

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1690

In the Matter of)
)
PUBLIC UTILITY COMMISSION OF)
OREGON)
)
Voluntary Renewable Energy Tariffs for)
Non-Residential Customers)

**COMMENTS OF
THE CITIZENS' UTILITY BOARD OF OREGON**

December 12, 2014



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1 **I. Introduction.**

2 CUB appreciates the opportunity to comment on the continuing conversation around
3 the potential development of a Voluntary Renewable Energy Tariff. CUB has to confess
4 to not knowing exactly how to answer all of the questions on the issues list, mainly
5 because there is little specificity about the types of approaches and projects being
6 considered. When there does start to be specificity, that leads to more questions.
7 However, there is a statutory requirement to engage in these discussions to determine
8 some possible role for a VRET so CUB will endeavor to offer some constructive
9 comments.

10 At the outset, CUB would like to offer our thanks to Staff for providing as sensible a
11 framework as we think could be mustered within the murky environment around this
12 issue. It is a helpful framework that drives the process to asking the right questions.
13 However, as noted above, those questions seem to be giving rise to additional issues and

1 it's hard to know exactly where to place those new questions. But without the framework
2 that Staff has constructed, this conversation would be almost impossible.

3 Lastly, CUB would like to express our disappointment that there are not more
4 concrete proposals to provide better context for our discussions. The urgency with which
5 this issue was pursued at the start of this year suggested that there were concepts - either
6 from the utilities that expressed this issue's urgency at the legislature or from customers
7 which, again, according to the utilities, were clamoring for offerings - at the ready to
8 consider and work through. It has become patently obvious to CUB that this is not the
9 case. While this may not change the outcome of this docket and there very well may be
10 some kind of VRET that is developed out of this process, CUB would note that the
11 process has not been helped by the paucity of ideas that have been put forth by the
12 utilities that so badly wanted this type of offering.

13 **II. Overall Framework.**

14 From CUB's perspective, there are two opposing ends of the spectrum on the
15 discussion around a potential VRET. At one end of the spectrum is direct access which is
16 available to the bulk of the customers that are expressing interest in a potential VRET.
17 The question is whether, and where, direct access fails in terms of being able to offer the
18 types of renewable energy products and projects being sought. Direct access was created
19 in an environment very different from the one that exists today when there is a more
20 prominent role for renewable resources. There may be some very valid reasons why
21 direct access is not a viable solution for large customers seeking more renewable
22 resources. But those reasons should be fully explored and any flaws, or issues, in the
23 current structure of direct access should be addressed or corrected.

1 The other end of the spectrum is a self-build model for the large customers that have
2 been at the heart of the current discussions around a VRET. These customers have the
3 resources and wherewithal to consider building their own resources to serve their needs.
4 Existing polices or regulatory practices may interfere with the adoption of this approach,
5 and these too should be explored in order to identify solutions to the barriers that may be
6 in place.

7 CUB notes that in between those two ends of the spectrum are any number of
8 possible approaches and permutations. In CUB’s view, the two spectrum ends, and the
9 approaches and permutations in between, are summarized by the Staff’s spreadsheet for
10 the VRET Models Summary Table. CUB will use that construct to provide some
11 feedback on various questions within the issues list.

12 To conclude the discussion of the overall framework, CUB does not believe that the
13 process can yet define the essential features of a VRET. We have a better sense of needs
14 of some customers but that sense is still very narrow, limited to a handful of customers
15 that, while large and economically important to both their respective utilities and the
16 communities where they are located, are in no way representative of the full range of
17 commercial customers that may eventually be interested in some kind of VRET. CUB
18 believes that this process may provide answers for the very large customers but that
19 solutions for the rest of the commercial class may take more time.

