BEFORE THE CALIFORNIA ENERGY COMMISSION

Preparation of the 2009 Integrated Energy Policy Report	Docket No. 09-IEP-1G
and	
Implementation of Renewables Portfolio Standard Legislation	Docket No. 03-RPS-1078 RPS Proceeding

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COMMENTS OF PACIFICORP (U 901 E) ON REPORTS PRESENTED AT THE DECEMBER 1, 2008 STAFF WORKSHOP: RENEWABLE ENERGY "FEED-IN" TARIFFS

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PacifiCorp is a multi-jurisdictional, rate-regulated electric utility, providing service to customers in California, Idaho, Oregon, Utah, Washington and Wyoming. In California, PacifiCorp, doing business as Pacific Power ("PacifiCorp" or "the Company"), provides electricity to less than 50,000 customers in the upper northern portion of the state. PacifiCorp believes it is important to identify broad areas of concern and, as such, respectfully submits the following comments. The Company appreciates the thorough exploration of alternatives pursued in these proceedings and offers the following comments relating primarily to two principle concerns – reliability of service to customers, and protection of value for customers.

Reliability of Service

With respect to reliability, the Company believes that if resources of up to 20MW have feed-in tariffs available, the viability of the resource (both operationally and pre-operationally) is important and should be transparent to the utility. For example, utilities need to know the size, timing and type of resources that will be available, and whether their proposers have the financial resources to bring them to fruition. Additionally, rules related to interconnection standards and cost recovery need to be fully developed.

If there is no viability requirement, utility planners by necessity will need to treat feed-in tariff resources, which could perhaps be their most expensive resources, as their most questionable resources. To that end, and in order to incentivize timeliness, PacifiCorp suggests the inclusion of a definite cut-off date for resources that cannot meet online dates. Other incentives for timeliness, and disincentives for tardiness, should also be provided. PacifiCorp serves as control area operator for its California service territory, making resource certainty especially important. PacifiCorp suggests that perhaps resources below 5 MW could be exempt from such viability requirements as resources of this size would likely not be included in system planning.

Value for Customers

In contrast to the amounts paid to Qualifying Facilities (QFs) under PURPA, which are based on the utility's avoided cost, the feed-in tariff policy options that seem to be most favored at the moment focus on the generator's cost to produce, with a rate of return to the generator. If technology-specific prices are used, such pricing must in-fact relate to the cost and desirability of the technology. Such price determinations should be made through an open stakeholder process, subject to periodic updating. Moreover, care must be taken to ensure that such pricing incentives are aimed at implementing technologies that can in fact become capable of providing value to customers in the long term, with milestones for expected technology development provided.

PacifiCorp believes that in the interests of transparency, any charges relating to feed-in tariffs, including shared interconnection costs, if any, that are passed through to customers should appear as a separate line item on their bill.

PacifiCorp is unique among California IOUs in several ways. In addition to not being a part of CAISO, as mentioned above, PacifiCorp is a multi-jurisdictional utility. The Company operates an integrated, six-state system where resources are acquired to meet system load with costs shared among states based on contribution to system costs. Resources acquired in order to meet the regulatory requirements of one state create difficult allocation issues that could increase the Company's regulatory risk. In addition, PacifiCorp's generation rates are based on embedded costs, which are significantly lower than rates based on market costs or marginal costs. Therefore, the high prices expected to be paid under feed-in tariffs would disproportionately affect PacifiCorp's system costs, and therefore, our customers. These are examples of issues that will need to be considered and accommodated in designing a feed-in tariff program.

Coordination with RPS Efforts

The Company does not believe that feed-in tariffs should be a replacement for the renewables portfolio standard (RPS) program. There are a number of policy considerations that have, in a multi-year process, led to the development of the RPS in the form it is in today. All of these would need revisiting and consideration for incorporation. In addition, it is apparent that there may be fundamental incompatibilities in important policy goals. For example, if pricing of utility-scale renewable resources becomes decoupled from the cost of competitive resources, and related solely to the cost of renewable technologies (with varying degrees of attention paid to their current cost-competitiveness), not only will these goals not be met, there will only be development of such resources to the hard stop of the target.

Finally, to avoid the contention that attended renewable energy credits (RECs) and QFs, any program should specifically provide that any and all environmental characteristics, including without limitation greenhouse gas emission characteristics, RECs and tradable RECs, should go to the purchasing utility, and count towards that utility's compliance with any regulation applicable to the utility.

Respectfully submitted this 10th day of December 2008.

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