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August 29, 2014

Via Electronic Mail

Public Utility Commission of Oregon

Attn: Ruchi Sadhir

PO Box 1088

Salem OR 97308

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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 Northwest and Intermountain Power Producers Coalition's ("NIPPC") Comments on Staff's Revised Draft Issues List and Revised VRET Models Table as circulated via email on August 15, 2014.

If you have any questions, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carl Fink', with a long horizontal flourish extending to the right.

Carl Fink

Managing Counsel, West Region

Blue Planet Energy Law, LLC

Enclosures

cc: UM 1690 Service List



The Northwest and Intermountain Power Producers Coalition (“NIPPC”) appreciates the opportunity to respond to Staff’s request for comments circulated by email Friday, August 15, 2014, and respectfully provides the following:

1. **Revised Draft Issues List.**

NIPPC applauds Staff on their work to hone the proposed draft issues list, and believe the draft generally provides a solid foundation on which to consider the VRET issues. There is a specific statutory framework required by HB 4126 that guides Staff’s VRET investigation. Staff has not been asked to find a way to allow the utilities to offer a VRET. Instead, Staff is required “to consider the impact of allowing electric companies to offer voluntary renewable energy tariffs”, taking into consideration all of the following factors:

- (a) Whether allowing electric companies to provide voluntary renewable energy tariffs to nonresidential customers promotes the further development of significant renewable energy resources;
- (b) The effect of allowing electric companies to offer voluntary renewable energy tariffs on the development of a competitive retail market;**
- (c) Any direct or indirect impact, including any potential cost-shifting, on other customers of any electric company offering a voluntary renewable energy tariff;
- (d) Whether the voluntary renewable energy tariffs provided by electric companies to nonresidential customers rely on electricity supplied through a competitive procurement process; and
- (e) Any other reasonable consideration related to allowing electric companies to offer voluntary renewable energy tariffs to their nonresidential customers.

HB 4126 (emphasis supplied). NIPPC’s primary focus in this proceeding is to ensure that VRET program will not hamper or undermine the competitive markets, and indeed so that it will support and enhance them, and submits that any VRET proposal that harms the competitive market cannot be found in the public interest under HB 4126.

NIPPC believes that, in order to consider any VRET, and how it will impact the statutory considerations, we must first understand what “problem” a VRET is designed to solve. As a first step, we believe it is critical to determine what the market need for this product will be, through the following preliminary questions:



What is the market need a VRET should be designed to solve?

- **What enhanced renewable services and programs do customers want?**
 - **Is the ability to purchase power at a long term, negotiated rates (whether fixed, market rates, or otherwise) a critical requirement for the market, or are customers willing to pay a utility-based cost of service rate?**
 - **Must the power be 100% renewable, or is partial renewable plus traditional generation acceptable?**
 - **Is the ability to take just a portion of a customer's load through the VRET a critical component, or must a customer elect to take 100 percent of its service through the VRET, or none at all?**
- **From whom do customers desire to purchase the service? Does it matter if it is from a utility or a third party?**

In essence, we need a “mission statement” for the program, which specific answers to the questions above should provide. NIPPC looks forward to hearing responses to these questions, particularly from potential customers.

Along with this overarching question, NIPPC proposes a limited number of additional questions within the framework of the draft issues list, included as Attachment A. NIPPC believes that each of these additional questions addresses an important aspect not otherwise covered in existing questions, and will elicit useful information in responses that will help create a more fulsome record in this proceeding. NIPPC respectfully urges staff to include all of these additional questions when it seeks public comment.

2. Revised VRET Models Table.

NIPPC appreciates the Staff's continued effort to hone the potential VRET models for further consideration, but does not believe that the current table represents the appropriate list of items for further study, nor that we have reached a common consensus as to the meanings of the specific models.

- a. A VRET- Direct Access Model should be directly considered.