20 Lastly, much of what CUB discusses hereafter can be fit into a model of “utility-as-
21 facilitator.” A utility is charged with serving an identified service area and serving all of
22 the customers in that service area. There are costs (and benefits) that all customers share
23 and if some customers need something special, they bear the costs of that special service

1 (and reap whatever benefits they perceive results from that service). This “utility-as-
2 facilitator” model could provide a way to explore the questions on the issues list and
3 bring a finer point to the overall approach to potential VRET constructs.

4 **III. Third Party Direct Access.**

5 As noted above, CUB does not believe we have had an adequate discussion as to the
6 barriers present in the current direct access formation that prevent it from providing
7 solutions to at least some customers to get access to more renewable energy. CUB
8 believes that parties in this docket need to have a better shared understanding of direct
9 access in order to identify problem points or, conversely, where direct access could
10 provide useful approaches. Without this kind of discussion, we may not be able to
11 provide answers for other potential models because we do not know the problems we are
12 trying to solve.

13 **IV. Third Party Owned Resource/Utility Assisted Transaction.**

14 This second broad category in Staff’s Models Summary Table seems to provide a
15 number of possible options to develop some number of VRET models. In general, this
16 approach is the most developed of any alternative option because of the experience we
17 can examine with Rocky Mountain Power. As Staff notes in the Models Summary Table,
18 the experience is not directly transferrable because of legal differences between Utah and
19 Oregon. But it’s worth exploring.

20 The general approach could be tailored according to a customer’s need and offerings
21 of various third parties. The utility’s role would be relatively clear in that they are
22 facilitating a contract between a customer and a provider of a service the customer needs
23 but the utility cannot provide (i.e. – additional renewable power). It should be somewhat

1 easy to wall these transactions off from the base service offered by the utility to its other
2 customers in order to isolate the costs so that they are borne by the customers seeking the
3 facilitation service.

4 This approach would also appear to provide more opportunity to develop more
5 renewable resources than other approaches. It provides a role for independent power
6 producers to develop projects and sell the output and does not depend on the ability of
7 one company (i.e. – the utility) to build those resources.

8 CUB would like to see much more discussion around potential ideas in this area of
9 the Models Summary Table because there is at least an example to follow and the
10 utility’s role can be well-clarified and the attendant costs for that role can be segregated
11 from other customers not affected by that role.

12 **V. Utility Owned Resources.**

13 There are a few subsections of the category that includes the possibility of utility-
14 owned renewable resources. Those resources are either offered to customers seeking
15 additional renewable energy in their mix or are able to compete in an RFP process.

16 CUB believes that, by and large, the issue of utility-owned resources is generally
17 one fraught with problems. It seems unthinkable that a single customer or even a group of
18 customers would be able to pay a utility for a project dedicated to their needs alone. For
19 that amount of money, it seems better for a customer to actually build its own resource.

20 This approach would also muddy the waters in terms of the role of the utility. CUB
21 believes that a utility should stick to managing an overall system to provide power to its
22 service territory. Providing specialized products for particular customers begins to veer
23 away from that core mission. Facilitating transactions between customers and other

1 power producers to meet customer needs for more renewable energy seems to fit much
2 more appropriately within the utility's mission to manage the system within its service
3 territory.

4 For these reasons, CUB believes that the option for a VRET containing utility-
5 owned resources should be de-emphasized in favor of other approaches. This would
6 confine the discussions within this docket and allow parties to avoid the thorny issues
7 involved with determining what resources are in a utility's ratebase and what resources
8 are not in a utility's ratebase; which customers are paying for which resources and which
9 customers are not paying for those resources as well as any number of questions that are
10 raised when a utility seeks to undertake a service where the costs and benefits cannot be
11 adequate confined to a customer class or a particular set of customers.

12 **VI. Customer Owned Resources.**

13 It occurs to CUB that "customer-owned resources" may just be another way of
14 identifying a way that the utility needs to help a customer facilitate an outcome that is
15 advantageous to the customer. If a customer wants to build a resource to serve a facility,
16 it may need some help in terms of integration or managing the output. Those tasks, and
17 the costs associated with them, can be easily isolated to the customer (or customers)
18 needing the service.

