

## **Proposed Principles for Voluntary Renewable Energy Tariff**

CUB appreciates the opportunity to submit proposed principles that could be used in developing voluntary renewable energy tariffs (“VRET”). These types of principles, combined with others developed by other parties will help the Commission determine whether, and under what circumstances, VRETs are “reasonable and in the public interest” (HB 4126, Section 3(3)).

At a minimum, a VRET should accomplish three key elements:

- 1) protect consumers – both those participating in a VRET and those not participating in the VRET;
- 2) be compatible with existing policies and procedures; and
- 3) maintain a fair, competitive marketplace.

### **Protect Consumers**

Both the customers who may participate in a VRET and the customers who choose not to should have protection guarantees. For the customers who are participating in a VRET they should know exactly what they are getting for their money. They should know that they are getting resources that are specifically dedicated to them and have been developed to serve them. The resources developed should meet the requirements outlined in the statute for resources designed to meet the state Renewable Energy Standard but, as voluntary options, those resources will not themselves be able to be used to meet the standard (HB 4126 Section 3(6)). Any RECs generated from the dedicated VRET resource should be retired on behalf of the VRET customer.

HB 4126 Section 3(4), the legislation that allows an examination of VRETs already requires that non-participating customers not subsidize participating customers. The PUC must ensure that this mandate is carried out, there must but be no subsidy in any form: no administrative costs, no marketing costs, no development costs. Non-participating customers also need to be shielded from any risk involved with the creation of new resources: no cost overruns and no liability. The cost of running a boutique utility system must be borne by the targeted customers.

### **VRET Policies and Procedures must be Compatible with Existing Policies and Procedures**

A potential VRET cannot exist in isolation or run counter to existing policies and procedures. Any proposed VRET should be analyzed on a number of levels to ensure this concept is not violated. Two key elements that should be included from the start:

First, it is the central policy of the state that all cost-effective efficiency be acquired. Energy Efficiency is the cheapest and cleanest resource. Any customer that wants to pay for a more expensive renewable resource must first comply with a requirement to invest in some level of energy efficiency prior to the creation of a VRET for that customer. CUB notes that the proposed initial group of customers is often highlighted as having made a

significant commitment to energy efficiency before having approached the idea of a VRET. We should ensure that commitment is matched by all subsequent potential VRET customers.

Second, as voluntary products, the Commission should ask the Portfolio Options Committee to examine proposed VRETs as part of their mission. This way, the “market” for voluntary products stays coordinated and opportunities for conflict between products are reduced. The VRET process would also benefit from this group of stakeholders being able to review proposals and provide input and recommendations to the Commission.

### **Fair, Competitive Marketplace**

Renewable NW has rightly characterized VRETs as “supplemental to direct access.” While HB 4126 permits a utility offering like a VRET to exist alongside direct access, it does not eliminate the direct access process in which participating and nonparticipating customer protections and rules are well-established. HB 4126 also does not pre-ordain an outcome regarding VRETs. Therefore, proposed VRETs must be shown to not interfere with direct access and must be shown to be capable of co-existence alongside of the direct access process.

At the June 2 workshop, CUB stated that there should be a common vision of when a VRET was interfering with a fair, competitive marketplace. We therefore need to discuss what a fair, competitive marketplace looks like and whether such a marketplace currently exists. Such discussion will provide some guidance as to the role a VRET could play in meeting market needs.

At a minimum, again supporting Renewable NW’s outline, if VRETs are allowed, there should be opportunities to compete with other utility-developed offerings. For a market to function, competitors need to be able to offer products and pricing with accurate knowledge of the utilities’ offerings.

CUB appreciates the opportunity to provide these comments and looks forward to continuing to participate in the proceeding to determine the appropriateness of VRETs in Oregon.

## UM 1690 – CERTIFICATE OF SERVICE

I hereby certify that, on this 16<sup>th</sup> day of June, 2014, I served the foregoing **Proposed Principles for Voluntary Renewable Energy Tariff** 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.

**(W denotes waiver of paper service)**

**(C denotes service of Confidential material authorized)**

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sommer Templet". The signature is written in a cursive, flowing style.

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