The purpose of this phase of the Staff's efforts in response to HB 4126 is to conduct a study to determine the impacts of a VRET. This study will be unable to ascertain the impacts of VRET on direct access unless a Direct Access model for the provision of VRET service is fully considered. NIPPC submits, as it has at each workshop, that a VRET product that meets all of the anticipated customer goals could be offered under the existing Direct Access regulations – the utilities simply have elected not to offer that service. As such, the utilities formulations of a VRET program are little more than attempts by the



utilities to avoid the constraints of direct access, in order to enter into “special” transactions with large industrial customers under terms, while prohibiting other independent power producers (IPPs) or electric service suppliers (ESSs) from doing so. Such an outcome is unlikely to be in the public interest, and can only be avoided by fully considering “VRET Direct Access program.” A VRET Direct Access program is (1) not currently available; (2) not duplicative of another model; and (3) at least as likely to occur as some of the other models proposed. NIPPC submits that a VRET Direct Access product could be structured to be separate from a utility’s non-VRET options, and provide additional flexibility and incentives to entities desiring renewable energy that are not currently available, and that meet the goals of the underlying statute to promote increased renewable energy use. This product would be in the best interest of Oregon, and will meet customer and competitive needs far better than most of the other proposals on the table.

b. The “Third Party” models should be further clarified, and Model 1.x restored.

NIPPC supports further study of the “Third Party” models. However, NIPPC believes that some of the comments within the “relationships” boxes indicate that there is not a common understanding of the proposals. Some of this may be resolvable by restoring Model 1.x to be independent of Model 1.b. For example, Model 1.b/x currently presupposes that the Utility will be the primary point of contact for billing and “by customer choice” load management/ancillary services. NIPPC does not believe it is appropriate to assume the Utility will remain responsible for billing in all circumstances. Similarly, NIPPC has no opposition to the extent the reference to “customer choice” indicates a customer could choose to have either the utility or the third party provide load management/ancillary services, but does not agree that the utilities’ provision of this service should be presumed.

With respect to Model 1.c/d, NIPPC does not believe that third parties should be required to aggregate load by “putting it out to bid” as reflected in the current version of the chart, and asks that this condition be eliminated from the model.

Finally, NIPPC believes that any Third Party model must be constructed in a manner such that the utility does not gain access to confidential market information of the third party, including prices and contract terms.

c. The “Regulated Utility” Model does not warrant further study.

NIPPC is disappointed to see the continued inclusion of the “Regulated Utility” model. While NIPPC appreciates Staff’s statement that effects on the competitive market will be explored through consideration of statutory factors, every permutation of this model would have a significant, detrimental and chilling impact on the competitive marketplace, and it does not merit further consideration. Indeed, any “regulated utility” model represents little more than a circumvention of existing direct access regulations, and the entrenchment of the utilities’ monopoly status to the exclusion of competitive market forces. Most notably, the utilities’ statements that they will not consider providing VRET services through an affiliate that would compete on a level playing field with IPPs and ESSs, which would both help ameliorate competitive concerns, and prevent cost-shifting, drives this point home.



The utilities should not be rewarded for their transparent efforts to avoid competition, especially with the formation of this new voluntary service.

- d. The “Customer-Owned” model should be recast as a “Third-party/Customer-Owned” model.

NIPPC submits that the proposed “Customer-Owned” model should be modified prior to further study. If the “Customer-Owned” model is solely for on-site generation, then it is already available to a large extent under net metering, and will not facilitate the creation of significant new renewable resources. No further study is necessary to reach that conclusion – the market for customers that may own on-site generation over and above current net metering limits is simply too small. If, by contrast, this model is meant to include off-site generation, then there is no reason to limit the ownership to customers, rather than third-parties or aggregators. Doing so would simply create artificial barriers to retail competition with no apparent benefit.

- e. The Transmission-only model should be restored for consideration.

NIPPC objects to the elimination of the Transmission-only model, and believe it should receive full consideration. A Transmission-Only VRET model will meet all of the statutory hurdles, and allow customers to purchase the exact product they desire. The Transmission-only VRET model has a built in mechanism to require users of the service to bear costs, and therefore prevent unwanted cost shifts. A Transmission-only VRET model is proven to work, as utilities already are required to offer Transmission-only service on a wholesale level, and transmission-only service is allowable in many markets within the United States.

