act, 31 U.S.C. § 1535, as supplemented; the Acts of Congress approved June 17, 1902 (32 Stat. 388); February 25, 1905 (33 Stat. 814); August 4, 1939 (55 Stat. 1187); December 22, 1944 (58 Stat. 887); July 3, 1952 (66 Stat. 325); April 11, 1956 (70 Stat. 105); August 4, 1977 (91 Stat. 565), and Acts amendatory or supplementary to the foregoing Acts. This proposed acquisition is not subject to the Federal Acquisition Regulation (FAR).

The following five (5) Federal Parties (individually, a Party and collectively, the Parties) have requested that Western purchase the individual REC amounts requested by year set forth in Attachment 1 on their behalf:

Rocky Mountain Oilfield Testing Center, Department of Energy (DOE)
Pantex Plant, DOE
Sandia National Laboratory, DOE
Los Alamos National Laboratory, DOE
Northwest Arctic Region, General Services Administration (GSA)

Offers submitted in response to this RFP must be received via mail or fax by CRSP on or before July 1, 2007, at 4:30 p.m. MDT to be considered for evaluation. E-mail or late offers will not be considered.

2. **DEFINITIONS:** The definitions of certain terms used in this RFP are as follows:
 - 2.1 **Contractor:** The successful offeror(s) for sale to Western of RECs under this RFP.
 - 2.2 **Renewable Energy** (Section 203 of the 2005 Energy Policy Act (Pub. L. 109-58): The electric energy, measured in megawatt-hours (MWh), which is generated from solar, wind, biomass, landfill gas, ocean (including tidal, wave, current, and thermal), geothermal, municipal solid waste, or new hydroelectric generation capacity achieved from increased efficiency or additions of new capacity at an existing hydroelectric project, and is physically delivered into the electric grid.

- 2.3 Renewable Energy Certificate (REC):** Also known as a Tradable Renewable Certificate (TRC) or "green tag," represents the environmental, social, and other positive attributes of power generated by renewable resources. One REC is created with each MWh of renewable electricity generation. A REC shall only have one owner at any point in time. The REC will contain all its original environmental attributes.
- 2.4 REC Contract:** The separate agreement which shall be executed between Western and any successful offeror for RECs purchased on behalf of the Parties. There may be more than one REC contract resulting from this RFP.
- 2.5 REC Request for Proposals (RFP):** A solicitation that requests offers in response to a government effort to acquire RECs.
- 2.6 Retirement Certification:** Documentation that certifies that the RECs provided will not be marketed, sold, or transferred to a party other than Western, or presented as a component of the generator's energy products.
- 2.7 Zero Emissions:** Any source of renewable energy that has no greenhouse gases and/or pollutants associated with energy generation.

3. STATEMENT OF WORK AND SPECIFICATIONS

- 3.1 REC Acquisition Requirements:** Western is requesting firm, fixed, per-MWh unit price offers for the annual transfer of RECs on behalf of all or some of the Parties for a term beginning October 2007 and ending September 30, 2010, with the option to extend up to 2 years. Attachment 1 to this RFP outlines the Parties, the amount of RECs (in MWh or dollars) that each Party seeks to acquire per year, and, as applicable, the type of resource and location of generation.
- 3.2 Proposal Criteria:** Western will only consider proposals that offer to supply all or part of the RECs for one or more Parties as set forth in Attachment 1. Western may aggregate two or more proposals to meet the requirements of this RFP. The RECs to be purchased shall meet, at a minimum, the renewable energy definitions as stated in Section 203 of the 2005 Energy Policy Act. REC requirements that exceed the Energy Policy Act of 2005 minimum standard are set forth in Attachment 1. All RECs to be provided under this acquisition must be generated in states served by Western or the Bonneville Power Administration, except as specified in Attachment 1. In addition, the RECs purchased by Western under this RFP must be from generation plants that began generating after January 1, 1999, all of which must be generated in the same fiscal year (FY) for which the RECs are purchased. **Fiscal year is defined as October 1 – September 30.**
- 3.3 Start Date:** The expected start date for transfer of the RECs shall be as soon as practicable after the REC Contract award, which is anticipated to be no later than July 31, 2007.

