

August 29, 2014

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Public Utility Commission of Oregon
3930 Fairview Industrial Dr. S.E.
Salem, OR 97302-1166

Attn: Filing Center

**RE: UM 1690 – Voluntary Renewable Energy Tariffs for Non-Residential Customers
PacifiCorp’s Comments on Revised Voluntary Renewable Energy Tariff (VRET)
Models Table and Revised Issues List**

In response to the request of Staff of the Public Utility Commission of Oregon (Commission), PacifiCorp d/b/a Pacific Power (Company) offers these comments on the Revised VRET Models Table (Revised Models Table) and the Revised Issues List.

I. Staff’s Guidelines for Evaluating the Revised Models Table

PacifiCorp greatly appreciates Staff’s efforts presenting the many potential VRET models into a comprehensive matrix. Consistent with the Company’s July 25, 2014 comments on the draft VRET Models Table, the Company continues to recommend that several of the models currently under consideration for further analysis are either models that can be achieved under existing direct access statutes and rules or duplicative of other models on the table.

PacifiCorp strongly supports the use of Staff’s three guidelines for evaluating the Revised Models Tables. The first guideline asks whether the model is new or not currently available. House Bill (HB) 4126, the legislation requiring the Commission to conduct a VRET study, was intended to open the door for *new* offerings to customers. To the extent that models currently contained in the Revised Models Table can be achieved under existing statutes and rules, specifically the statutes and rules concerning direct access, these models should be removed from the Revised Models Table. Parties in this proceeding have raised issues related to perceived problems with the direct access programs currently offered by PacifiCorp and Portland General Electric Company (PGE). UM 1690 is not the appropriate forum for reviewing, evaluating, or solving issues related to direct access. Any analysis of existing direct access offerings, including proposals for solutions, should be considered in a direct-access-specific proceeding so that all entities interested in direct access have the full and fair opportunity to participate and comment. PacifiCorp supports providing additional comparative background on direct access, but urges Staff to limit further evaluation of direct access issues in this proceeding.

Staff’s second guideline asks whether the model is duplicative of another model. As discussed more fully below, PacifiCorp continues to recommend combining certain models where separate analysis of each is likely to be duplicative. To the extent that models contained in the Revised Models Table are similar in concept but differ only in ownership structure (e.g.,

utility versus third party ownership of generating resource), the Company supports combining the models. Evaluation of VRET models should focus on evaluating new options for customers and creation of new opportunities for development of renewable resources, rather than creating dedicated market opportunities for utilities or independent power producers. Comprehensive analysis of models, such as the aggregator or subscription models contained in current 1c/d and 2c/d, rather than a piece-meal analysis that arbitrarily breaks the model down into sub-models based on generation ownership, will provide the Commission with a better understanding of the full scope of each model while preserving flexibility for Staff and parties to address issues specific to particular ownership structures. In addition, combining conceptually similar models preserves market neutrality with respect to each model.

The third guideline asks whether the model is likely to occur. PacifiCorp is encouraged that Staff removed models that are unlikely to occur from the Revised Models Table. The VRET is intended to be a voluntary offering by the utility and the interest of the utility in offering a particular model is an important consideration in narrowing down the scope of the potential models for evaluation. For example, the degree to which a model can be incorporated into existing business processes, business systems and staffing levels is likely to be one of many such considerations.

II. Comments on the Revised Models Table

With Staff's three guidelines in mind and in response to the specific questions asked by Staff in its August 15, 2014 email to parties, PacifiCorp provides the following comments regarding the remaining models contained in the Revised Models Table.

a. Model 1b/x and Model 2.

PacifiCorp understands and agrees with the basic structure of these models and proposes that, due to the similarity of these models in all but ownership structure, that these models be collapsed into a single model for evaluation. PacifiCorp does not need additional details or clarification on either of these models at this time, but notes that under either model, evaluation should directly address prevention of shifting VRET costs to other customers and prevention of shifting VRET risk to the utility.

b. Model 1c/d and Model 2c/d.

PacifiCorp understands and agrees with the basic structure of these models and proposes that, due to the similarity of these models in all but ownership structure, that these models be collapsed into a single model for evaluation. PacifiCorp does not need additional details or clarification on either of these models at this time.

c. Model 4a/x.

PacifiCorp understands the basic structure of this model, but does not agree that this model, as described, warrants further investigation. Specifically, the on-site generation aspects of this model are already allowed under existing net metering and partial requirements offerings and

evaluation of this aspect of the model would be duplicative of a currently-available option. However, PacifiCorp supports further investigation of off-site generation options. The off-site generation aspects of this model should be evaluated as part of the Company's proposed combining of models 1b/x and 2. All three models are off-site generation models and ownership of the generation is not a critical component of evaluating the model for purposes of the Commission's report.

III. Comments and Edits on Revised Draft Issues List

Attached are PacifiCorp's proposed edits to the revised draft issues list along with explanatory comments where necessary.

Please direct questions regarding this filing to Joelle Steward, Director, Pricing, Cost of Service and Regulatory Operations, at (503) 813-5542 or Erik Andersson, Economic Development Manager, at (503) 813-5117.

Sincerely,



R. Bryce Dalley
Vice President, Regulation

cc: UM 1690 Service List

QUESTIONS RELEVANT TO ALL VRET MODELS

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

- 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?

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?
- 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”?

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 (?)** ~~is~~ 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?

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

- **What are examples of unacceptable direct or indirect impacts on non-participating customers?** ~~is~~

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

OPUC Workshop – August 12, 2014 – REVISED by PUC Staff 08/15/2014

Revised Draft Issues for Discussion - PAC PROPOSED EDITS

- ~~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? [u3]~~
- How should can 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? these impacts?
- ~~The above bullets sound somewhat redundant to me now...should be consolidate?~~
- 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 not supplied through a competitive process?
- Should the PUC’s existing processes for competitive bidding be adapted or used?
- 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~~ Is there a potential the impact to RPS resource cost recovery (both renewable and non-renewable resources) and RPS compliance requirements if a significant amount of VRET load leaves the rate-based system [u4], ~~which includes unrecovered investments in renewable and non-renewable resources?~~ (HB 4126 Section 3(6))
- Should load being served through the VRET count towards RPS compliance obligations? If so, how is that in the best interest of customers and the state of Oregon? [u5]
- 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? Should this load be removed from the calculation of power mix?
- 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?

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of PacifiCorp's Comments and Revised Issues List on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

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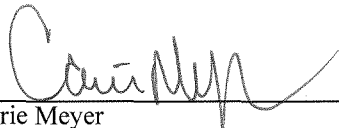
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