

December 12, 2014

Oregon Public Utility Commission
3930 Fairview Industrial DR SE
Salem, OR 97308

Re: UM 1690, the Implementation of HB 4126 – Voluntary Renewable Energy Tariffs (VRETs) Comments of Center for Resource Solutions (CRS) on Staff Models and Issues List

Dear Commissioners:

The Center for Resource Solutions appreciates the opportunity to comment on the implementation of HB 4126 VRET.

These comments are respectfully submitted December 12, 2014 by:

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Introduction to the Center for Resource Solutions (CRS)

CRS is a 501(c)(3) nonprofit organization that creates policy and market solutions to advance sustainable energy. Since 1997, CRS has been instrumental in the development of landmark state, regional and national renewable energy and climate policies. CRS also provides regular technical assistance and guidance to attribute tracking systems and other functional support entities around the country.

CRS administers the Green-e programs. Green-e Energy is North America's leading independent consumer protection program providing certification and verification for renewable electricity and RECs in the U.S. voluntary market. In 2013, that program certified the majority of the U.S. voluntary renewable energy market and 89% of retail REC sales. Green-e Climate is a global retail standard for carbon offsets sold in the voluntary carbon market. Green-e Marketplace recognizes and verifies the claims of companies that use certified renewable energy and carbon offsets to reduce their impact. Stakeholder-driven standards supported by rigorous verification audits are a cornerstone of Green-e and enable CRS to provide independent third-party certification of environmental commodity transactions in voluntary markets. The Green-e environmental and consumer standards are overseen by an independent governance board of industry experts, including representatives from environmental nonprofits, consumer advocates, and purchasers. Our standards have been developed and are periodically revised through an open stakeholder process. Green-e program documents, including the standards, contract templates, and the annual verification report, are available at www.green-e.org.

QUESTIONS RAISED BY PUC STAFF IN THE 11/07/2014 ISSUES LIST

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

(context/general issues)

With regard to question I.2.a) Should VRETs be considered for all non-residential customers or only a subset of non-residential customers (e.g. only large customers)?

CRS recommends providing all customers who may wish to participate in the VRET with options to do so. It is our experience that midsized companies are just as interested in using renewable energy as larger sized companies. Such mid-sized companies are eager to take advantage of ways to support their commitment to clean power and distinguish themselves from their competitor's through their use of renewable energy.

With regard to question I.3. What portion of a customer's load should a VRET be able to serve? All load? Partial load? Service at a given Point of Delivery (POD)? Should VRET customers be able to aggregate multiple sites/PODs?


CRS recommends providing customers with a variety of options for percent of load and block products. This will enable more customers to participate in the program. CRS recommends that, where feasible, all customers are offered a 100% option in addition to other options as appropriate.

With regard to question 1.4. Should VRET load be met with multiple renewable resources that are aggregated? If so, how should the regulated utility disclose the renewable resources provided as an aggregated product?

The Green-e Energy program requires companies selling certified products to provide information to their customers prior to sale disclosing the resource types included in the product. Within 60 days of sign up to purchase the certified product, sellers must provide purchasing

customers with a product content label that describes where the resources were generated. Historical Product Content Labels also need to be provided to purchasing customers after the close of the selling year and verification period to confirm that customers actually received what was advertised to them and what they paid for. Sample Product Content Labels are available in the Green-e Energy Code of Conduct which is currently undergoing a significant update. The Code of Conduct can be found here: http://green-e.org/getcert_re_cont.shtml.

Below we have inserted what we expect to be the 2015 options for the Green-e product content label. This format can be modified to reference specific facilities as well.