- 3.4 Term of the REC Contract:** The Contract shall become effective in FY 2008, which begins October 1, 2007, and shall remain in effect until September 30, 2010, or until the full terms of the REC Contract expire, whichever is later.
- 3.5 Renewable Energy Certification:** Offerors must certify that the RECs are "green" using one of the following certification methods: a nationally recognized renewable electricity certification program such as Green-e, TerraChoice, or similar program; an independent auditor's report; or a third-party certification methodology approved by a state governmental entity, a regional transmission entity, or power pool in which the renewable resource is located. Certification is subject to the approval of Western and the appropriate Party(ies) prior to the REC Contract award. The Renewable Energy Certification method will be included in the REC Contract.
- 3.6 Renewable Energy Verification:** Western requires the offeror and the generator to submit verification forms (see Attachments 2 and 3) describing the resource and amounts generated in the Contract year. Further, they both must attest that the RECs have not been sold, marketed, or transferred to another party outside of this REC Contract, or otherwise presented as a component of its energy product and must contain all their original environmental attributes.
- 3.7 Transfer of REC Title:** CRSP will pay for and take title to the offered RECs on behalf of the Parties on an annual basis. Title to the RECs shall pass to CRSP at the time CRSP makes payment to the Contractor. CRSP will then transfer title of the RECs to the respective Parties under separate terms and conditions agreed upon by the Parties and CRSP. A Certificate of Transfer shall be provided for use by the Contractor in an exhibit to the REC Contract. A generator may be required to use WREGIS, which in turn might require Western to use the system as well with a REC purchase and ownership transfer. See WREGIS at: <http://www.westgov.org/wieb/wregis/about.htm>.
- 3.8 Invoice and Payment:** All invoicing shall be based on the total RECs purchased by each Party individually on an annual (fiscal year) basis, beginning on the actual start date of the REC Contract. The RECs invoiced under the REC Contract must be generated in accordance with the proposal criteria set forth in Section 3.2. The Contractor will only be permitted to invoice for charges allowed under the terms and conditions of the REC Contract. The invoicing address will be specified therein. All invoices must be accompanied by a fully completed Certificate of Transfer.
- 3.9 Additional REC Amounts:** The Parties may request Western to contract for (1) the transfer of RECs for additional facilities or (2) the transfer of additional REC amounts for the facilities described in this RFP. If Western considers the request within the original scope of the REC Contract,

Western shall provide the Contractor with the additionally desired REC amounts, and the two parties will discuss whether to extend the full terms and conditions of the REC Contract to cover the proposed additional purchase.

4. RFP SUBMISSION REQUIREMENTS: Offerors must fully address each of the following submission requirements to be considered for this solicitation:

- 4.1 Contact Information:** Offerors must provide: company name, contact person, mailing address, phone number, fax number, and e-mail address.
- 4.2 Renewable Energy Facilities and REC Amounts:** Offerors must provide the following information: the Party(ies) they propose to serve with RECs (see Attachment 1); a firm, fixed, per-MWh REC price for the entire contract term; type of resource (e.g., solar, wind, biomass, etc.); the location of the generating facility from which the RECs originate; the renewable generating facility operational date of the generator producing the RECs; and the annual amount of RECs offered from each of the proposed renewable energy facilities. Western encourages small and minority-owned businesses and Native American Tribes to apply.
- 4.3 Cost:** Offerors must specify one firm, fixed, per-MWh unit price for the offered RECs for the entire contract term (October 2007 through September 2010 with the option to extend up to 2 years).
- 4.4 Past Performance:** Documentation must be submitted describing relevant past experience and performance regarding the transfer of RECs. Past performance may also include Federal and non-Federal customer references. The offeror agrees to permit Western's representatives to contact the listed references and inquire about the offeror's past performance.

5. EVALUATION CRITERIA

- 5.1 Best Value:** Utilizing the flexibility allowed under Western's power marketing authority, Western intends to award one or more REC Contracts to an offeror(s) that Western considers as providing the best overall value and that otherwise meets the terms of this RFP.
- 5.2 Submission Requirements:** Offers will be considered for evaluation if they comply with the submission requirements set forth under Section 4. Western may seek additional information for, or clarification of, individual offers as needed.
- 5.3 Past Performance:** The offerors' past performance (if any) shall be considered. Offerors with no past performance will receive a neutral past performance assessment.

5.4 Consideration: REC firm, fixed, per-MWh unit price and offerors' past performance (if any) shall be considered in evaluating which qualified offers provide the best overall value, with firm, fixed, per-MWh unit price weighted more heavily than past performance.