19 The approach then really becomes a subset of the third-party resource discussion,
20 except rather than contracting for resources the customer is owning and operating the
21 resources themselves. And rather than the utility facilitating the interaction between the
22 customer and a third-party provider, it is instead facilitating the customer's interaction
23 with the system that the utility is charged with managing.

1 Rather than de-emphasizing the issue of customer-owned resources, CUB believes
2 that they should be considered as related to third-party transaction, at least in terms of
3 determining the utility role of facilitating the delivery of electrons to a customer.

4 **VII. Overview of Issues List Questions.**

5 Viewing the Issues List through the lens of “utility-as-facilitator” tends to provide
6 some clarity, at least for CUB.

7 First, we have stated several times in these comments that we need to have a better
8 shared understanding of direct access to determine the gaps in that process and why
9 customers that are eligible to utilize direct access cannot get the additional renewable
10 resources they seek through direct access. This type of examination is needed to really
11 answer Issue I.6 and its component questions.

12 Second, the Issues List focuses on whether the development of significant new
13 renewable resources can be developed. CUB contends that focusing on both direct access
14 and on the “utility-as-facilitator” approaches helps the conversation to pursue that path.
15 We are allowing for any number of developers to develop any number of resources to
16 serve any number of customer needs. That could lead to much more renewable energy.
17 The utility is not in the position where it has to build the resource but it remains in the
18 position of managing the new resource and integrating the resource with the rest of its
19 system.

20 Third, the Issues List considers the impact of any proposal on the competitive
21 market. Improving direct access and assisting the utility in facilitating customers with
22 either third-party projects or self-built projects by definition ensures that a competitive
23 market is maintained and enhanced. The utility will also be in a position of needing

1 renewable resources for the rest of its load but that need can be separated from the need
2 to respond to the specialized needs of its customers and cost can be assigned accordingly.

3 Fourth, and related to the last point, direct access already protects against impacts
4 on nonparticipating customers. In addition, a “utility-as-facilitator” model could be
5 developed that would also confine the costs of that facilitation to the customers that need
6 it. Isolating those costs will be helpful in rate cases and other proceedings in identifying
7 which costs are ratebased and which need to be assigned to a particular customer (or set
8 of customers) due to the “renewable facilitation” service.

9 Fifth, the Issues List considers whether a VRET should rely on a competitive
10 procurement process. By definition, the “utility-as-facilitator” model answers that
11 question in the affirmative. Customers are identifying options and asking the utility to
12 help them bring those options to fruition. Utilities may help identify opportunities that
13 could benefit various customers and provide information about those opportunities to
14 those customers but their role would ultimately be the same: facilitate the relationship
15 between a customer and a provider or between a customer’s resource and the rest of the
16 system. The customers who need that service pay for it. But, overall, a competitive
17 market is the base assumption for the approach.

18 **VIII. Conclusion.**

19 To conclude, CUB wants to underscore the key points of these comments. First, we
20 need to focus on some particular areas in order to make any progress. At the same time,
21 the process is best served if we can figure out how to provide a solution that can be
22 applied in many different circumstances. To that point, CUB urges Staff and fellow

1 parties to pursue a conversation around direct access and “utility-as-facilitator” as CUB
2 outlined throughout its comments.

3 Second, we should discuss how direct access can provide solutions for customers to
4 access more renewable energy – a very particular issue that was not a factor when direct
5 access was originally constructed. This discussion should also identify the barriers that
6 prevent eligible customers from utilizing it to provide solutions to issues they are facing.

7 Third, we should discuss how a utility can facilitate interactions between customers
8 and third-party power producers and consider customer-owned resources as a subset of
9 the utility facilitation model. This approach removes many issues that, in CUB’s view,
10 have been complicating the discussion around developing potential VRET models.