[YEAR HISTORIC/PROSPECTIVE] PRODUCT CONTENT LABEL ¹				
<p>[PRODUCT NAME] matches X% of your estimated electricity usage. A percentage of this product's renewable content, listed below, is satisfied by renewable portfolio standard (RPS) state-mandated renewables that also meet Green-e Energy eligibility rules, up to the X% renewables that XXXX Company must provide you under State's RPS rules. 100% of the product's renewable electricity content is Green-e Energy certified. In [YEAR], [PRODUCT NAME] [was/will be] made up of the following new renewable resources averaged annually.</p>				
Green-e Energy Eligible New ² Renewables in [PRODUCT NAME]				
Resource Type	Voluntary Renewables	Voluntary Generation Location	Mandated Renewables	Mandated Resource Location
Biomass	20%	MD	2%	PA
Geothermal	%		%	
Hydroelectric³	%		%	
Solar	2%	WV	%	
Wind	73%	PA, MD, IL	3%	VA
Total Green-e Energy Certified New Renewables				100%
<p>1. These figures reflect the resources that we have contracted to provide. Actual figures may vary according to resource availability. We will annually report to you the actual resource mix of the electricity you purchased during the preceding year before [August 1] of this year.</p> <p>2. New Renewables come from generation facilities that first began commercial operation <u>within the past 15 years or less</u>. This product includes generation from a facility that approved under a strict set of criteria as "repowered" or approved for extended use by Green-e Energy.</p> <p>3. Eligible hydroelectric facilities are defined in the Green-e Energy National Standard (http://www.green-e.org/getcert_re_stan.shtml) and include facilities certified by the Low Impact Hydropower Institute (LIHI) (www.lowimpacthydro.org) or EcoLogo (www.ecologo.org); and facilities comprised of a turbine in a pipeline or a turbine in an irrigation canal.</p> <p>For comparison, the current average mix of resources supplying [region or your electric utility] includes: Coal (x%), Nuclear (x%), Oil (x %), Natural Gas (x %), Hydroelectric (x %), and Other (x %). This resource mix was prepared in accordance with [XX state law; a particular best practice standard; other cited source]</p> <p>For specific information about this electricity product, please contact [Company Name], [phone], [Web site].</p>				
				
<p>Green-e Energy certifies that [Product Name] meets the minimum environmental and consumer protection standards established by the nonprofit Center for Resource Solutions. For more information on Green-e Energy certification requirements or opportunities for additional usage verification or promotion of your purchase, visit www.green-e.org.</p>				

II. Whether Further Development of Significant Renewable Energy Resources is Promoted?

(issues related to HB 4126 Section 3(3)(a))

With regard to question II.1. Should VRET renewable resources be defined to include the same types of renewable energy resources as the Renewable Portfolio Standard (RPS) (e.g. solar power, wind power, only certain types of hydroelectric power)? Should “further development of significant renewable energy resources” include buying the direct output and/or bundled Renewable Energy Certificates (RECs) from a new renewable resource power plant? From an existing plant? How should “new” and “existing” plants be defined? Should there be a limit on how old the plant is? (e.g. recently constructed or constructed since a selected year)?

CRS recommends using resources that are eligible for Green-e Energy certification. These resources can be found in the Green-e Energy National Standard at: http://green-e.org/getcert_re_cont.shtml. These resources have been determined through stakeholder comment periods and the independent Green-e Governance Board to be the kinds of resources customers believe are renewable and further the sustainability goals of the customer purchase. They are also consistent with the resource requirements endorsed by the Green Power Partnership, and corporate renewable energy use recognition program operated by the U.S. EPA. Green-e Energy will only consider these resources eligible for inclusion in a Green-e Energy certified product, so if the Commission would like to employ the rigorous verification procedures of the Green-e Energy process, the resources must meet the Green-e Energy National Standard. Also, Green-e requires that electricity generation occur within a specified period of time in relation to the sale of electricity or RECs to the customer. The current REC banking rules for the Oregon RPS are less strict than the Green-e Energy vintage requirements for certified products.

Green-e Energy requires that renewable energy sold in certified products come from facilities that are no older than 15 years. Green-e Energy allows the use of renewable energy beyond the 15 year limit if the business purchaser made a long term (greater than 15 years) commitment to purchase RECs or renewable electricity from the generator close in time to the commercial online date.

With regard to question II.2. In order to be considered “further development of significant renewable energy resources,” should there be geographic limits on the source of eligible renewable energy (e.g. Oregon or the Northwest)?

