

Advocates for the West
Affiliated Tribes of Northwest Indians
AirWorks, Inc.
Alaska Housing Finance Corporation
Alliance to Save Energy
Alternative Energy Resources Organization
American Rivers
A World Institute for a Sustainable Humanity
Beneficial State Bank
BlueGreen Alliance
Bonneville Environmental Foundation
Centerstone
Citizens' Utility Board of Oregon
City of Ashland
City of Seattle Office of Sustainability & Environment
Clean Energy Works Oregon
Climate Solutions
Community Action Center
Community Action Partnership Assoc. of Idaho
Community Action Partnership of Oregon
David Suzuki Foundation
Earth and Spirit Council
Earth Ministry
Ecova
eFormative Options
Emerald People's Utility District
EnergySavvy
Energy Trust of Oregon
Environment Oregon
Environment Washington
HEAT Oregon
Home Performance Guild of Oregon
Home Performance Washington
Housing and Comm. Services Agency of Lane Co.
Human Resources Council, District XI
Idaho Clean Energy Association
Idaho Conservation League
Idaho Rivers United
Interfaith Network for Earth Concerns
League of Women Voters Idaho
League of Women Voters Oregon
League of Women Voters Washington
Montana Audubon
Montana Environmental Information Center
Montana Renewable Energy Association
Montana River Action
National Center for Appropriate Technology
Natural Resources Defense Council
New Buildings Institute
Northern Plains Resource Council
Northwest Energy Efficiency Council
NW Natural
NW SEED
OneEnergy Renewables
Opower
Opportunities Industrialization Center of WA
Opportunity Council
Oregon Energy Coordinators Association
Oregon Environmental Council
Oregonians for Renewable Energy Progress
Pacific Energy Innovation Association
Pacific NW Regional Council of Carpenters
Physicians for Social Responsibility Oregon Chapter
Physicians for Social Responsibility Washington Chapter
Portland General Electric
Puget Sound Advocates for Retired Action
Puget Sound Cooperative Credit Union
Puget Sound Energy
Renewable Northwest Project
Save Our Wild Salmon
Sea Breeze Power Corp.
Seattle City Light
Seinergy
Shoreline Community College
Sierra Club
Sierra Club, Idaho Chapter
Sierra Club, Montana Chapter
Sierra Club, Washington Chapter
Smart Grid Northwest
Snake River Alliance
Solar Installers of Washington
Solar Oregon
Solar Washington
South Central Community Action Partnership
Southeast Idaho Community Action Agency
Spokane Neighborhood Action Partners
Student Advocates for Valuing the Environment
Sustainable Connections
The Climate Trust
The Energy Project
The Policy Institute
Trout Unlimited
Union Of Concerned Scientists
United Steelworkers of America, District 12
US Green Building Council, Idaho Chapter
Washington Environmental Council
Washington Local Energy Alliance
Washington State Department of Commerce
Washington State University Energy Program
YMCA Earth Service Corps



December 11, 2015

VIA Electronic Filing

Filing Center
Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301

RE: UM 1690 – NW Energy Coalition Comments on Staff's Phase II Report

The NW Energy Coalition (Coalition) is pleased to offer the following comments in response to the staff report filed on November 20, 2015 pursuant to Phase II in the UM 1690 docket. The Coalition supports the staff recommendations that it is reasonable and in the public interest for electric companies to offer voluntary renewable energy tariffs (VRET) to nonresidential customers and that the Commission should proceed to Phase III of this docket.

The electric system is in a period of change, transitioning to a cleaner, more resilient system that relies more on diverse, dispersed resources, customer engagement and dynamic grid management. Utilities will need to evolve with the system in order to continue to be relevant in this new business environment. The Coalition supports offering utilities new opportunities to serve their customers, especially where those new programs respond to customer needs and promote clean energy. We believe a VRET offering fits this description and should be a viable option for electric companies in Oregon. This transition, however, should be done cautiously to maintain the foundations of our current regulatory system. Consequently, changes need to be made under limited conditions and with the careful oversight of this Commission.

The Coalition appreciates the time and effort invested by staff and the parties to this docket in considering the merits of and conditions under which a voluntary renewable energy tariff could be offered by an electric company. Because the Coalition believes that the collective research and examination in this docket demonstrates that VRETs are in the public interest, our comments herein seek to ensure reasonable conditions under which these tariffs can be structured. The Coalition is in general agreement

with most of the conditions outlined in the staff report, with the exception of item 6, precluding utility ownership. We also object to a few specific conditions outlined in the discussion section of the report that we find overly prescriptive for Phase 2. On these items, as described below, the Coalition recommends maintaining more flexibility for the stakeholders and the Commission to determine what constitutes compliance with the broader conditions upon examining an actual proposal from an electric company in Phase III.

Our comments are organized according to the five statutory factors that form the outline of staff comments.

Statutory Factor 1: Public Interest

The Coalition generally agrees with the content of the staff recommendations on this point and has no further comments at this time.

Statutory Factor 2: Competitive Retail Market

Staff has three recommended conditions related to this statutory factor. We discuss our recommendations related to each below.

- (1) **VRET program size limitations:** The Coalition is in agreement with this condition.
- (2) **VRET product design should be unique to existing programs:** The Coalition agrees with this general condition, but asserts that several of the specific conditions discussed in this section of the staff report are unduly limiting at this time. In particular, the recommendations that VRETs be limited to less than 100% of load and only to long-term contracts is overly prescriptive. Whether the program adequately differentiates itself from direct access should be a condition determined in Phase III.
- (3) **The regulated utility should not be permitted to own a VRET resource:** The Coalition finds this condition to be overly prescriptive. Staff's rationale for this limitation is unconvincing; the Coalition recommends that utility ownership may be appropriate under certain conditions.

The staff report outlines three conditions for utility ownership in case the Commission finds that ownership may be acceptable. The Coalition appreciates staff acknowledgement that this is potential outcome and agrees with two of the conditions outlined by staff: 1) no rate basing and careful cost tracking and 2) PUC approval of VRET contracts. The third condition for utility ownership proposed by staff -- that VRET terms need to be the same as direct access -- is too narrow. Establishing a VRET under the "same terms" is not the same as equitable terms that would be necessary to maintain competitive markets. Given the questions raised in this docket regarding the current state of the direct access program, we can also foresee circumstances where direct access terms could be adjusted to align a VRET program rather than having existing direct access terms and conditions dictate future VRETs. The Coalition agrees there should be parity between VRETs and direct access terms and conditions, but the nature of how this parity is derived should be decided in Phase III in the context of specific proposals.

Statutory Factor 3 – Impacts, including cost shifting, on other customers

We strongly agree with the staff recommendations that any acceptable VRET design would need to demonstrate that all associated costs are borne only by participating customers. We further support all four cost categories outlined in the staff recommendations.

Statutory Factors 4, Competitive Procurement Process and 5, Other Conditions

At this time, the Coalition generally agrees with the staff recommended conditions related to these principles and has no further comments.

The Coalition appreciates the opportunity to provide comments on the staff recommendations and recommends that the Commission authorize utilities to propose voluntary renewable energy tariffs in Phase III of this docket.

Sincerely,

/s/Wendy Gerlitz

Wendy Gerlitz
Policy Director