

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • mail@dvclaw.com
Suite 400
333 SW Taylor
Portland, OR 97204

July 25, 2014

Via Electronic Mail

Public Utility Commission of Oregon
Attn: Ruchi Sadhir
PO Box 1088
Salem OR 97308
ruchi.sadhir@state.or.us
puc.hearings@state.or.us

Re: PUBLIC UTILITY COMMISSION OF OREGON
Voluntary Renewable Energy Tariffs for Non-Residential Customers / HB 4126
Docket No. UM 1690

Dear Ms. Sadhir:

Enclosed please find the Industrial Customers of Northwest Utilities' Comments on Staff's VRET Models Table in the above-referenced matter.

Thank you for your assistance. If you have any questions, please do not hesitate to contact our office.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosures

cc: UM 1690 Service List

Framework for VRET Models Table, July 3, 2014

Basic Structure				Statutory Considerations					Potential Conditions
Resource Owner	Utility Role	Relationships	Notes/Comments	Further Dev of Significant RE	Effect on Dev of Competitive Retail Markets	Impacts on Non-Participating Customers	Competitive Procurement Process	Other Considerations	to mitigate issues or cons in the statutory considerations (e.g. VRET cap, transition adjustment charges)
(1.) Third Party (IPP, ESS)	1.a Direct Access	Utility does not take ownership of power	Oregon Direct Access law already permits the offering of green energy products by third party suppliers. Eliminating barriers to direct access, which have prevented the full development of competitive markets, will enable the offering of renewable energy products simply and expeditiously within the existing framework	Yes	Direct Access promotes competitive markets, but must be strengthened to be optimally effective	Carefully designed protections avoid harming other customers through cost shifting	Market based resource		
	1.b Pass-Through Contract	Utility takes ownership of power, resells to customer	May be susceptible to abuse of utility incumbent advantage and cost shifting to other customers	Unknown	Potential for harm to competitive markets	Existing customers must be subject to the same protections afforded by direct access law. Non-Participating Customers must not be subject to cost shifting or stranded costs	Yes		
	1.c Agregation of VRET Load	Utility aggregates VRET load and puts out RFP	Cost shifting concerns may be implicated	Unknown	Unkown	Non-Participating Customers must not be subject to cost shifting or stranded costs. Direct Access protections must apply	Yes		
	1.d Agregation of VRET Generation	Utility takes ownership of power	Susceptible to abuse of utility incumbent advantage and cost shifting to other customers	Unknown	Potential for harm to competitive markets	Non-Participating Customers must not be subject to cost shifting or stranded costs	Yes		
(2.) Regulated Utility	Utility owns and operates resources, delivers green power to customer	Long term contracts for renewable energy? Its this an actual "Green Tariff" or simply a series of individual bilateral contracts? Could be administratively burdensome	Incumbent utility advantages may damage competitive markets. Mechanisms to prevent cost-shifting to non-participating customers may be highly complex, making it difficult to verify that this option comports with HIB 4126 prohibitions on cost shifting. Neither Green Tariff nor traditional customers may be subject to a public purpose charge higher than 3%	Unknown	Potential for harm to competitive markets	Must be voluntary. Significant danger of prohibited cost shifting to non-participating customers. Non-Participating Customers must not be subject to cost shifting or stranded costs	No		

(3.) Utility Affiliate	3.a Direct Access. See 1.a	See 1.a	Oregon Direct Access law already permits the offering of green energy products by third party suppliers. See 1.A, above. ICNU is aware of no reason that a utility subsidiary operating as an independant power producer could not become an ESS and offer a Green Tariff under existing law.	See 1.a	See 1.a	Existing customers must be subject to the same protections afforded by direct access law. Non-Participating Customers must not be subject to cost shifting or stranded costs	See 1.a		
	3.b Pass-Through Contract. See 1.b	See 1.b	See 1.b	See 1.b	See 1.b	Existing customers must be subject to the same protections afforded by direct access law. Non-Participating Customers must not be subject to cost shifting or stranded costs	See 1.b		
(4.) Customer Owned	Distribution, ancillary services	Utility provides distribution and ancillary services	Customers with self-generation pay for the distribution and ancillary services they receive. ICNU does not understand Net Metering or Partial Requirements Service to be within the scope of HB 4126 or this proceeding	Unknown	Unkown	Unknown			
(5.) Market-Based (REC Product)	5.a Customer pays third party to retire unbundled RECs on its behalf	Utility sells power to customer on standard tariffs	ICNU understands that no party supports further investigation of this option, as it is already available			Non-Participating Customers must not be subject to cost shifting or stranded costs			
	5.b Customer pays utility to purchase and retire bundled RECs on its behalf	Utility sells power to customer on standard tariffs	ICNU understands that no party supports further investigation of this option			Non-Participating Customers must not be subject to cost shifting or stranded costs			
(6.) 3rd Party (transmission VRET)	Direct Access	See 1.a	Oregon Direct Access law already permits the offering of green energy products by third party suppliers. ICNU assumes that ESSs could offer products specifically marketed toward entities that desire green energy	See 1.a	See 1.a	Existing customers must be subject to the same protections afforded by direct access law. Non-Participating Customers must not be subject to cost shifting or stranded costs	See 1.a		