

Implementation of HB 4126 - Voluntary Renewable Energy Tariffs (VRETs)

Revised from OPUC Workshop on June 2, 2014

Draft Issues for Discussion – ~~Version 2~~ **NIPPC PROPOSED CHANGES**

I. Foundational Questions

- What is the breadth and depth of the demand for a VRET product? How many and what type of customers may be interested in a VRET product? Initial load estimate? Why are customers interested in VRET products?
- ~~Can affiliates of utilities, which are subject to less regulation, currently offer a renewable energy product similar to a product that might be offered under a VRET?~~
- Is there anything preventing a utility from offering a VRET product that meets this demand through an affiliate pursuant to the existing Direct Access Regulations, OAR 860-038-0001, et seq.? What specific provisions prevent the utility from doing so?
- Is there anything preventing a competitive supplier from offering a VRET product that meets this demand pursuant to the existing Direct Access Regulations, OAR 860-038-0001, et seq.? What specific provisions prevent the competitive supplier from doing so?

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

- What are the essential features and design options of a VRET?
- Should VRETs be considered for all non-residential customers or only a subset of non-residential customers? If not all non-residential customers, what should the minimum load requirement be? Should a customer be permitted to aggregate its multiple points of delivery to meet a minimum load requirement?
- Should a product under a VRET include provision of back-up/supplementary service for a customer-owned resource(s)?
- Should a product under a VRET ~~include energy from a utility owned renewable resource(s) and/or a third party renewable resource~~ be delivered through ~~an open, transparent transmission service consistent with FERC policy and NERC requirements in the form of a firm point to point contract that is passed through the utility?~~ path, or similar mechanism?
- Should ~~the utility~~ a VRET product provider be entitled to aggregate ~~third party~~ multiple renewable resources as one VRET product?
- Should there be a cap on ~~capacity~~ the amount of load that ~~is made available~~ can be served under a VRET?, and if so, why?

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

(HB 4126 Section 3(3)(a))

- What constitutes “further development of significant renewable energy resources”?
- Should “further development of significant renewable energy resources” mean buying the direct output from a new renewable resource power plant? From an existing renewable resource power plant? From a recently constructed renewable resource power plant, e.g., a plant constructed since the start of the current decade?
- Should the use of RECs as all or part of renewable energy resources under a VRET be considered “further development of a significant renewable energy resource” and be permitted?
- Should “further development of significant renewable energy resources” include buying the direct output or bundled RECs from an existing renewable resource power plant? If so, should there be a limit on how old the plant is?
- Should there be geographic limits on the source of eligible renewable energy (e.g. Oregon or the Northwest) to be considered “further development of significant renewable energy resources”?

IV. What may be the Effect on Development of a Competitive Retail Market? (HB 4126 Section 3(3)(b))

- ~~If a~~ Is the competitive retail market harmed if a utility (or affiliate of a utility) is able to offer a VRET product to a non-residential customer that the competitive supplier is able to cannot provide the same or? Is the competitive market harmed to the extent a utility (or affiliate of a utility) is able to offer a VRET service on terms similar product under to those offered by a VRET, should competitive supplier?

If a utility be (or affiliate of a utility) is able to provide a VRET Product only on terms identical to terms offered by a competitive supplier, does allowing a utility to provide such a product? service provide any public benefit?

- ~~If so, why and under what conditions should a utility be able to provide that product under a VRET?~~
- ~~If a VRET~~ A VRET that can be offered only by the utilities would have a negative effect on the ability of competitive suppliers to operate in Oregon, should the ability to offer products under a VRET be limited to affiliates of Oregon utilities that are subject to less regulation? If not, how should the Commission ensure that competitive suppliers are protected and continue to operate in Oregon?
- ~~Should Electricity Service Suppliers (ESS) and Independent Power Producers (IPP) provide renewable energy through a utility as part of a VRET? How would the inclusion of ESSes and IPPs as suppliers of renewable energy through a utility under a VRET affect the competitive retail market? What should the role of the utility be in developing and offering a product or transacting between customers and an ESS or IPP under VRET?~~

