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MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Renewable Portfolio Standards Discussion

Many states are turning to renewable portfolio standards (RPS) to address high and volatile energy prices and environmental concerns. Montana already has an RPS in force. A proposed initiative for the November ballot in Washington and a gubernatorial task force in Oregon would create such standards. The aggressive California RPS allows credit for out-of-state resources and is expected to result in California utilities competing for the "green" attributes of qualifying Northwest resources.

The purpose of this agenda item is to seek guidance from the committee on the scope of any staff analysis of this issue and discuss what the Council should do to inform the debate about RPS in the region. Members of the PNUCC Board have asked if the Council will do an analysis of RPS proposals compared to the Power Plan. This seems to be reasonable to help interpret the Power Plan in light of other policy issues in the region.

Some of the topics that could be analyzed include:

- What are the philosophical and practical differences between integrated resource planning and RPS?
- What are the key variations and definitions for a RPS? (qualifying resource types, targets and timing, what kinds of utilities must comply, cost caps or floors, in-state or out-of-state, percent of load, or capacity, or new resources, etc.)
- How does a RPS relate to other renewable or CO2 policies such as green tags, cap and trade systems, etc.?
- What does implementation of the 5th Power Plan imply in terms of shares of renewable resources over time, and how do those shares compare to different RPS standards?
- How does a RPS affect incentives to improve efficiency of electricity use?
- What are the implications of RPS in terms of future cost, uncertainty and risk?

