

To: Ruchi Sadhir, Oregon Public Utility Commission
From: Brian Skeahan, on behalf of the Community Renewable Energy Association (CREA)
RE: Principles for Voluntary Renewable Energy Credit (VRET)
Date: June 16, 2014

On behalf of the Community Renewable Energy Association I would like to express our appreciation for this opportunity to share our initial principles and thinking regarding the VRET. We further appreciate your desire to seek these high level comments early in the process. We believe that the process OPUC staff has established provides an opportunity for all parties interested in the development of the VRET to learn from one another, and hopefully reach significant consensus on a host of what may be difficult issues. As such please consider these comments as reflective of our initial thoughts and may be subject to change as we move through the process.

CREA is an Oregon Chapter 190 organization, comprised of both private and public sector members whose purpose is to support the development of diverse community based renewable energy projects. CREA members and their local economies have benefited from the development of renewable energy generation. We believe that the establishment of a VRET in Oregon can, and must provide additional renewable energy and economic development opportunities. As OPUC staff has already identified, there are a number of important considerations in determining a final VRET design and policy. CREA has identified the following as its key principles in the context of issues raised by OPUC staff:

- I. Foundational Questions – CREA believes that the VRET provides, if done correctly, an *opportunity* both for customers to increase the amount of renewable energy they purchase to meet their loads, and renewable developers to develop resources above and beyond what would otherwise occur absent the VRET. This in turn will result in both economic development and environmental benefits above and beyond what would otherwise occur absent the VRET. As such the OPUC should endeavor to make a VRET as widely available to both customers and developers as possible consistent with legislative directives contained in 4160.
- II. How should a VRET be defined and designed – Given our position outlined above, we believe that any VRET should incorporate a “customer driven” alternative where end use customers can directly transact with specific renewable developers or projects. CREA anticipates that the IOUs will ask for a “utility driven” approach where customers receive energy under a VRET bundled with delivery services provided by the IOUs. While CREA does not necessarily oppose the incorporation of such an alternative, CREA would be reluctant to support a VRET that does not also incorporate a customer driven alternative as well. Customers should be allowed to choose which of these approaches best suits their needs. The OPUC should endeavor to open the VRET to as wide of range of customers and developers as possible. Implementation of this principle would allow aggregation of both loads and small renewable resources. Companies with multiple meters within a service territory should be permitted to aggregate those meters / loads for purposes of participating in the VRET. Customers should also be able to bundle multiple smaller community based resources into a portfolio to meet their VRET load requirements. At this time CREA does not see the benefit of capping the amount of load served by a VRET.
- III. Further development of significant renewable resources - CREA sees the VRET as an opportunity to increase the market for and development of new renewable resources that would likely not otherwise occur. Having said that, at this time CREA is reluctant to define eligibility of VRET resources as only new (such as those after a defined effective date in the future). CREA is aware of existing small (defined here as 20MW of capacity or less)

community based renewable resources whose anticipated useful life will likely extend beyond their current purchased power agreements. The owners of those resources should not be precluded from participating in a future VRET opportunity simply on the basis of when that resource was constructed. We believe that the VRET should expand the market for renewable energy in Oregon but not prohibit participation in that expanded market by existing small Oregon based renewable generation projects. Limiting market opportunities for existing small renewable projects will likely make further financing and development of such projects more difficult. At this time we have concerns about allowing new VRET load to be met solely or primarily through existing unbundled RECs. Oregon's treatment of unbundled RECs under its RPS is somewhat flexible, and we remain to be convinced that significant VRET purchases utilizing unbundled RECs is commensurate with the goals of expanding development of new renewables in Oregon. To the extent utilization of RECs is contemplated CREA believes that those RECs should be limited to those produced by projects located in Oregon. We further request that consideration be given to establishing requirements or targets for small resource use under the VRET similar to the eight percent target under the Oregon RPS.

- IV. Effect on competitive retail market – CREA believe that incorporation of a customer driven VRET alternative is vital to enhancing a competitive retail market in Oregon, both from the load and resource perspectives. We further believe that requiring IOUs to go through a competitive procurement process to serve VRET load will clearly promote a more dynamic robust resource supplier market and help assure lowest costs to end using consumers.
- V. Direct or indirect impact on non-participating consumers – CREA recognizes that this issue should and will be a difficult question to be resolved in this process. CREA would like to note that the issue of costs of resources an IOU develops or procures in anticipation of load growth that may not occur (or at least in the timeframe anticipated at the time of procurement, or load that is lost post procurement) is an issue not limited to renewable resources. In fact the small size of community based renewables allows generation additions generally to be timed with loads with greater certainty than large thermal plants. CREA recognizes the need to protect non-participating customers from cost shifts but simultaneously does not wish to see either VRET customers or providers unduly punished or economically harmed. CREA believes that the customer driven model minimizes the possibility of costs shifts to non-participating IOU customers as the business risks associated with the transaction is better enabled to be limited to the resource owner and purchaser and as such is a compelling argument for the inclusion of this approach.
- VI. Requirement of a competitive procurement process- As noted above, should a utility driven model be included in the VRET, CREA believes a competitive procurement process should be required. This will provide a more robust, less cost supply portion of the market which should enhance the overall benefits to customers, suppliers and the state as a whole. However, CREA does not believe that under a customer driven model the OPUC should mandate a competitive procurement process. The customer should be able to negotiate with a supplier of choice under mutually agreed upon price, terms and conditions as under the customer driven model the impact on non-participating customers is very limited.
- VII. Other considerations – CREA wants to emphasize that the purpose of the VRET should be to increase the market for renewables and enhance opportunities for small Oregon community based renewables, preferably under a customer driven model. As such CREA does not believe that QF pricing provisions should be applicable to VRET transactions. However we do believe that the interconnection standards adopted by the OPUC should be applicable to VRET resources in order to assure independent power producers are not unduly kept from

participating in the VRET market as a result of overly cumbersome or expensive interconnection requirements. CREA believes that “double counting” is not allowed, i.e. resources utilized for meeting VRET loads should not also count as meeting RPS requirements.

Once again, CREA appreciates the opportunity to submit these principles and is looking forward to its continued participation in this process.