SNOHOMISH COUNTY
PUD
PUBLIC UTILITY DISTRICT NO. 1

Providing quality water, power and service at a competitive price that our

October 30, 2007

Mr. Scott Wilson
NW Requirements Marketing
Bonneville Power Administration
P.O. Box 3621 - PS-6
Portland, OR 97208-3621

RE: Comments of Snohomish County PUD No. 1 on BPA's Proposed Framework for Sales of Environmentally Preferred Power & Renewable Energy Credits Post-2011

Dear Mr. Wilson:

In regard to the allocation of environmental attributes, Snohomish County PUD No. 1 believes a new paradigm is in order. After 2011, environmental attributes for BPA Tier 1 renewable resources should be allocated to utilities based upon their High Water Mark (HWM) and pro rata share of the Federal System. Utilities not desiring their allocation of environmental attributes can choose to return their portion to BPA. BPA could then offer the attributes for sale into the market. Revenues received from the sale of these environmental attributes would be used to reduce costs for customers returning their portions to BPA. Offerings would be made to Northwest preference customers prior to offering any sale of environmental attributes out of region. Benefits of this approach include:

1. *Simple concept;*
2. *Ensures those customers that need environmental attributes for RPS and voluntary retail programs will be able to obtain them;*
3. *Reduced costs for those who choose not to keep the attributes; and*
4. *Does not create a new revenue stream which could later be subsumed by changes to the President's budget.*

In response to the BPA Regional Dialogue meetings on Environmentally Preferred Power (EPP), held October 9 and 23, 2007, Snohomish offers the following comments and concerns:

- As mentioned above, environmental attributes associated with Tier 1 and any augmentation comprised of renewables, should be made available to Northwest preference customers before being offered at market out of region.

- Snohomish supports the ability of a customer to return its Tier 1 RECs back to BPA, and agrees that sales to third parties should be prohibited.

- Snohomish asserts that if it elects to purchase Tier 2 products from BPA, then it should have the right to resell the environmental attributes associated with that power, as deemed necessary.

- We strongly encourage BPA to join the WREGIS system before the end of 2007 and take a leadership role as a Qualified Reporting Entity (QRE). In this way, BPA's REC allocation and certification would be accomplished through WREGIS, enabling the region's utilities to meet the various compliance issues of their state's Renewable Portfolio Standards. Snohomish also requests utilities have the option to have BPA REC's transferred to their own WREGIS accounts, rather than into a sub-account managed by BPA. We believe many utilities would desire to manage and retire RECs from their own WREGIS account, rather than have BPA perform this administrative function.

- BPA should begin to facilitate the banking of RECs for use by Northwest utilities through WREGIS. Currently, the Washington state RPS allows eligible utilities to acquire RECs in the year previous, the target year and the subsequent year. This constitutes a three-year cycle whereby the region would be better served if BPA banked these RECs for longer periods, rather than selling any uncommitted RECs into the open market or out of region.

- It is critical for BPA to develop an effective timeline and action plan for acquiring renewable Tier 2 products. As mentioned at the October 23 meeting, utilities interested in purchasing Vintage Tier 2 products will require term sheet information in 2008, not 2009. Utilities are planning for their energy future and how to meet RPS mandates. Timely predictability is key.

  At a minimum, Snohomish requests BPA develop its Vintage Tier 2 term sheet no later than December 2008, specifying the amount of energy available, capacity, price, and generation type.

Thank you for your consideration of the views of Snohomish County PUD.

Sincerely,

Dana A. Toulson

Dana Toulson
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