

2010 Wholesale Power Rate Case Initial Proposal

REBUTTAL TESTIMONY

**VALUATION OF ENVIRONMENTAL
ATTRIBUTES**

April 2009

WP-10-E-BPA-37



This page intentionally left blank.

INDEX

REBUTTAL TESTIMONY of
DEBRA J. MALIN and ALLAN E. INGRAM
Witnesses for Bonneville Power Administration

SUBJECT: VALUATION OF ENVIRONMENTAL ATTRIBUTES	Page
Section 1: Introduction and Purpose of Testimony.....	1
Section 2: Valuation of Environmental Attributes.....	1

This page intentionally left blank.

1 REBUTTAL TESTIMONY of
2 DEBRA J. MALIN and ALLAN E. INGRAM
3

4 **SUBJECT: VALUATION OF ENVIRONMENTAL ATTRIBUTES**

5 **Section 1: Introduction and Purpose of Testimony**

6 *Q. Please state your names and qualifications.*

7 A. My name is Debra J. Malin, and my qualifications are contained in WP-10-Q-BPA-41.

8 A. My name is Allan E. Ingram, and my qualifications are contained in WP-10-Q-BPA-28.

9 *Q. Have you previously submitted testimony in this proceeding?*

10 A. Yes. We submitted direct testimony in this proceeding, identified as Exhibit
11 WP-10-E-BPA-17.

12 *Q. What is the purpose of your rebuttal testimony?*

13 A. This rebuttal testimony addresses an issue that was raised in Northwest Requirements
14 Utilities' (NRU) direct testimony on the subject of conservation and renewables. The
15 issue relates to valuation of environmental attributes associated with the Green Energy
16 Premium (GEP).

17 *Q. How is your testimony organized?*

18 A. This testimony contains two sections, including this first one. Section 2 addresses the
19 issue raised by NRU regarding the valuation of environmental attributes.
20

21 **Section 2: Valuation of Environmental Attributes**

22 *Q. In its direct testimony, NRU expresses concern that BPA has not provided more*
23 *specificity on how the environmental attributes associated with GEP will be valued. Carr*
24 *and Stratman, WP-10-E-NR-01, at 11. Further, NRU strongly recommends that BPA use*
25 *a forecast of GEP market prices in the Pacific Northwest market, as opposed to a*

1 *WECC-wide or California market forecast of GEP market prices. Id., at 11-12. Please*
2 *respond.*

3 A. As we stated in our direct testimony, GEP is priced at the value of the associated
4 environmental attributes expected to be produced by resources included in the
5 Environmentally Preferred Power (EPP) and Alternative Renewable Energy (ARE)
6 portfolio and any contractual call rights for EPP and ARE. Ingram *et al.*,
7 WP-10-E-BPA-17, at 11. In determining the value of environmental attributes it is not
8 reasonable to limit the GEP price to the Pacific Northwest, particularly because BPA sells
9 renewable energy certificates (RECs) throughout the Western Electricity Coordinating
10 Council (WECC) area, which is a West Coast-wide market. Such sales of RECs are akin
11 to sales of EPP/ARE, which represent the value of non-power environmental attributes.
12 Therefore, BPA should not limit valuation of EPP/ARE to the Pacific Northwest and
13 should include the value of environmental attributes being sold in the West Coast-wide
14 market.

15 Q. *Does this conclude your rebuttal testimony?*

16 A. Yes.