Moreover, a Transmission-only VRET model can be entirely accomplished under existing regulations and procedures. In fact, both PacifiCorp and PGE have transmission-only tariffs in place right now, with specified limitations on their use. Both entities easily could file a similar tariff, available only for transmission of renewable power, and price the transmission service to cover potential cost shifts.

In short, this proposal is elegant, simple to institute, easy to understand, meets all statutory requirements, and best meets the needs of prospective customers. It is the proposal that is most in the public interest.

The sole reason identified for not considering this proposal is that it is “unlikely to occur” – presumably because the utilities do not support it. NIPPC submits that the Commission has the ability to require or encourage the utilities to offer this service, without any further regulations. The utilities should not be rewarded for their attempt to use their monopoly status to exclude and avoid competition, especially with the formation of this new voluntary service competition, all to the detriment of the best interest of Oregon, its economy and its environment.

QUESTIONS RELEVANT TO ALL VRET MODELS

I. How should a Voluntary Renewable Energy Tariff (VRET) be defined and designed?

- What is the market need a VRET should be designed to solve?
 - What services and programs do customers want?
 - Is the ability to purchase power at a long term, fixed rate a critical requirement for the market, or are customers willing to pay a cost of service rate?
 - Must the power be 100% renewable, or is power backed up by traditional generation acceptable?
 - Is the ability to take just a portion of a customer's load through the VRET a critical component
 - From whom do customers desire to purchase the service?
- What are the essential features and design options of such a tariff? Would offering more than one type of tariff design help to satisfy diverse customer demands and program goals?
- How would a VRET product be distinguished from products that might already be available or able to be offered through affiliates or direct access?
- Should VRETs be considered for all non-residential customers or only a subset of non-residential customers? If not all, should non-qualifying non-residential customers be permitted to aggregate loads?
- Should a product under a VRET be delivered through an open transmission service in the form of a firm point to point contract, path, or similar mechanism?
- Should there be a goal for new renewable energy capacity or customer load served with incremental new renewable resources under a VRET?
- Should a VRET product provider be entitled to aggregate multiple renewable resources as one VRET product?
- Should there be a cap on the amount of load that can be served under a VRET, and, if so, why? How should the cap be determined?
- Should a customer desiring VRET Service be required to take:
 - All service through the VRET Tariff?
 - All service at a given meter through the VRET Tariff?

II. Whether Further Development of Significant Renewable Energy Resources is Promoted? (HB 4126 Section 3(3)(a))

- What constitutes “further development of significant renewable energy resources”?
- Should “further development of significant renewable energy resources” mean buying the direct output from a *new* renewable resource power plant? How do you define *new*? From an *existing* renewable resource power plant? From a *recently constructed* renewable resource power plant (e.g. constructed since the start of the decade)?
- Should “further development of significant renewable energy resources” include buying the direct output and/or bundled RECs from an existing renewable resource power plant? If so, should there be a limit on how old the plant is?

Implementation of HB 4126 – Voluntary Renewable Energy Tariffs (VRETs)

AUGUST 29, 2014 COMMENTS OF NIPPC ON VERSION REVISED by PUC Staff 08/15/2014

Revised Draft Issues for Discussion

- Should there be geographic limits on the source of eligible renewable energy (e.g. Oregon or the Northwest) to be considered “further development of significant renewable energy resources”?
- How do interactions between the RPS and a VRET influence whether the VRET promotes “further development of significant renewable energy resources?”
- What portion of the generation output of a facility must be renewable to qualify for a VRET Tariff? 95%? 75%? 50%? Why? Can a service firm with non-renewable power be sold under a VRET Tariff?

III. What may be the Effect on Development of a Competitive Retail Market? (HB 4126 Section 3(3)(b))

- Is the competitive retail market harmed if a regulated utility, affiliate of a utility, or customer (?) any other VRET supplier not subject to regulation as an ESS is able to offer a VRET product and terms of a VRET product to a non-residential customer that a third party competitive supplier cannot provide?
- Is the competitive retail market harmed if a regulated party is able to offer a VRET product pursuant to Commission regulations that are more favorable to one supplier over other supplier or that exclude some types of suppliers from offering service at all?

