

Central Valley Project Renewable Energy Credits

Sierra Nevada Region

November 20, 2008

Central Valley Project Renewable Energy Credits

- Power customers have asked Western to make RECs available from the CVP to support:
 - Existing requirements for Federal customers
 - Voluntary renewable energy programs; and
 - Potential mandatory state requirements.

CVP RECs Program Development

- Western made a proposal for a CVP REC program at the July 22 Customer meeting.
- CVP REC Interest Group met on August 8.
- Western's revised proposal was presented October 23.

CVP RECs Evaluation

- CVP RECs vs. California's criteria for qualifying as renewable generation.
- Amount of CVP RECs available.
- Costs and value of a REC program.
- Disposition of any unclaimed CVP RECs.

Unclaimed CVP RECs

- “Unclaimed” RECs refers to certificates only, not energy.
- Disposition of unclaimed RECs is still under consideration.

Options for Unclaimed RECs

- Option 1 (Preferred): make unclaimed RECs available to existing customers based on BR percentage normalized to 100%.
- Risk: Could be viewed as inconsistent with existing Marketing Plan, requiring a new Administrative Procedures Act process.

Options for Unclaimed RECs

- Option 2: Establish a rate under which these RECs would be marketed.
- Lower risk, consistent with Western's discretion under the 2004 Marketing Plan.
- No wholesale market price established for “null power” RECs in California. Values elsewhere vary greatly.

Unclaimed CVP RECs

- Changes in California's RPS could impact the value of unclaimed RECs.
- Preference principles apply to RECs. Would be offered first to existing customers.
- Approach must be coordinated with other Western Regions.

CVP RECs

- Western will become a participant in WREGIS and begin reporting Base Resource power delivered to participating customers.
- WREGIS costs will be recovered from participants.

CVP RECs

- Potential Rate Impact?
- Questions?