Renewable Northwest

June 16, 2014

BY EMAIL (puc.filingcenter@state.or.us)
Oregon Public Utility Commission
Attn: Ruchi Sadhir, Senior Policy Advisor

Re: UM 1690 – Statement of Principles and Draft Issues List Comments

Dear Ruchi:

Per your June 5 email request, attached is a brief statement of principles regarding voluntary renewable energy tariffs ("VRETs"). You also asked for comments on the draft issues list. We suggest the following additions to the list:

- Part I: Add: "Would offering more than one type of tariff design help satisfy diverse customer demands and program goals?"
- Part I: To fourth bullet, add – or as fifth bullet: "Should there be a goal for new renewable energy capacity or customer load served with incremental new renewables under a VRET?"
- Part II: RPS interactions more generally – Add: "How do interactions between the RPS and a VRET influence whether the VRET promotes further development of significant renewable energy resources?"
- Part II: "Would any other renewable energy policies be impacted by offering a VRET?"
- Part IV: Add: "What tariff design criteria can help limit impacts to non-participating customers? Which designs best limit cost and risk shifting?"
- Part V: Add: "How can a VRET program structure ensure that customers have access to the most competitively priced resources in the market and provide a level playing field for all market participants? What structures give customers best access to the specific resources that they are interested in procuring?"
- Part VI: Add: "What customer protections are appropriate for a VRET program (i.e., Green-e certification, Commission or advisory group oversight)? For which customer classes?"
- Part VI: Add: "How will resources developed for and whose environmental attributes are claimed by customers be represented in power mix disclosures to avoid double-claims?"

We look forward to continuing to discuss these issues with Staff and other stakeholders as the process moves forward.

Sincerely,

Megan Decker
Renewable Northwest

cc: UM 1690 Service List

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Statement of Principles – Voluntary Renewable Energy Tariff

Renewable NW appreciates Staff's request for a brief statement of what, in our view, would make an Oregon voluntary renewable energy tariff ("VRET") viable—or, conversely, unacceptable. Knowing parties' initial perspectives on tariff design will help the Commission scope its evaluation of whether VRETs should be allowed. It will also help parties understand one another's goals and concerns. However, we caution against viewing any party's initial statement as a permanently fixed position; ideally, all parties will be able to work together toward an outcome that satisfies diverse goals. Moreover, design flexibility over time may help achieve strong customer participation.

Renewable NW supports a VRET that **(1) makes significant incremental renewable energy development opportunities available (2) within a fair, competitive marketplace and (3) is available and attractive to a diverse range of customers.** A VRET design that fails to achieve any one of those three minimum elements, explored in turn below, is not worth pursuing and should not meet the Commission's approval.

(1) Incremental Renewable Energy Development

New Resources. A VRET should serve customers primarily with RPS-eligible renewable energy resources that are brought online specifically to serve the VRET. If needed for bridging between customer elections and new project online dates, a VRET could allow for temporary use of RPS-eligible renewable energy resources of recent vintage that are new to the utility's portfolio and not otherwise required to be added (*i.e.*, to meet RPS or PURPA requirements).

Bundled Supply. A VRET should not offer unbundled RECs. Customers can already buy unbundled RECs through utilities or third-party marketers, and use those RECs to mitigate costs or bridge new project development timelines.

No Double Counting. All environmental attributes (RECs) must be retired on behalf of the customer, and not claimed for RPS compliance or as renewable power in the utility's standard power supply mix.

Rationale. These principles are important for two reasons. First, HB 4126 requires the Commission to determine that a VRET "promotes the *further* development of significant renewable energy resources" (emphasis added). Second, for the Commission to give a VRET its regulatory seal of approval and put its legitimacy behind the "green" in the "green tariff," the Commission should set a high standard for environmental benefit. Third, resources must be RPS-eligible, but incremental to RPS and PURPA procurement, to avoid undercutting existing policies.

(2) Fair, Competitive Marketplace

Supplement to Direct Access. A VRET should supplement, not replace, well-functioning direct access opportunities for customers and competitive suppliers—including renewable

energy suppliers. Barriers to direct access participation should be addressed. Yet, full direct access may not be right for all customers, making a VRET a viable supplement to direct access.

Offer Customer-Driven Procurement. It is critical that Oregon offer a VRET option that is customer-driven, in which the utility facilitates direct transactions between customers and non-utility project developers (*i.e.*, by offering a T&D-focused tariff). This provides support for a competitive marketplace and ensures that customers or groups of customers with specific project or portfolio preferences can be served.

Level Playing Field for Utility-Driven Procurement. If there is also an option for utility-driven procurement (*i.e.*, a utility procures a portfolio of VRET renewables and offers it to interested customers as a complete supply option), opportunities to compete to provide the supply resources should be fair and open. We also recommend options such as power purchase agreements to reduce any concerns about shifting cost and risk to non-participants.

Rationale. HB 4126 directs the Commission to ensure that a VRET protects the competitive retail market and uses a competitive procurement process to provide customers access to the most attractive resources. Furthermore, cost-shifting concerns can be minimized by avoiding a VRET design that calls for significant utility capital investments in supply.

(3) Available and Attractive to Diverse Customers

Wide Customer Access. The Commission should work toward a VRET design that serves the widest feasible range of customers. At minimum, the VRET should accommodate large customers with multiple meters and aggregated customer groups. Different VRET design alternatives may work better for different customer types.

Access to Specific Projects. Many customers will want to engage with the market and receive supply from specific projects that meet their individual preferences. Thus, an attractive customer-driven procurement option is a necessary part of VRET design.

Price Certainty Benefits. A key customer value proposition for a VRET is gaining access to price certainty benefits of renewable resources, in addition to their environmental attributes. To be incremental to REC-purchasing opportunities, VRET design must offer price certainty benefits.

Participation Goal. The Commission should set performance goals to encourage customer participation.

Rationale. In concept, the VRET can help attract new businesses to Oregon, provide more of the benefits of renewable energy to customers who choose it, and drive new economic and environmental gains from renewable energy. To fulfill those goals, the program must be well known and attractive enough for customers to choose it.