



February 9, 2015

Public Utilities Commission
Attn: Filing Center
3930 Fairview Industrial Drive SE
PO Box1088
Salem, Oregon 97308-1088

RE: UM 1690

Dear Filing Center:

Obsidian Renewables submits for consideration its Straw Person Proposal of one method for a supplemental green tariff.

We are hopeful the next workshop in UM 1690 will reach a consensus to recommend that the Commission adopt temporary rules to allow a pilot supplemental green tariff to move forward now.

The Obsidian Proposal is a compilation of the suggestions and comments of others. The Obsidian Proposal is an example of the Subscription Model described by PGE and mentioned by Pacific Power in their December 12, 2014 filings.

CUB and Renewable Northwest called for a specific, tangible, less complicated subset of the VRET program to be presented for a pilot program. Pacific Power also called for a pilot program in its January 9, 2015 filing.

Very truly yours,

/s/ David W. Brown

David W. Brown

February 9, 2015

Straw Person Proposal for a Supplemental Green Tariff

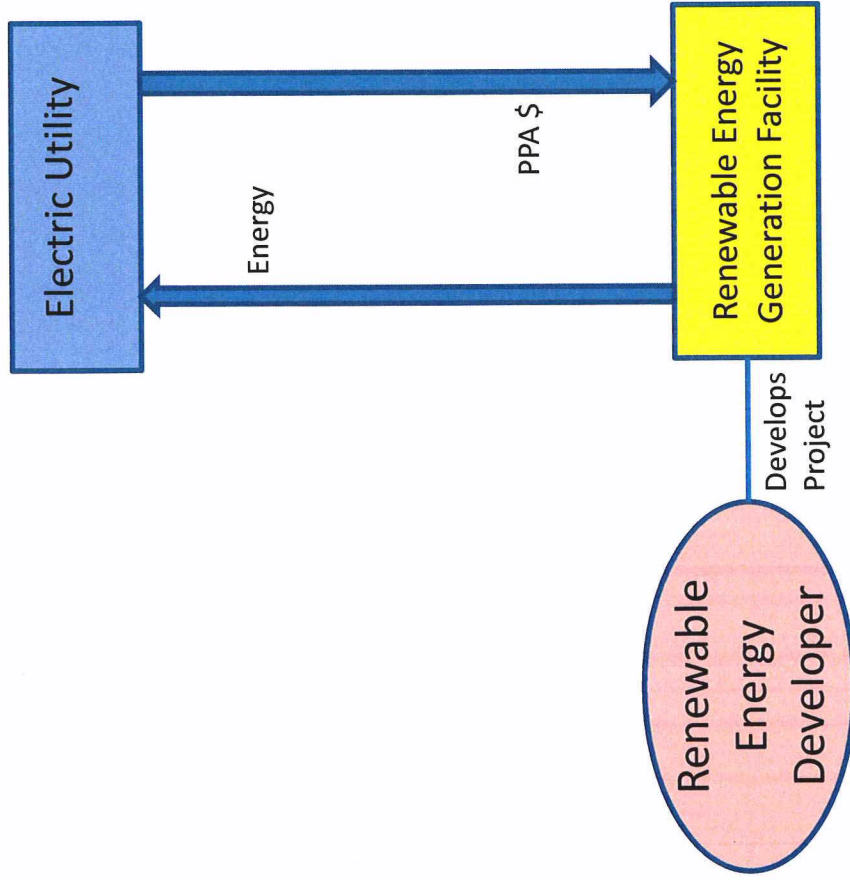
The first slide is a familiar Power Purchase Agreement structure. For example, a PURPA project.

The second slide is a suggested method for a supplemental green tariff. During the sufficiency period (7-8 years from project completion) the Electric Utility will not be receiving the Renewable Energy Credits under the PPA. Instead, we propose entering into a supplemental REC Purchase Agreement whereby the Project will sell the RECs to the Electric Utility for \$X per megawatt-hour. The Electric Utility could, in turn, offer the RECs to its business customers as a green power supplement to the regular tariff. The price to the customers would be in excess of \$X to cover the costs of the program and allow the Electric Utility some net benefit. These qualify as bundled RECs because the Electric Utility is also purchasing the power.