11 Clarifying the utility’s role from the outset helps to clarify the overall conversation.

12 Fourth, CUB acknowledges that there are likely many issues raised by the “utility-
13 as-facilitator” approach. But CUB believes, that in the absence of specific proposals,
14 defining the utility’s role will help to give rise to potential relationship constructs that
15 will help define an overall VRET category. Or it may not. In any case, we will not be
16 any worse off than we are now.

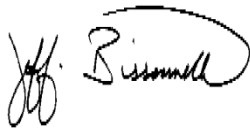
17 Our final concluding comment relates to an element that CUB believes should be
18 part of any VRET discussion: ensuring that every effort is being made to acquire every
19 bit of the least-cost resource before more expensive resources are acquired. Put more
20 simply, we should require that any VRET participant is assisting to acquire all cost-
21 effective energy efficiency as they pursue more renewables. Again, having utilities serve
22 in the role of facilitator permits that kind of approach because they can help the customer
23 work with the Energy Trust of Oregon to make sure that efficiency and renewable

1 resources can work in coordination. We cannot permit any least-cost resource be left on
2 the table.

3 CUB appreciates the opportunity to offer these comments and looks forward to
4 continuing the discussion to develop a potential VRET.

5

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Jeff Bissonnette". The signature is written in a cursive style with a large, sweeping flourish at the end.

Jeff Bissonnette
Policy Director
Citizens' Utility Board of Oregon

UM 1690 – CERTIFICATE OF SERVICE

I hereby certify that, on this 12th day of December, 2014, I served the foregoing CUB's **Comments** in docket UM 1690 upon each party listed in the UM 1690 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one original and one copy by U.S. mail, postage prepaid, to the Commission's Salem offices.

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W CARL FINK
628 SW CHESTNUT ST, STE 200
PORTLAND OR 97219
cmfink@blueplanetlaw.com

W JIM STANWAY
jimstanway@fb.com

W OREGON DEPARTMENT OF ENERGY
KACIA BROCKMAN
625 MARION ST NE
SALEM OR 97301-3737
kacia.brockman@state.or.us

W OREGON DEPARTMENT OF ENERGY
JULIE PEACOCK
625 MARION ST NE
SALEM OR 97301-3737
julie.peacock@state.or.us

W ADOBE SYSTEMS
KEVIN DEVAN
devan@adobe.com

W AOC/CREA
DORIS PENWELL
dpenwell@aocweb.org

W ATKINS
SUZANNE LETA LIOU
12725 SW MILLIKAN WAY, STE 230
PORTLAND OR 97005
suzanne.liou@atkinglobal.com

W BONNEVILLE ENVIRONMENTAL FOUNDATION
ANGUS DUNCAN
240 SW FIRST AVE
PORTLAND OR 97204
aduncan@b-e-f.org

W CH2M HILL
DICK SHEEHY
dick.sheehy@ch2m.com

W CITY OF HILLSBORO
SARAH GARRISON
sarah.garrison@hillsboro-oregon.gov

W CITY OF PORTLAND
ANDRIA JACOB
andria.jacob@portlandoregon.gov

W CITY OF PORTLAND - CITY ATTORNEY'S OFFICE
BENJAMIN WALTERS
1221 SW 4TH AVE - RM 430
PORTLAND OR 97204
ben.walters@portlandoregon.gov