IV. What may be the Direct or Indirect Impacts on Non-Participating Customers (HB 4126 Section 3(3)(c))

- How should the Commission ensure that the prices paid for products under a VRET reflect the full cost of providing that service and any requisite back-up/supplementary service without any subsidization from non-participating customers or competitive suppliers (?)?
 - How should the fixed costs of the existing rate-based system be allocated if VRET participants are “leaving” the rate-based system? Does it matter if the load to be served by the VRET product is a new or expanded load, not previously served by the utility?
 - Is there any difference in the management of cost shifting issues if VRET customers are served by the utilities versus another third party?
 - How should the Commission ensure that non-participating utility customers are protected from cost shifts? Should products under a VRET include transition charges to mitigate potential impacts from cost shifting to non-participating customers? If so, should those transition charges be identical to the charges under the Direct Access programs?
- The above bullets sound somewhat redundant to me now...should be consolidate? NIPPC believes the bullets in this section are useful sub-issues to the first bullet and will elicit important responses that will further the discourse.
- What VRET design criteria can help limit impacts to non-participating customers? Which designs best limit cost and risk shifting?

V. Whether VRETs should rely on a Competitive Procurement Process? (HB 4126 Section 3(3)(d))

- Should the Commission limit resource eligibility to renewable energy developed and supplied through a competitive procurement process? If yes, why? If no, how should the Commission evaluate renewable energy supplied through a competitive process?
- Should the PUC’s existing processes for competitive bidding be adapted or used? If so, what changes should be made?

Implementation of HB 4126 – Voluntary Renewable Energy Tariffs (VRETs)

AUGUST 29, 2014 COMMENTS OF NIPPC ON VERSION REVISED by PUC Staff 08/15/2014

Revised Draft Issues for Discussion

- How can a VRET program structure ensure that customers have access to the most competitively priced resources in the market and provide a level playing field for all market participants? What structure gives customers best access to the specific resources that they are interested in procuring?

VI. Other considerations (HB 4126 Section 3(3)(e))

- What would be the impact to RPS resource cost recovery and compliance requirements if a significant amount of VRET load leaves the rate-based system, which includes unrecovered investments in renewable and non-renewable resources? (HB 4126 Section 3(6))
- How will utilities and energy generator avoid over-generation issues if there are new renewable resources added to the system? How will those resources be integrated?
- What customer protections may be appropriate for a VRET program (e.g. Green-E certification? Commission or advisory group oversight)? For which customer classes?
- How will resources developed for and whose environmental attributes are claimed by customers be represented in power mix disclosures to avoid double-claims?
- What other factors, if any, should the Commission consider in determining whether and how utilities should offer VRETs to non-residential customers? Are there other issues that may be pertinent to the study of VRETs in Oregon?

EXISTING DIRECT ACCESS COMPARISON TO POTENTIAL VRET MODELS – ESS CONTRACTS WITH NON-RESIDENTIAL CUSTOMER TO SELL ELECTRICITY SERVICES. ESS SCHEDULES ENERGY TO UTILITY, WHICH DELIVERS THE ENERGY TO THE CUSTOMER THROUGH THE DISTRIBUTION SYSTEM. AN AGGREGATOR MAY COMBINE CUSTOMER LOADS INTO A BUYING GROUP FOR PURCHASE OF ELECTRICITY AND RELATED SERVICES.

- *Staff added this row at the suggestion of several parties as a backdrop to the VRET models evaluation to provide a comparison between potential VRET models and the existing direct access model – Please suggest specific questions, if you think they would help to compare with VRET Models below.*
- Do the existing Direct Access regulations allow customers to purchase renewable energy on long-term basis at fixed or otherwise negotiable rates? If not, what part of the regulations prohibit this?
- Could utilities offer a special tariff under the Direct Access regulations that applies just to renewable energy? If not, what provisions of the regulations prevent this?
- If the existing Direct Access regulations allow customers to purchase renewable energy on a long term basis and at a fixed or otherwise negotiable rates, why do these regulations not satisfy the commercial need for a VRET?