6. POTENTIAL LEGAL AND REGULATORY ISSUES:

6.1 Contingent on Appropriations: Where activities provided for in the REC Contract extend beyond an individual fiscal year, continued expenditures by the Parties may be contingent upon Congress or a local government making available the necessary appropriations required for the continued performance under the REC Contract. In case such appropriation is not made, leaving Western without funding to purchase RECs on behalf of a Party, Western shall be released from its contractual obligation to purchase RECs from the Contractor and shall incur no liability whatsoever due to the failure of Congress or local government to make such appropriation.

6.2 Contract Work Hours and Safety Standards: The REC Contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C. § 329 (1986), will be subject to the provisions of the Act, 40 U.S.C. §§ 327-333 (1986), and to regulations promulgated by the Secretary of Labor pursuant to the Act.

6.3 Equal Opportunity Employment Practices: Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by Executive Order No. 12086, 43 Fed. Reg. 46501 (1978), as amended or supplemented, which provides, among other things, that the offeror will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, will be incorporated by reference into the REC Contract.

6.4 Use of Convict Labor: The offeror agrees to not employ any person undergoing sentence of imprisonment in performing the REC Contract except as provided by 18 U.S.C. § 3622(c) as amended or supplemented, and Executive Order 11755, 39 Fed. Reg. 779 (1973), as amended or supplemented.

7. PROCESS AND TIMING

7.1 Timing: Offers submitted in response to this RFP must be received by CRSP on or before July 1, 2007, at 4:30 p.m. MDT to be considered for evaluation. E-mail and late offers will not be considered.

7.2 Submission of Responses: Western will accept offers that are submitted by mail via the U.S. Postal Service or an equivalent private mail carrier (e.g., UPS or FedEx). The address for submission of responses via the U.S. Postal Service or private carrier is:

Western Area Power Administration
CRSP Management Center
ATTN: Paula Fronk (REC Project Manager)
150 East Social Hall Avenue, Suite 300
Salt Lake City, UT 84111-1580

Offers may also be faxed to CRSP at (801) 524-5017, ATTN: Paula Fronk. Fax verification is (801) 524-6383. **Offers submitted via hand or electronic delivery methods will not be considered.**

- 7.3 Questions:** Questions regarding this RFP will be accepted only via e-mail to fronk@wapa.gov. All responses to questions will be sent to all offerors.
- 7.4 Notification of Receipt:** An acknowledgement of receipt of offers will not be provided. Offerors therefore are strongly encouraged to ensure that adequate tracking measures are taken with respect to their mailed or faxed offer.
- 7.5 Evaluation of Offers:** CRSP will consider all offers received on or before the date and time set forth in Section 7.1 of this RFP. Offerors should not expect Western to enter into discussions about their proposals, and should accordingly submit their best offer in their initial proposal. CRSP reserves the right to request best and final offers from one or more offerors, and to award or not award any REC Contract(s) as CRSP ultimately deems appropriate. REC Contract award decisions will be made by CRSP, in consultation with other Western offices and with any of the respective Parties' representatives.
- 7.6 Notification of Award and Subsequent Contracting:** CRSP will notify successful offeror(s) regarding award, and will seek to negotiate and execute the REC Contract(s) as soon as practicable. A direct notification to unsuccessful offerors will not be provided; however, CRSP will post a general notification on its web site (<http://www.wapa.gov/CRSP/>) within one week after award.
- 8. CONFIDENTIALITY AND USE OF INFORMATION IN OFFERS:** CRSP will share information contained in submitted offers with other Western staff and may also share the information with the Parties and their designated representatives. Offerors wishing to have part or their entire offer not made available to the public should so indicate by marking the applicable portions "Confidential."
- 9. CONTACT INFORMATION:**
Paula Fronk
Western Area Power Administration
150 East Social Hall Avenue, Suite 300
Salt Lake City, UT 84111-1580
(801) 524-6383, (801) 524-5017 (fax)
fronk@wapa.gov

Attachment 1

Western is requesting firm, fixed, "per-MWh" unit price offers for the transfer of RECs on behalf of the Parties for three (3) to five (5)^{1/} years:

Individual Party	Megawatt-hours Per Year						Location and Type of Generation ^{2/}	Certification Requirements
	2008	2009	2010	2011 ^{1/}	2012 ^{1/}	Total		
Pantex Plant - (DOE)	3,500	0	0	0	0	3,500	Prefer Wind	Not Specified
Los Alamos National Labs- (DOE)	2,000	2,000	24,000	24,000	24,000	76,000		Not Specified
Sandia National Labs - (DOE)	2,360	9,610	17,610	19,020	0	48,600	Prefer a Portion from New Mexico	Not Specified