- W CITY OF PORTLAND - PLANNING & SUSTAINABILITY**
MICHAEL ARMSTRONG
1900 SW 4TH AVE, STE 7100
PORTLAND OR 97201
michael.armstrong@portlandoregon.gov
- W CITY OF PORTLAND - PLANNING & SUSTAINABILITY**
DAVID TOOZE
1900 SW 4TH STE 7100
PORTLAND OR 97201
david.tooze@portlandoregon.gov
- W CLEARING UP**
JUDE NOLAND
734 HILL RD
WALLA WALLA WA 99362
nolandj@charter.net
- W CLIMATE SOLUTIONS**
ANN ENGLISH GRAVATT
917 SW OAK - STE 303
PORTLAND OR 97205
ann@climatesolutions.org
- W CONSTELLATION ENERGY COMMODITIES GROUP, INC.**
MARY LYNCH
5074 NAWAL DRIVE
EL DORADO HILLS CA 95762
mary.lynch@constellation.com
- W CREA**
BRIAN SKEAHAN
brian.skeahan@yahoo.com
- W DAVISON VAN CLEVE**
JOSHUA D WEBER
333 SW TAYLOR STE 400
PORTLAND OR 97204
jdw@dvclaw.com
- W DAVISON VAN CLEVE PC**
MELINDA J DAVISON
333 SW TAYLOR - STE 400
PORTLAND OR 97204
mjd@dvclaw.com
- W ENERGY STRATEGIES LLC**
KEVIN HIGGINS
215 STATE ST - STE 200
SALT LAKE CITY UT 84111-2322
khiggins@energystrat.com
- W ENERGY TRUST OF OREGON**
THAD ROTH
421 SW OAK STE 300
PORTLAND OR 97204
thad.roth@energytrust.org
- W GALLATIN PUBLIC AFFAIRS**
KELSEY WILSON
kelseyw@gallatinpa.com
- W IBERDROLA RENEWABLES**
KEVIN LYNCH
1125 NW COUCH ST STE 700
PORTLAND OR 97209
kevin.lynch@iberdrolaren.com
- W IBERDROLA RENEWABLES**
KOURTNEY NELSON
kourtney.nelson@iberdrolaren.com
- W IBERDROLA RENEWABLES**
SARA PARSONS
sara.parsons@iberdrolaren.com

- W IBEW L.U. 659**
BANJO REED
4480 ROGUE VALLEY HWY #3
CENTRAL POINT OR 97520
banjo@ibew659.org
- W IDAHO POWER COMPANY**
MICHAEL YOUNGBLOOD
PO BOX 70
BOISE ID 83707
myoungblood@idahopower.com
- W IDAHO POWER COMPANY**
CONNIE ASCHENBRENNER
PO BOX 70
BOISE ID 83707-0070
caschenbrenner@idahopower.com
- W LEGAL & CONSULTING SERVICES**
ANN L FISHER
PO BOX 25302
PORTLAND OR 97298-0302
ann@annfisherlaw.com
- W NOBLE AMERICAS ENERGY SOLUTIONS, LLC**
GREG BASS
401 WEST A ST., STE. 500
SAN DIEGO CA 92101
gbass@noblesolutions.com
- W NW & INTERMOUNTAIN POWER PRODUCERS COALITION**
ROBERT D KAHN
PO BOX 504
MERCER ISLAND WA 98040
rkahn@nippc.org
- W NW ENERGY COALITION**
WENDY GERLITZ
1205 SE FLAVEL
PORTLAND OR 97202
wendy@nwenergy.org
- W OBSIDIAN RENEWABLES**
DAVID BROWN
5 CENTERPOINT DR, STE 590
LAKE OSWEGO OR 97035
dbrown@obsidianfinance.com
- W OBSIDIAN RENEWABLES**
IMOGEN TAYLOR
5 CENTERPOINTE DR STE 590
LAKE OSWEGO OR 97035
itaylor@obsidianrenewables.com
- W OREGON NATIONAL GUARD**
LTC KENNETH SAFE
kenneth.safe.mil@mail.mil
- W OREGON NATIONAL GUARD**
COLONEL CHRISTIAN F REES
christian.f.rees.mil@mail.mil
- W OXLEY & ASSOCIATES**
EVYAN JARVIS
evyanjarvis@oxleyandassociatesinc.com
- W PACIFIC POWER**
ERIK ANDERSON
825 NE MULTNOMAH ST STE 1800
PORTLAND OR 97232
erik.anderson@pacificcorp.com
- W PACIFICORP**
JOELLE STEWARD
825 NE MULTNOMAH STE 2000
PORTLAND OR 97232
joelle.steward@pacificcorp.com