MODEL 1(B/X) – Third party owned renewable resource. Regulated Utility is the middleman between a 3rd party and customer(s) that are contracting for renewable energy. Customer and 3rd party negotiate for renewable energy service. Regulated utility takes ownership of power through contract with Third Party. Tariff is set for same price and duration as contract. Contract terminates if customer or supplier defaults. Utility remains primary point of contact for billing and (by customer choice) load management/ancillary services. Utility could credit customer bill for project ~~output~~output (at credit amount TBD - e.g. utility's wholesale avoided cost rather than retail rate) and service balance of customer's energy and capacity need (if any) at cost of service rate.

II. Whether Further Development of Significant Renewable Energy Resources is Promoted? (HB 4126 Section 3(3)(a))

- Will this model likely best promote “further development of significant renewable energy resources”?

III. What may be the Effect on Development of a Competitive Retail Market? (HB 4126 Section 3(3)(b))

- Should Electricity Service Suppliers (ESS) and Independent Power Producers (IPP) provide renewable energy through a utility as part of a VRET?
- How would the inclusion of ESSes and IPPs as suppliers of renewable energy through a utility under a VRET affect the competitive retail market?
- What should the role of the utility be in developing and offering a product or transacting between customers and an ESS or IPP under VRET?
- Can this model be implemented in a manner that does not require an ESS or IPP to provide confidential pricing data to the utility?

IV. What may be the Direct or Indirect Impacts on Non-Participating Customers (HB 4126 Section 3(3)(c))

- What are all the utility costs likely associated with this model? How can the Commission ensure that these costs are not shifted to non-participating customers?

VI. Other considerations (HB 4126 Section 3(3)(e))

- Are there other factors the Commission should consider that may be pertinent to this VRET model?
- Is there a market for this model?

MODEL 1(C/D) – THIRD PARTY OWNED RENEWABLE RESOURCE. REGULATED UTILITY OR THIRD PARTY AGGREGATOR MATCHES VRET LOAD(S) WITH AGGREGATE VRET RE GENERATORS TO MITIGATE ISSUES OF TIMING AND RISK. REGULATED UTILITY OR THIRD PARTY AGGREGATOR COULD AGGREGATE CUSTOMERS INTO “VRET LOAD,” PUT THAT AGGREGATED LOAD OUT FOR BID, AND CONTRACT WITH THIRD PARTIES TO SERVE THAT LOAD. AND/OR REGULATED UTILITY OR THIRD PARTY AGGREGATOR COULD AGGREGATE THIRD PARTY RE GENERATORS AND PURCHASE OUTPUT THROUGH FIXED PRICE, LONG TERM CONTRACTS; THE REGULATED UTILITY OFFERS THAT OUTPUT TO THE CUSTOMERS THROUGH A “SUBSCRIPTION” PROCESS.

II. Whether Further Development of Significant Renewable Energy Resources is Promoted? *(HB 4126 Section 3(3)(a))*

- Will this model likely best promote “further development of significant renewable energy resources”?

III. What may be the Effect on Development of a Competitive Retail Market? *(HB 4126 Section 3(3)(b))*

- Should ESSes and IPPs provide renewable energy through a utility as part of a VRET?
- How would the inclusion of ESSes and IPPs as suppliers of renewable energy through a utility under a VRET affect the competitive retail market?
- What should the role of the utility be in developing and offering a product or transacting between customers and an ESS or IPP under VRET?
- Should a VRET allow a regulated utility to aggregate load(s), creating competition with existing aggregators?
- How does the utility manage the risk and timing of the matched VRET load and/or the obligations to aggregated RE Generators?
- [Can this model be implemented in a manner that does not require an ESS or IPP to provide confidential pricing data to the utility?](#)

IV. What may be the Direct or Indirect Impacts on Non-Participating Customers *(HB 4126 Section 3(3)(c))*

- What are all the utility costs likely associated with this model? How can the Commission ensure that these costs are not shifted to non-participating customers?

VI. Other considerations *(HB 4126 Section 3(3)(e))*

- Are there other factors the Commission should consider that may be pertinent to this VRET model?
- Is there a market for this model?

