

January 12, 2015

Public Utility Commission of Oregon  
Attn: Filing Center  
3930 Fairview Industrial Drive SE  
P.O. Box 1088  
Salem, Oregon 97308-1088

RE: UM 1690

Obsidian Renewables appreciates the opportunity to offer comments on the Voluntary Renewable Energy Tariff study currently underway at the Oregon Public Utility Commission. Apologies for these comments being tardy, but after we read the comments of others we very much wanted to offer our point of view.

Most importantly, the idea of utilities offering a solid and genuine renewable energy choice to their customers is a very good idea that should be enthusiastically encouraged. Successful businesses offer products and services their customers want. Successful businesses usually enjoy better profit margins and greater revenue growth from well-tailored and premium offerings. There is no question in my mind that many customers of Portland General Electric and of Pacific Power are interested in having an electricity alternative less dependent on coal, and are willing to pay more for that choice. The sensible business decision is to find a way to offer such a product without forcing customers satisfied with the status quo into a similar choice.

Direct access is not a close proxy for the VRET. Direct access customers may leave and choose a renewable energy supply, but that is direct access, not VRET. VRET customers remain customers of the utility, and if the rate design is done correctly they become ever more important customers of the utility. Rather than making the VRET mirror or match direct access, I suggest we modify the direct access rules to allow fair and even competition with the new VRET. In other words, let's do everything we can to make the VRET a good product, and then improve the direct access rules to assure a level playing field. Of course, there are aspects of direct access that will inform VRET design, but the two are just not the same.

Direct access has been a very limited product that is not adopted by very many customers in number. Direct access has not proven to be a workable solution for a small business eager to "go green." The VRET was imagined to be that solution, and we should be very determined to make that happen.

I generally agree with most of the comments of PGE and PP&L. Flexibility is extremely important until the market informs us what it wants. It is very likely that different customers will want different products. Some will want to eliminate coal. Some will want to eliminate fossil

fuels. Some will want to do enough to create bragging rights, qualify for an environmental certification, or just feel better about how they use energy. Let's try to give the customers what they want.

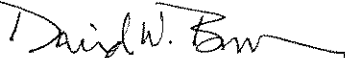
Some of the larger and more sophisticated customers understand that renewable energy requires some subsidy in the early years but offers the promise of relatively level costs over the project life. Those customers have the capital and long view that makes control over future energy costs relevant today. The design of that type of VRET is important, but getting it right will be complicated and likely controversial. I suggest we start with easier alternatives.

I generally agree with the thoughtful and constructive comments of Renewable Northwest, particularly the idea that we ask the PUC to quickly approve two or three forms of VRET that can be implemented quickly, perhaps as pilots, to enable us to get experience to guide more final decisions. I think a 150 MW size for a pilot is sensible.

CUB's thoughtful comments are focused on legal issues, but I very much agree with CUB's idea that we try to develop a couple of concrete proposals now, before the next workshop, and ask the Commission to allow them on a provisional basis.

I would be happy to participate in a meeting to craft a couple of straw person proposals for circulation before the next workshop in February.

Thank you for your consideration of these comments.

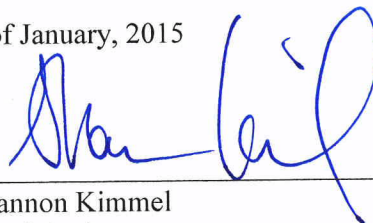


David W. Brown

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have this day caused OBSIDIAN RENEWABLES, LLC'S REPLY COMMENTS to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UM 1690.

Dated in Portland, Oregon on this 12<sup>th</sup> day of January, 2015



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