In order to be certified by Green-e Energy, renewable electricity programs offered by utilities or competitive electricity sellers must source the renewable resources within the same NERC region (the WECC) as the customers.

With regard to question II.3. Given that the RPS is a minimum threshold for utilities in the existing cost-of-service rate based system, what should be the minimum renewable energy required in a VRET product (not including non-renewable resources that may be needed for back-up/ supplemental service or firming/ shaping)?

Like any other customer, VRET customers should receive a minimum percentage of renewables equivalent to the RPS requirements, and the tariff should allow the customers to purchase more renewable energy than would otherwise be provided through the RPS. The Green-e Energy program does not have a minimum purchase size for non-residential customers (see page 8 of the Green-e Energy National Standard), though for certified green pricing programs Green-e requires

that the voluntary purchase be additional to any renewable energy delivered as a result of the RPS (i.e., customers should not be charged extra for RPS renewables that they should receive anyway).

With regard to question III.6.a) What are the effects, if any, on the competitive retail market if a customer owns or operates resources as part of VRET design in this model?

Customer owned resources have many benefits. They promote the uptake of distributed generation and provide access to local renewables. However, they also pose potential claims related problems if the attributes are transferred to other end users. Sometimes those with distributed generation units onsite do not realize the value over time of the renewable energy certificate, and they are likely to contract it away without realizing the long term implications. This can result in a double claim where the generator or business owner with onsite resources believes that they are using renewable resources but the REC has been sold to the utility, who has then resold the REC to a VRET purchaser who also claims to be using renewable energy. In this case only one unit of renewable energy has been created but two entities are claiming the benefits. This claim may take the form of advertising that they are using renewable energy or participation in a carbon foot printing or LEED type program. To avoid the potential for this kind of double counting, clear and prominent language must be presented to the generator and/or system host. Such language should not be buried in a highly technical contract, but simply explained to the generator such that they can make informed choices and recognize the benefit of keeping the REC if they wish to use renewable energy.

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

With regard to question VI.1. What customer protections may be appropriate for VRET resources (e.g. Green-E certification? Commission or advisory group oversight?)? For which customer classes or subsets of classes?

Green-e Energy certification should be required as it is the standard for quality renewable energy in North America. The Green-e Energy certification mandates rigorous accountability for retail products sold to consumers, bringing a level of transparency that can bolster consumer confidence in the industry. The EPA's Green Power Partnership strongly encourages organizations to purchase green power products that are certified by an independent third party as a matter of best practice. "Green power products certified by an independent third party offer consumers a higher level of certainty that they are getting what they pay for. In meeting specific environmental and customer protection guidelines adopted by the certifying organization, your organization can be sure that your purchase meets nationally accepted standards for resource and product quality." For more information see: <http://www.epa.gov/greenpower/buygp/certified.htm>

Green-e Energy certified retail sales of 33.5 million megawatt-hours (MWh) in 2013, enough to power over a quarter of U.S. households for a month. Green-e currently certifies 1% of the total U.S. electricity mix. Compared to 2012, nearly 47,000 more retail customers purchased Green-e certified renewable energy in 2013, with almost 717,000 total retail customers, including 69,000 businesses. Non-residential buyers once again accounted for the vast majority of certified MWh purchased, at over 30 million MWh, through these transactions. In 2013, certified, bundled renewable electricity options were available in 35 states. For more information please see the 2013 Green-e Verification report, accessible here <http://green-e.org/publications.shtml>.

Green-e Energy Certified Sales of Renewable Energy by Customer Type, 2013

	2013 Sales (MWh)	Customers (#)
Residential	3,044,000	648,000
Nonresidential	30,459,000	69,000
Total Retail	33,503,000	717,000

Green-e Energy requires that sellers of certified renewable energy products provide full and accurate information to their customers, deliver the renewable energy they promise, and source from renewable energy generators that meet Green-e Energy’s resource eligibility requirements, developed by stakeholders and the independent Green-e Governance Board over the past 17 years.

CRS also recommends retirement of RECs in WREGIS, to reduce the potential for double counting and ensure appropriate accounting and retirement.

Sincerely,

/s/

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