MODEL 2 – REGULATED UTILITY OWNS AND OPERATES THE RENEWABLE RESOURCE(S) AND DELIVERS POWER TO CUSTOMER. REGULATED UTILITY AND CUSTOMER(S) NEGOTIATE LONG-TERM CONTRACT(S) FOR NON-SYSTEM RENEWABLE ENERGY.

II. Whether Further Development of Significant Renewable Energy Resources is Promoted? *(HB 4126 Section 3(3)(a))*

- Will this model likely best promote “further development of significant renewable energy resources”?

III. What may be the Effect on Development of a Competitive Retail Market? *(HB 4126 Section 3(3)(b))*

- If a competitive supplier is able to provide the same or similar product under a VRET, should a utility be able to provide such a product? If so, why and under what conditions should a utility be able to provide that product under a VRET?
- If there is a negative effect on the ability of competitive suppliers to operate in Oregon, should the ability to offer products under a VRET be limited to affiliates of Oregon utilities? If not, how should the Commission ensure that competitive suppliers are protected and continue to operate in Oregon?

IV. What may be the Direct or Indirect Impacts on Non-Participating Customers *(HB 4126 Section 3(3)(c))*

- What are all the utility costs likely associated with this model? How can the Commission ensure that these costs are not shifted to non-participating customers?
- How should the Commission ensure that the utility’s cost of providing VRET service and any requisite back-up/supplementary service is separate from the utility’s existing rate-based system resources? Should the utility have a separate set of resources used for VRET customers in a “VRET rate base” for which the costs and rate of return are regulated by the PUC?

V. Whether VRETs should rely on a Competitive Procurement Process? *(HB 4126 Section 3(3)(d))*

- Is there any room for a competitive procurement process in this model? How should the Commission ensure that a utility-owned resource fairly competes in a competitive procurement process?

VI. Other considerations *(HB 4126 Section 3(3)(e))*

- Are there other factors the Commission should consider that may be pertinent to this VRET model?
- If a utility is only allowed to offer a VRET product through an affiliate, what rules should govern interaction/communication between the utility and the affiliate?
- Is there a market for this model?

MODEL 2(C/D) – REGULATED UTILITY OWNS AND OPERATES THE RENEWABLE RESOURCE(S), WHICH COULD BE ELIGIBLE TO COMPLETE IN AN RFP FOR SUPPLYING AGGREGATED VRET LOAD (AS DESCRIBED IN MODEL 1(C/D)). REGULATED UTILITY COULD AGGREGATE CUSTOMERS INTO “VRET LOAD,” PUT THAT AGGREGATED LOAD OUT FOR BID, AND CONTRACT TO SERVE THAT LOAD. AND/OR REGULATED UTILITY COULD AGGREGATE THIRD PARTY RE GENERATORS AND PURCHASE OUTPUT THROUGH FIXED PRICE, LONG TERM CONTRACTS; THE REGULATED UTILITY OFFERS THAT OUTPUT TO THE CUSTOMERS THROUGH A “SUBSCRIPTION” PROCESS.

II. Whether Further Development of Significant Renewable Energy Resources is Promoted? *(HB 4126 Section 3(3)(a))*

- Will this model likely best promote “further development of significant renewable energy resources”?

III. What may be the Effect on Development of a Competitive Retail Market? *(HB 4126 Section 3(3)(b))*

- If a competitive supplier is able to provide the same or similar product under a VRET, should a utility be able to provide such a product? If so, why and under what conditions should a utility be able to provide that product under a VRET?
- If there is a negative effect on the ability of competitive suppliers to operate in Oregon, should the ability to offer products under a VRET be limited to affiliates of Oregon utilities? If not, how should the Commission ensure that competitive suppliers are protected and continue to operate in Oregon?

IV. What may be the Direct or Indirect Impacts on Non-Participating Customers *(HB 4126 Section 3(3)(c))*

- What are all the utility costs likely associated with this model? How can the Commission ensure that these costs are not shifted to non-participating customers?
- How should the Commission ensure that the utility’s cost of providing VRET service and any requisite back-up/supplementary service is separate from the utility’s existing rate-based system resources? Should the utility have a separate set of resources used for VRET customers in a “VRET rate base” for which the costs and rate of return are regulated by the PUC?
- Should a VRET allow a regulated utility to aggregate load(s), creating competition with existing aggregators?
- How does the utility manage the risk and timing of the matched VRET load and/or the obligations to the aggregated RE generators?