The third slide assumes the REC sale occurs in the independent market rather than through the utility. The Developer could find customers directly or contract with a third party, such as an ESS, to find customers.

There are enough projects under development in Oregon to assure there would be an open and competitive market to supply demand for both a supplemental green tariff and a virtual green tariff.

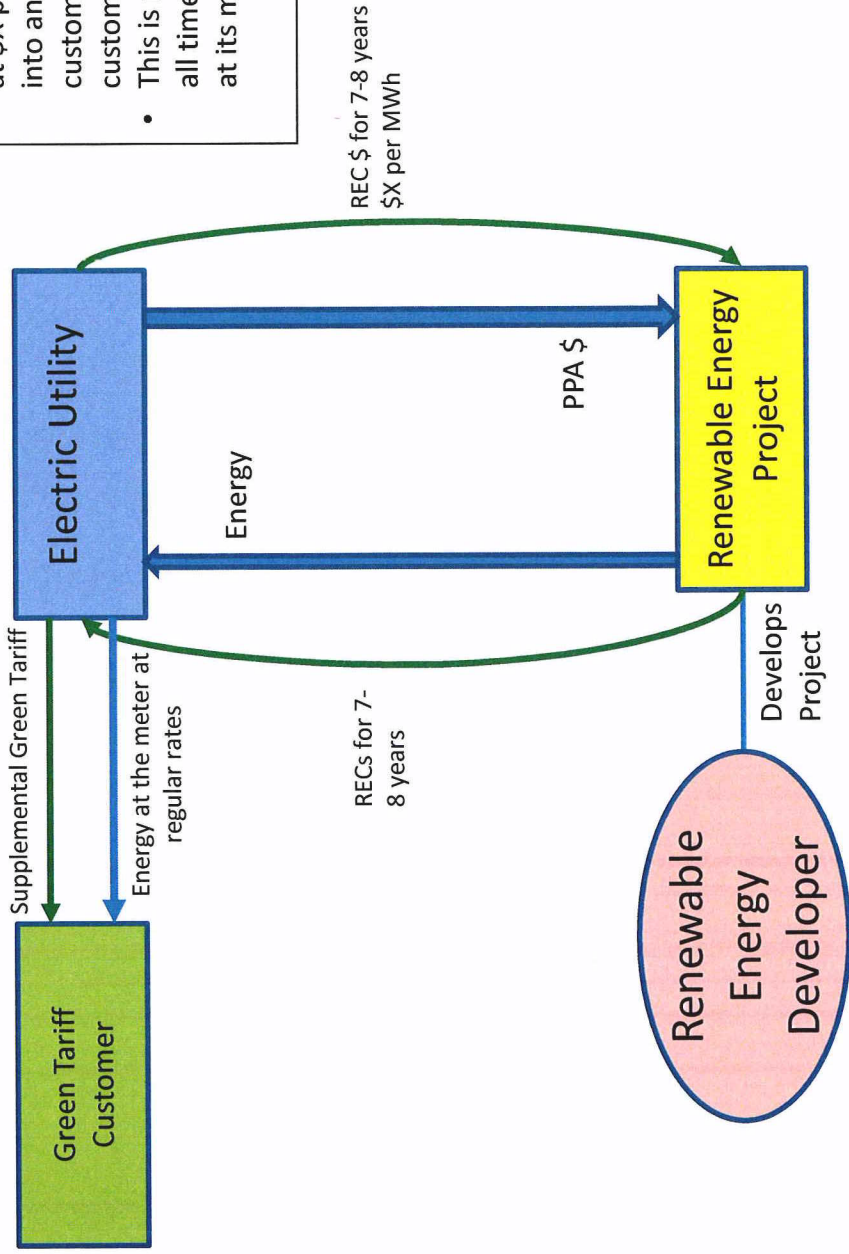
Traditional PPA Structure



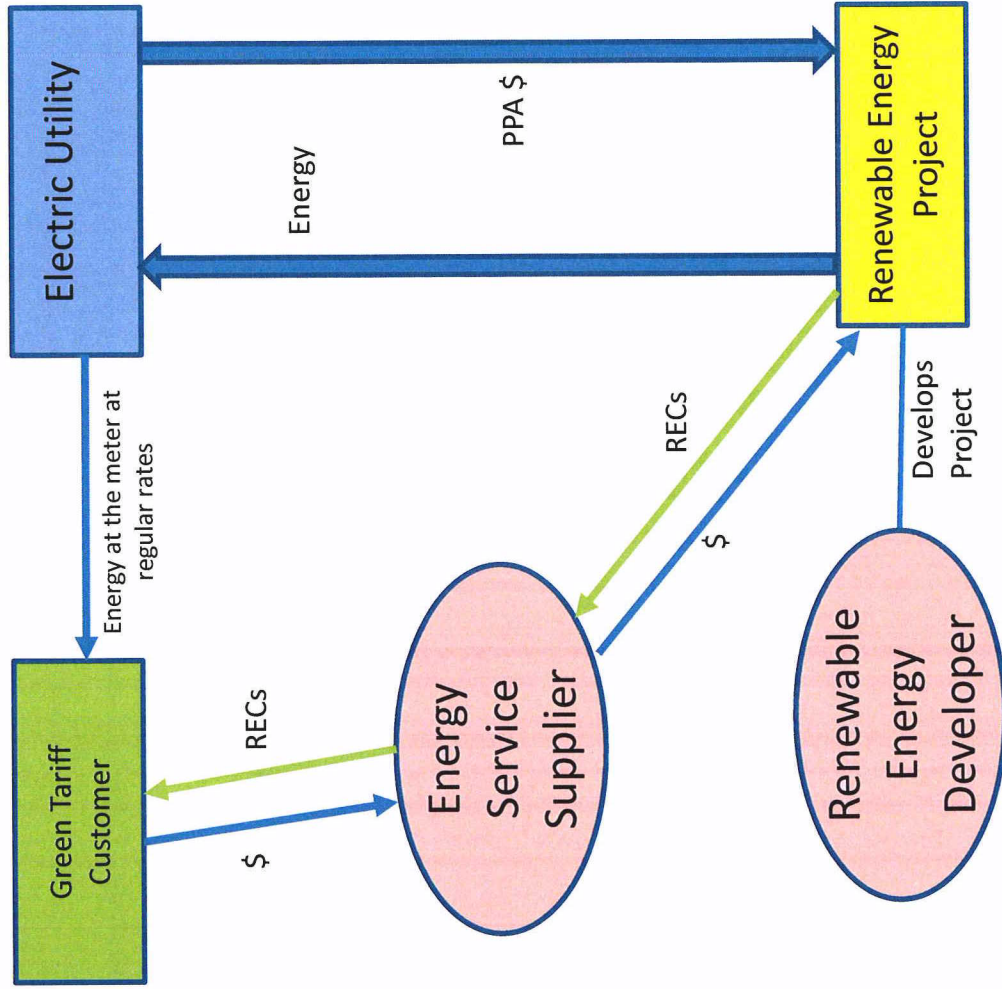
- Electric Utility enters into PPA with Developer at an appropriate cost (avoided cost, renewable energy avoided cost, negotiation, auction, etc.).
- Developer has RECs generated during the sufficiency period available for sale.

Traditional Structure With Supplemental Green Tariff

- Electric Utility agrees to purchase the RECs at \$X per megawatt-hour. In turn, it enters into an agreement with its business customers to sell or credit the RECs to the customers for \$X+ per MWh.
- This is not direct access. The customer is, at all times, a regular Electric Utility customer at its meter.



Open Market "Virtual Green Tariff"



- A third party, perhaps an Energy Service Supplier, could purchase the RECs and sell them to utility customers interested in a competitive alternative to the green tariff.
- Or the Developer could make direct sales if it wished.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day caused OBSIDIAN RENEWABLES, LLC'S STRAW PERSON PROPOSAL to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UM 1690.

Dated in Portland, Oregon on this 9th day of February, 2015

A handwritten signature in black ink, appearing to read "Shannon Kimmel", written over a horizontal line.

Shannon Kimmel
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