



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

October 22, 2010

Mr. Dick Pedersen
Executive Director
Oregon Department of Environmental Quality
811 SW 6th Avenue
Portland, OR 97204

Dear Mr. Pedersen:

Please accept the attached letter from Mr. Jim Lobdell, Vice President of Power Operations and Resource Strategy at Portland General Electric to Mr. Bob Jenks, the Executive Director of the Citizens' Utility Board of Oregon regarding the Boardman Best Available Retrofit Technology ("BART") rulemaking. PGE hereby requests that you, in your role as Director of the Department of Environmental Quality ("DEQ") and representative of the Oregon Environmental Quality Commission ("EQC"), re-open the Regional Haze Best Available Retrofit Technology ("BART") rulemaking record to include this letter. This letter is to be read in conjunction with a letter from a number of environmental groups to Mr. Jim Lobdell of PGE dated October 22, 2010.

Thank you for considering this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Robertson". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Dave Robertson
Vice President, Public Policy



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James F. Lobdell
Vice President
Power Operations and Resource Strategy

October 22, 2010

Mr. Bob Jenks
Executive Director
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 308
Portland, OR 97205

RE: PGE Boardman replacement resource planning process.

Dear Mr. Jenks:

Portland General Electric Company ("PGE") has been working with certain members of the public interest community (including to date, the Citizens' Utility Board ("CUB"), the Renewable Northwest Project, Angus Duncan, Oregon Environmental Council, and the NW Energy Coalition (the "Group")) to discuss PGE's public commitment to construct Boardman candidate replacement resource portfolio options to be considered in the Oregon Public Utility Commission's ("OPUC") Integrated Resource Planning process related to the cessation of Boardman coal-fired operations. The Group and PGE have also been discussing the Group's support for ceasing coal-fired operations at Boardman no later than December 31, 2020 as part of a comprehensive plan, as further described in the Group's letter from Bob Jenks of CUB to Jim Lobdell of PGE dated October 22, 2010 (the "Group Letter"). This letter represents PGE's understanding of its role with respect to these discussions.

Within the context of the Integrated Resource Planning Process ("IRP") and the guidelines adopted for that process by the OPUC, and in consideration of the Group's support as described in the Group Letter, and contingent upon EQC approval of BART III or a plan that is substantially similar to BART III and acceptable to PGE, PGE will:

- Lead an effort in its next IRP to develop a limited number of carbon reduction candidate resource portfolio options to meet anticipated utility resource requirements including the replacement of Boardman coal generation and designed to achieve the best combination of expected costs and associated risks and uncertainties for PGE and its customers and also reduce the carbon footprint of the company's resource portfolio over time ("CO₂ reduction portfolios"). Such portfolios will be evaluated against other constructed resource portfolios developed during the IRP process.
- Define CO₂ reduction portfolios as prospective supply and demand side resource options that are technically feasible and commercially available during the IRP planning period that could potentially be candidates for reducing portfolio carbon emissions and meet forecasted energy and capacity deficits related to the cessation of Boardman coal-fired operations and other resource requirements.
- Design in consultation with the Group the CO₂ reduction portfolios to meet specific CO₂ reduction targets to be defined by the Group.

- Allocate sufficient funding, not to exceed \$50,000 without PGE's prior approval, to be made available on a one-time basis for the sole purpose of securing technical consulting assistance services (to be selected jointly by PGE and the Group) to assist with development and evaluation of the potential candidate resource portfolios for Boardman.
- Initiate a limited number of workshops, designed to develop the CO₂ reduction portfolios during the next IRP process.
- Invite all IRP stakeholders, including OPUC and ODOE staff to the workshops.
- Affirm publicly that the process described above represents a commitment by PGE to use its best efforts to develop and evaluate carbon emission reduction portfolios that support Oregon's efforts to reduce greenhouse gas emissions while operating within the OPUC's least-cost/least-risk paradigm.
- Support the elimination of the DEQ BART Rule that now allows for continued coal-fired operations at Boardman through 2040, or the end of its economic life, upon occurrence of all of the following: (1) a revised Boardman BART/Reasonable Progress rule acceptable to PGE has been adopted by EQC; (2) such Boardman BART/Reasonable Progress rule has been included in Oregon's State Implementation Plan (SIP); and (3) the Boardman BART/Reasonable Progress portion of the Oregon SIP has been finally approved by the Environmental Protection Agency and becomes binding on Boardman. Until such final approval by EPA of the Boardman BART/Reasonable Progress portion of the Oregon SIP, PGE is free to advocate for a 2040 backstop option should EQC and EPA not approve a BART rule that is acceptable to the company.

PGE will comment, consistent with the content of this letter and the Group Letter, in other public venues, including print and broadcast media strongly in favor of this process, including co-authorship with the Group of a joint opinion editorial speaking to the importance of these efforts to cease coal-fired operations at Boardman, and the replacement resource process that all parties hope will enable PGE's transition to a lower carbon least-cost resource portfolio, to be filed with the Oregonian and other relevant news outlets prior to the EQC decision on this matter.

PGE understands that nothing in this document will require the company to take any action that is in conflict with the OPUC's IRP Guidelines and process.

Thank you for taking the time to engage in these discussions.

Sincerely,

A handwritten signature in black ink, appearing to be "John J. ...", written over a horizontal line.