V. Whether VRETs should rely on a Competitive Procurement Process? *(HB 4126 Section 3(3)(d))*

- How should the Commission ensure that a utility-owned resource fairly competes in a competitive procurement process?

VI. Other considerations *(HB 4126 Section 3(3)(e))*

- Are there other factors the Commission should consider that may be pertinent to this VRET model?
- Is there a market for this model?

MODEL 4(A/X) – CUSTOMER OWNED RENEWABLE RESOURCE. REGULATED UTILITY ROLE DEPENDS ON THE CUSTOMER’S SPECIFIC LOAD AND RESOURCE. COULD INVOLVE DISTRIBUTION AND BACK/SUPPLEMENTAL SERVICES (“FIRMING/SHAPING”). IF CUSTOMER SELF-GENERATES RENEWABLE ENERGY ON SITE, THEN LIKELY REQUIRES OTHER REGULATED UTILITY SERVICES. COULD BE DISTINCT FROM NET-METERING IF REGULATED UTILITY CREDITS CUSTOMER BILL FOR PROJECT OUTPUT (AT CREDIT AMOUNT TBD - THE UTILITY’S WHOLESALE AVOIDED COST RATHER THAN RETAIL RATE) AND SERVES BALANCE OF CUSTOMER’S ENERGY/CAPACITY NEEDS (IF ANY) AT COST OF SERVICE RATES. UTILITY COULD REMAIN PRIMARY POINT OF CONTACT FOR BILLING AND (BY CUSTOMER CHOICE) LOAD MANAGEMENT AND ANCILLARY SERVICES.

II. Whether Further Development of Significant Renewable Energy Resources is Promoted? *(HB 4126 Section 3(3)(a))*

- Will this model likely best promote “further development of significant renewable energy resources”?

III. What may be the Effect on Development of a Competitive Retail Market? *(HB 4126 Section 3(3)(b))*

- If a customer owned renewable resource is off-site, should it be treated as a third party (similar to **Model 1.b/x (Third Party (IPP, ESS))**)? If not, how should it be treated?
- How would the inclusion of customer-owner off-site renewable resources supplied through a utility under a VRET affect the competitive retail market? What should the role of the utility be in developing and offering a product or transacting like this under a VRET?
- [Is there a difference between “customer-owned” and “third-party-owned” under this model, and if so, why?](#)
- [Could a customer that generates more power than needed at a given time sell excess power to other customers?](#)

IV. What may be the Direct or Indirect Impacts on Non-Participating Customers *(HB 4126 Section 3(3)(c))*

- What are all the utility costs likely associated with this model? How can the Commission ensure that these costs are not shifted to non-participating customers?

V. Whether VRETs should rely on a Competitive Procurement Process? *(HB 4126 Section 3(3)(d))*

- Is there any room for a competitive procurement process in this model? How should the Commission ensure that a customer-owned resource fairly competes in a competitive procurement process?

VI. Other considerations *(HB 4126 Section 3(3)(e))*

- If a customer owned resource is on-site, should it be part of a VRET or be part of the existing Net Metering program? Does its inclusion in the Net Metering program depend on if any excess energy generation is anticipated? If a customer owned resource is on-site, but operated and managed by the regulated utility, should it be distinguished from the Net Metering program?
- Are there other factors the Commission should consider that may be pertinent to this VRET model?
- Is there a market for this model?

UM 1690 - CERTIFICATE OF SERVICE

I hereby certify that, on this 29th day of August, 2014, I served the foregoing **Northwest and Intermountain Power Producers Coalition Comments on Staff's Revised Draft Issues List and Revised VRET Models Table** 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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Certificate of Service UM 1690

Northwest and Intermountain Power Producers Coalition Comments on Staff's Revised Draft Issues List and Revised VRET Models Table

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