V. What may be the Direct or Indirect Impacts on Non-Participating Customers *(HB 4126 Section 3(3)(c))*

- How should the Commission ensure that the prices paid for products under a VRET reflect the full cost of providing that service and any requisite back-up/supplementary service? without any subsidization from non-participating customers or competitive suppliers??
- How should the fixed costs of the rate-based system be allocated if VRET participants are “leaving” the rate-based system? Does it matter if the load to be served by the VRET Product is a new or expanded load, not previously served by the utility?
- How should the Commission ensure that non-participating utility customers are protected from cost shifts? Should products under a VRET include transition charges to mitigate potential impacts from cost shifting to non-participating customers? If so, should the transition charges be identical to the charges under the Direct Access programs?
- If VRET customers later decide to leave the program, who should bear any unrecovered costs of investments in those renewable resources that were providing energy for that VRET product?

VI. Whether VRETs should rely on a Competitive Procurement Process? *(HB 4126 Section 3(3)(d))*

- Should the Commission limit resource eligibility to renewable energy developed and supplied to the utility (or an affiliate of a utility) through a competitive procurement process? If yes, why? If no, how should the Commission evaluate and weigh renewable energy supplied through a non-competitive process?
- Should the PUC’s existing processes for competitive bidding be adapted or used?

VII. Other considerations *(HB 4126 Section 3(3)(e))*

- What would be the impact to RPS resource cost recovery and compliance requirements if a significant amount of VRET load leaves the rate-based system, which includes unrecovered investments in renewable and non-renewable resources? *(HB 4126 Section 3(6))*
- Would the addition of new renewable energy resources under a VRET exacerbate the over-generation and associated transmission system challenges in the northwest? How should the utilities ensure that these issues are not exacerbated?

- What other factors, if any, should the Commission consider in determining whether and how utilities should offer VRETs to non-residential customers? Are there other issues that may be pertinent to the study of VRETs in Oregon?
- If a utility is only allowed to offer a VRET Product through an affiliate, what rules should govern interaction/communication between the utility and the affiliate?

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UM 1690 - CERTIFICATE OF SERVICE

I hereby certify that, on this 16th day of June, 2014, I served the foregoing **VRET Draft Issues List** in docket UM 1690 (provided in both clean and redline form) upon each party listed in the UM 1690 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one original and one copy by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

W	YAM SERVICES JACQUES GRANT 1819 SW 5TH AVE STE 342 PORTLAND OR 97201 electric@yamservices.com
W	WORLD RESOURCES INSTITUTE LETHA TAWNEY SR ASSOCIATE ltawney@wri.org
W	WAL-MART STORES, INC. STEVE W CHRISS 2001 SE 10TH ST BENTONVILLE AR 72716-0550 stephen.chriss@wal-mart.com
W	RICHARDSON ADAMS, PLLC GREGORY M. ADAMS ATTORNEY PO BOX 7218 BOISE ID 83702 greg@richardsonadams.com
W	RENEWABLE NORTHWEST RENEWABLE NW DOCKETS 421 SW 6TH AVE., STE. 1125 PORTLAND OR 97204 dockets@renewablenw.org 421 SW 6TH AVE #1125 PORTLAND OR 97204-1629 megan@renewablenw.org
W	PUC STAFF--DEPARTMENT OF JUSTICE

MICHAEL T WEIRICH
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301-4096
michael.weirich@state.or.us

W PUBLIC UTILITY COMMISSION OF OREGON

PO BOX 1088
SALEM OR 97308
ruchi.sadhir@state.or.us

W PORTLAND GENERAL ELECTRIC COMPANY

J RICHARD GEORGE
121 SW SALMON ST 1WTC1301
PORTLAND OR 97204
richard.george@pgn.com

elizabeth.paul@pgn.com

W PORTLAND GENERAL ELECTRIC

KARLA WENZEL
121 SW SALMON ST. 1WTC0702
PORTLAND OR 97204
pge.opuc.filings@pgn.com

W PACIFICORP

825 NE MULTNOMAH, STE 2000
PORTLAND OR 97232
alisa.dunlap@pacificorp.com

W PACIFIC POWER & LIGHT

JOELLE STEWARD
825 NE MULTNOMAH STE 2000
PORTLAND OR 97232
joelle.steward@pacificorp.com

