



# IBERDROLA RENEWABLES

**Comments of Iberdrola Renewables, LLC**

**Oregon Public Utility Commission**

**UM 1690**

**Staff Report Recommending Adoption of a**

**Voluntary Renewable Energy Tariff**

**December 10, 2015**

Iberdrola Renewables, LLC (“Iberdrola Renewables”) submits these comments in response to the November 20, 2015 Staff Report recommending the Commission authorize Voluntary Renewable Energy Tariff (VRET) and in anticipation of the Commission’s December 14, 2015 public meeting to consider the staff report.

Iberdrola Renewables is a developer, operator, and marketer of renewable electricity and associated products. The company operates approximately 900 MW of Oregon-sited wind generation and has an active development portfolio for additional renewable resources in the state. The company also is an active electricity service supplier in Oregon. The company has participated in this docket by filing comments and participating in workshops. Iberdrola Renewables deeply appreciates the hard work and thoughtful consideration former and current Commission staff have put into this effort, resulting in the report and recommendations now before the Commission.

Iberdrola Renewables generally supports staff’s recommendations to proceed with establishing a VRET under the conditions stipulated in the November 20 staff report and urges the Commission to proceed accordingly. The staff report thoroughly and thoughtfully addresses the interest of some customers and balances the five statutory factors in the enabling legislation, House Bill 4126.

These comments highlight several issues and propose a few minor adjustments to the staff report for consideration by the Commission. They are ordered according to the nine conditions in the staff recommendation.

**(1) Apply RPS definitions:** Iberdrola Renewables agrees with this condition

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**(2) Include only bundled products/require REC retirements:** Iberdrola Renewables mostly agrees with this condition but suggests some clarifications or revisions as follows. First, Iberdrola Renewables agrees with staff's recommendation that the operating meaning of "bundled" for VRET will be the same as that which is in use for the Renewable Portfolio Standard (RPS) law, with the same statutory delivery and substitution provisions imposed on the provider of VRET energy as those imposed on utilities. Second, the RPS requires a minimum of 80 percent bundled/unbundled product for compliance. Since the VRET would provide a renewable product above and beyond the underlying RPS, achieving all of that through bundled-only product might be an exceptionally high hurdle for any provider to meet. The Commission should not frustrate the interest of customers to boost the renewable content of their power supply by imposing an overly restrictive standard. The Commission here should apply the same 80/20 bundled/unbundled RPS split to the VRET. Iberdrola Renewables suggests that, by ensuring the VRET is at a minimum overwhelmingly (but not entirely) met through a bundled product, the Commission will still encourage the development of new renewable resources to meet VRET load.

With respect to the condition that RECs be retired on behalf of VRET participants, Iberdrola Renewables proposes a modification that would allow the REC retirement to be effected by either the provider of VRET service or the VRET customer, based on the preference of the VRET customer. Customers often have a strong interest in making a "green claim" associated with their power supply but Federal and state law and regulation prohibit not just double-counting of RECs but also double-claiming of renewable attributes. The ability of a customer to make a "green claim" means the customer, and not the electricity provider, retires the RECs. The VRET tariff should require the retirement of RECs not just "on behalf of participants" but rather than "by or on behalf of participants" in order to give one party or the other – but not both – the opportunity to retire the RECs and properly make a "green claim." In either case, Iberdrola Renewables fully supports a requirement that the RECs associated with the VRET electricity be retired – once, and only once.

**(3) 2015 Eligibility Date:** No comment.

**(4) Program size limited to 300 aMW for PGE and 175 aMW for PacifiCorp:** Iberdrola Renewables supports this condition, which is understood to be incremental to the caps available for direct access service. The Commission should consider whether and, if so, how to impose exit fees on customers choosing VRET for some or all their load. Among other considerations, a new customer or new load of an existing customer that opts for VRET service may be responsible for a lower exit fee or no fee at all, compared with an embedded full-service customer – no customer should pay for resources that were not built to serve that new or added load.

**(5) VRET product design should be unique to any existing programs:** Iberdrola Renewables strongly agrees with this condition. The Commission should, for instance, adopt a minimum 10-year contract for VRET service. This requirement would differentiate VRET from direct access. Also, 10 years is generally considered by renewables developers to be the minimum term of contracted service that would result in the construction of new renewable resources. The Commission should allow for longer service agreements but in any instance no less than 10

years. Iberdrola Renewables also agrees with the staff recommendation to allow the VRET for less than 100 percent of load.

- (6) **The regulated utility should not be permitted to own a VRET resource:** Iberdrola Renewables agrees with the condition. It doing so, we note staff's commentary on the asymmetries between utilities and non-utility market participants over the ease of market entry and exit.
- (7) **Demonstrate no cost shifting:** The company generally agrees with this condition and the issues raised by staff, but wishes to reiterate a point made in addressing condition #4; namely, there should be no exit fee associated with a new load (or incremental load of an existing customer) for which there are no embedded system costs. Further to this point, however, Iberdrola Renewables recommends that, should a new load that chooses VRET service decide to receive regular cost-of-service electricity upon expiration of the VRET service agreement (which would be a minimum 10 years' duration), that load should give the utility sufficient notice to allow the utility to incorporate that load into the integrated resource plan that would be in place at the point in time in which the load becomes a regular service requirement of the regulated utility.
- (8) **Require competitive bidding for aggregated load:** Iberdrola Renewables agrees that bilateral transactions without bidding are the appropriate mechanism for single-customer or loads that a group of customers agree jointly to aggregate and choose a provider on their own. Load that is aggregated through a utility VRET solicitation, on the other hand, should be the subject of a competitive bid.
- (9) **Fuel mix disclosure:** Iberdrola Renewables agrees with this condition.

Iberdrola Renewables appreciates the opportunity to provide these comments.

Respectfully submitted,



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