

To: Oregon Public Utility Commission  
Attn: Ruchi Sadhir, Senior Policy Advisor  
*via email to:* [PUC.hearings@state.or.us](mailto:PUC.hearings@state.or.us)  
From: Brian Skeahan, Technical Advisor, Community Renewable Energy Association  
Re: Comments on Revised Draft Issues List and Revised VRET Models Table  
Date: August 29, 2014

CREA continues to appreciate Staff's continued effort to structure a Phase I study that is responsive to statutory directives and stakeholder input while "slimming down" and clarifying the universe of models under consideration. We believe progress is evident with the August 15<sup>th</sup> iteration.

CREA believes that the models identified incorporate all three approaches which warrant continued examination; third party supplied resources, utility supplied resources and customer supplied resources. The roles, relationships and notes comments do a reasonably good job of identifying issues to work through as the process moves forwards. Central to this will be the utilities' role in providing integration and ancillary service. We would note that we believe that third parties should be able to also provide these ancillary / integration services under certain circumstances as well and request that that option be kept on the table.

CREA's primary concern with the work performed to date surrounds how the issue of VRET impact to existing ratepayers is addressed. CREA understands that there is a statutory directive regarding this issue, and understands and appreciates concerns of those who are concerned about potential costs to existing ratepayers that could be created from establishment of a VRET.

That said CREA, based on several iterations of questions staff has identified, has the impression that staff may be headed toward a "perfect is the enemy of the good" situation. In your (and other parties) effort to ensure no negative impacts on other ratepayers from those ratepayers moving into (our out of) a VRET you will end up with a VRET product that many if not most customers who otherwise may be interested will decline to partake of.

We believe the proper question to address is more of "how can we increase utilization of renewables WHILE managing and minimizing the impact on other ratepayers?" The existing tone sounds more like "how can we increase utilization of renewables WITHOUT ANY impact on existing ratepayers?"

In addition to creating a VRET with few buyers, CREA is concerned that staff is headed toward a path this would treat renewables differently than other generation, which we do not believe has a statutory basis. For example a 5 MW load purchasing out of an IOUs existing portfolio starts up, expands, curtails, shuts down, relocates, etc is not subject to transition fees, special cost allocation fees, etc. The same questions and considerations implicit in this line of questioning exist for any customer of a given size moving into or off of a utility system, with

cost implications varying with marginal cost, load resource balance market conditions at any given time. Of further concern is the implicit implication that exists in these questions, i.e. that VRET customer impacts are likely to, and will forever remain a potential negative to existing ratepayers. History shows that this will not likely be the case but in fact could swing back and forth over the life of a VRET contract term.

Finally the underlying presumption in these questions appears to be that existing ratemaking does not contain any or significant cross customer or class subsidization. In fact ratemaking is as much art as science. Relying on certain rather arbitrary groupings of customers into various rate classes, subsequent assumptions on class load and coincident factors, the blending together of demand and energy costs into a kWh based rate for some classes and not others are all examples of the inexact nature of ratemaking.

Thus CREA believes that the questions should better reflect a balancing of the State's professed policy objective of expanded utilization of renewable resources through a VRET with the associated desire to reasonably mitigate for any cross subsidization or impacts on other ratepayers. Renewables should not, through this process, be held to a different or higher standard than which applies to non-renewable resources in a non-VRET scenario.

CREA appreciates Staff's consideration of these comments and looks forward to participating in future phases of the proceeding.