Individual Party	Dollars Per Year						Location and Type of Generation ^{2/}	Certification Requirements
	2008	2009	2010	2011 ^{1/}	2012 ^{1/}	Total		
Rocky Mountain Oilfield Testing Center (DOE)	\$12,000							Not specified
Northwest Arctic Region (GSA)	\$15,000	\$15,000 ^{4/}	\$15,000 ^{4/}	0	0	\$45,000	Prefer Wind	Zero emissions and Green-e for LEED Certification ^{3/}

^{1/} 3-year contract and agree to extend 4th and/or 5th year.

^{2/} WAPA and BPA service territories.

^{3/} LEED 2.1 New Construction – pg. 40 (https://www.usgbc.org/Docs/LEEDdocs/LEED_RS_v2-1.pdf).

^{4/} Must have option to renew each year based on availability of funds, not automatic renewal; price may escalate based on a reasonable market rate.

Attachment 2
Annual Renewable Certification from REC Provider
(Sample)

I, _____,
 (print name and title)

declare under penalty of perjury, on behalf of

_____, that
 (name of REC provider)

- (1) all the RECs associated with this invoice were generated by eligible renewable energy generators as defined in Contract No. 06-SLC-_____;
- (2) all the renewable attributes, including any emissions reduction credits or emissions allowances, represented by the REC sales reported in Renewable Energy Certificate of Transfer were transferred to Western Area Power Administration; and
- (3) the renewable attributes represented by the REC sales reported in Renewable Energy Certificate of Transfer were not and will not be sold, marketed, or otherwise claimed by a third party.

REC Product

Generating Facility	MWh Generation	From: (date)	To: (date)	Fuel Type

I further declare that the RECs claimed for the REC products LISTED ABOVE and reported in the Renewable Energy Certificate of Transfer were sold once and only once, and that the electrical energy that was generated with the RECs reported in the Renewable Energy Certificate of Transfer was not and will not be sold, marketed, or otherwise represented as renewable energy and was not and will not be used to meet any Federal, state, or local renewable energy requirement, renewable energy procurement, renewable portfolio standard, or other renewable energy mandate. As an authorized agent of the aforementioned Company, I have authority to submit this report on the company's behalf.

Signature _____ Date _____

Place of Execution _____

Address of Providing Company: _____

Attachment 3
Annual Renewable Generator

Verification and Certification Form

1. Facility Information

Name of Facility: _____

Date from _____ to _____

Address of Facility: _____

Facility ID Number: _____ EIA or QF? (circle one)

Contact Person: _____

Title: _____

Telephone: _____ Fax: _____

Resource Type (Indicate Fuel Type)	Capacity ^{1/} (MW)	MWh/RECs Sold to Provider	Date Facility First Operational	NOx Emissions (Lbs/MWh)	Period of Delivery (mm/yy)

^{1/} Please enter Energy Information Administration (EIA) identification number for the generating facility. If the facility does not have an EIA number, please enter the utility-assigned Qualifying Facility (QF) identification number.

2. Declaration

I, _____,
(print name and title)

declare under the penalty of perjury, that the information provided on this form is true and correct to the best of my knowledge.

Further, I declare that the _____ megawatt-hours of RECs
(indicate number of MWh)

listed above were sold exclusively to _____.
(name of REC provider)

Further, I declare that

- (1) all the renewable attributes, including any emissions reduction credits or emissions allowances, represented by the renewable electricity generation listed below were transferred to the REC provider above;
- (2) to the best of my knowledge, the renewable attributes were not and will not be sold, marketed, or otherwise claimed by a third party;
- (3) the renewable attributes were and will be sold once and only once;
- (4) the electrical energy that was generated with the attributes was not used on-site for generation; and
- (5) the electrical energy that was generated with the attributes was not and will not be separately sold, marketed, or otherwise represented as renewable energy and was not and will not be used to meet any Federal, state, or local renewable energy requirement, renewable energy procurement, renewable portfolio standard, or other renewable energy mandate.

Further, I declare that the facilities that generated all of the _____ RECs.
(indicate number of MWhs)

sold to _____
(name of REC provider)

are listed above by fuel type.

As an authorized agent of _____,
(generating company name)

I attest that the above statements are true and correct.

Signature: _____ Date: _____

Place of Execution: _____

Address of Generating Company: _____