

February 26, 2007

**VIA EMAIL**

Carole J. Washburn, Executive Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, WA  
98504-7250

**Re: Rulemaking to Implement Initiative Measure No. 937  
Docket No. UE-061895**

Dear Ms. Washburn:

Thank you for the opportunity to submit comments regarding the Rulemaking in the above-cited docket. Powerex is the wholly-owned marketing subsidiary of the British Columbia Hydro and Power Authority ("BC Hydro"), a provincial Crown Corporation owned by the Government of British Columbia. Powerex sells power at wholesale in the United States, from a portfolio of resources including the Canadian Entitlement resources made available under the Columbia River Treaty, BC Hydro system surplus resources, and various other power resources acquired from other sellers within the United States.

Powerex's comments are responsive to the questions contained in the Commission's January 30, 2007 Notice of Opportunity to File Written Comments. Powerex is not responding to all the questions in the notice, but rather only those that are listed below in italics.

***B. With regard to renewable resource targets and exceptions:***

- 1) RCW 19.285.030(10)(a) requires that electricity from a generation facility outside the Pacific Northwest must be "delivered into Washington state on a real-time basis without shaping, storage or integration services" to qualify as an eligible renewable resource. What contract, system dispatch, or other information should the Commission require of utilities to demonstrate compliance with this provision?*

Powerex appreciates the opportunity to address in this context how it can help facilitate renewable energy development in Washington and other parts of the Pacific Northwest. The Energy Independence Act requires Utilities to obtain 15% of their electricity from eligible renewable resources by the year 2020. Utilities can meet the annual targets set forth in the Act either through renewable energy or renewable energy credits. As with the various renewable portfolio standards adopted by other states, achieving the objectives of the Act requires effective verification of compliance.

The Act specifies that eligible renewable resources consist of renewable power where “(i) the facility is located in the Pacific Northwest or (ii) the electricity from the facility is delivered into Washington State on a real-time basis without shaping, storage or integration services.” RCW 19.285.030(10)(a). In the legislation, the term "Pacific Northwest" uses the definition found in 16 U.S.C. § 839a(14), which excludes Canada. The Act does not define "shaping, storage or integration services."

The Act thus establishes two types of eligible facilities: either the facility is located in the Pacific Northwest, or, if it is not, then it must be one whose power is delivered into Washington without shaping, storage or integration services. The restriction on shaping, storage or integration services applies only if the facility providing the renewable energy is not located in the Pacific Northwest. If the facility is located in the Pacific Northwest, the Act does not restrict use of these services in connection with delivery of the renewable energy. An eligible renewable resource located in the Pacific Northwest is eligible whether or not any shaping, storage or integration services are being provided, and regardless of the source of such services.

This is an important distinction because the Act should be construed so as to encourage services that can assist renewable energy development in Washington and other parts of the Pacific Northwest. Renewable energy generators such as windfarms provide power on an intermittent basis. To integrate them successfully in power markets, they must receive shaping, storage, integration or other similar services to facilitate management of the output of the intermittent resource.

Because some of these services might be provided from outside the Pacific Northwest, the distinctions established in the Act must be observed. Specifically, balancing, shaping, storage, integration and other services from outside the Pacific Northwest do not render ineligible otherwise eligible renewable resources located in the Pacific Northwest. Powerex respectfully requests that the Commission clarify this in this Rulemaking.

For compliance purposes, utilities should have no difficulty in separately identifying renewable energy under the Act and other energy and ancillary services they purchase. A licensing or certification process can identify those renewable energy generators that qualify under the Act. Bilateral contracts will likely be the favored tool for procuring energy from renewable resources. In today's power markets, transactions across control areas require North American Electric Reliability Corporation (NERC) tags which contain information on the transaction. This information could include the specific generator source, the transmission path, and the load serving entity. This could be used to track the renewable energy. Accordingly, enactment of the Act should present no greater degree of difficulty in keeping track of energy transactions other than retention of the relevant NERC tags for review.

- 2) *RCW 19.285.040(2(f)) prohibits electric utilities from crediting eligible renewable resources or distributed generation against their annual targets if renewable energy credits are owned by “a separate entity” or used in an optional green pricing program. RCW 19.285.030(17) defines renewable energy credits as including all of the non-power-related attributes associated with an eligible renewable resource. What reliable documentation should the Commission require of an electric utility to demonstrate compliance with this provision?*

Powerex appreciates the concerns the Commission raises regarding the need to ensure utilities demonstrate compliance with RCW 19.285.040(2)(f). Powerex would like to advise the Commission that WREGIS (a project of the Western Governor's Association and the California Energy Commission to track renewable generation attributes in WECC) is expected to be operational in Q3 of 2007. WREGIS was developed specifically to ensure appropriate tracking of renewable attributes and to avoid concerns regarding double-counting.

Thank you again for the opportunity to submit comments. Please call Brian Moghadam at (604) 891-5058 regarding any questions on this matter.

Sincerely,

**"Original Signed by Brian Moghadam"**

Brian Moghadam  
Business Development

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