- W PACIFICORP**
ALISA M DUNLAP
825 NE MULTNOMAH, STE 2000
PORTLAND OR 97232
alisa.dunlap@pacificorp.com
- W PORTLAND GENERAL ELECTRIC**
KARLA WENZEL
121 SW SALMON ST. 1WTC0702
PORTLAND OR 97204
pge.opuc.filings@pgn.com
- W PORTLAND GENERAL ELECTRIC**
J RICHARD GEORGE
121 SW SALMON ST 1WTC1301
PORTLAND OR 97204
richard.george@pgn.com
- W PORTLAND GENERAL ELECTRIC**
ELIZABETH PAUL
elizabeth.paul@pgn.com
- W PORTLAND STATE UNIVERSITY**
NOEL MINGO
noel.mingo@pdx.edu
- W PUC STAFF—DOJ**
MICHAEL T WEIRICH
1162 COURT ST NE
SALEM OR 97301-4096
michael.weirich@state.or.us
- W PUC STAFF**
RUCHI SADHIR
PO BOX 1088
SALEM OR 97308
ruchi.sadhir@state.or.us
- W RENEWABLE NORTHWEST**
MEGAN DECKER
421 SW 6TH AVE #1125
PORTLAND OR 97204-1629
megan@renewablenw.org
- W RENEWABLE NORTHWEST**
RENEWABLE NW DOCKETS
421 SW 6TH AVE., STE. 1125
PORTLAND OR 97204
dockets@renewablenw.org
- W RICHARDSON ADAMS, PLLC**
GREGORY M. ADAMS
PO BOX 7218
BOISE ID 83702
greg@richardsonadams.com
- W SCHNITZER STEEL INDUSTRIES, INC**
MATT RUCKWARDT
299 SW CLAY ST, STE 350
PORTLAND OR 97201
mruckwardt@schn.com
- W SOLARCITY**
GENEVIEVE DUFAU
gdufau@solarcity.com
- W WAL-MART STORES, INC.**
STEVE W CHRISS
2001 SE 10TH ST
BENTONVILLE AR 72716-0550
stephen.chriss@wal-mart.com
- W WALMART STORES INC**
KEN BAKER
2001 SE 10TH ST
BENTONVILLE AR 72716
ken.baker@wal-mart.com

W WORLD RESOURCES INSTITUTE
LETHA TAWNEY
ltawney@wri.org

W YAM SERVICES
JACQUES GRANT
1819 SW 5TH AVE STE 342
PORTLAND OR 97201
electric@yamservices.com

W FACEBOOK
Ann Blackwood
561 Garden Street
Sacramento, CA 95815
annb@fb.com

W Idaho Power Company
Tami White
PO Box 70
Boise, ID 83707-0070
twhite@idahopower.com

W Keyes, Fox and Wiedman LLP
Justin Barnes
jbarnes@kfwlaw.com

W Keyes, Fox and Wiedman LLP
Kimberly Kooles
kkooles@kfwlaw.com

W Lindsay Hard, LLP
Paul Cosgrove
1300 SW 5th Ave., Suite 3400
Portland OR 97201
pcosgrove@lindsayhart.com

W Multnomah County District 1
Christine Lewis
Christine.lewis@multco.us

W PacifiCorp
Rhonda Rasmussen
825 NE Multnomah Ste 300
Portland OR 97232
Rhonda.rasmussen@pacificorp.com

W Shell Energy
John Leslie
600 West Broadway, Ste. 2600
San Diego, CA 92101
jleslie@mckennalong.com

Respectfully submitted,



G. Catriona McCracken, OSB #933587
General Counsel, Regulatory Program
Director
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400
Portland OR 97205
(503) 227-1984 ph
(503) 274-2956 fax
Catriona@oregoncub.org