W PACIFIC POWER

ERIK ANDERSON
825 NE MULTNOMAH ST STE 1800
PORTLAND OR 97232
erik.anderson@pacificorp.com

W NW ENERGY COALITION

WENDY GERLITZ
1205 SE FLAVEL
PORTLAND OR 97202
wendy@nwenergy.org

W NW & INTERMOUNTAIN POWER PRODUCERS COALITION

ROBERT D KAHN
PO BOX 504
MERCER ISLAND WA 98040
rkahn@nippc.org

W NOBLE AMERICAS ENERGY SOLUTIONS, LLC

GREG BASS
401 WEST A ST., STE. 500
SAN DIEGO CA 92101
gbass@noblesolutions.com

W LEGAL & CONSULTING SERVICES

ANN L FISHER
PO BOX 25302
PORTLAND OR 97298-0302
ann@annfisherlaw.com

W IDAHO POWER COMPANY

MICHAEL YOUNGBLOOD
PO BOX 70
BOISE ID 83707
myoungblood@idahopower.com

W IBEW L.U. 659

BANJO REED
4480 ROGUE VALLEY HWY #3
CENTRAL POINT OR 97520
banjo@ibew659.org

W IBERDROLA RENEWABLES, INC

KEVIN LYNCH
1125 NW COUCH ST STE 700
PORTLAND OR 97209
kevin.lynch@iberdrolaren.com

W IBERDROLA RENEWABLES

KOURTNEY NELSON
kourtney.nelson@iberdrolaren.com

SARA PARSONS
sara.parsons@iberdrolaren.com

W ENERGY STRATEGIES LLC

KEVIN HIGGINS
215 STATE ST - STE 200
SALT LAKE CITY UT 84111-2322
khiggins@energystrat.com

W DAVISON VAN CLEVE

JOSHUA D WEBER
333 SW TAYLOR STE 400
PORTLAND OR 97204
jdw@dvclaw.com

W CREA

BRIAN SKEAHAN
brian.skeahan@yahoo.com

W CLEARING UP

JUDE NOLAND
734 HILL RD
WALLA WALLA WA 99362
nolandj@charter.net

W CITY OF PORTLAND - PLANNING & SUSTAINABILITY

1900 SW 4TH AVE, STE 7100
PORTLAND OR 97201
michael.armstrong@portlandoregon.gov

DAVID TOOZE
1900 SW 4TH STE 7100
PORTLAND OR 97201
david.tooze@portlandoregon.gov

W CITY OF PORTLAND - CITY ATTORNEY'S OFFICE

BENJAMIN WALTERS
1221 SW 4TH AVE - RM 430
PORTLAND OR 97204
ben.walters@portlandoregon.gov

W CITY OF PORTLAND

ANDRIA JACOB
andria.jacob@portlandoregon.gov

W CITIZENS' UTILITY BOARD OF OREGON

OPUC DOCKETS
610 SW BROADWAY, STE 400
PORTLAND OR 97205
dockets@oregoncub.org

ROBERT JENKS
610 SW BROADWAY, STE 400
PORTLAND OR 97205
bob@oregoncub.org

G. CATRIONA MCCRACKEN
610 SW BROADWAY, STE 400
PORTLAND OR 97205
catriona@oregoncub.org

W BONNEVILLE ENVIRONMENTAL FOUNDATION

ANGUS DUNCAN
240 SW FIRST AVE
PORTLAND OR 97204
aduncan@b-e-f.org

W ATKINS

SUZANNE LETA LIOU
12725 SW MILLIKAN WAY, STE 230
PORTLAND OR 97005
suzanne.liou@atkinglobal.com

W AOC/CREA

DORIS PENWELL
dpenwell@aocweb.org

//

W ***OREGON DEPARTMENT OF ENERGY**

KACIA BROCKMAN
625 MARION ST NE
SALEM OR 97301-3737
kacia.brockman@state.or.us

JULIE PEACOCK
625 MARION ST NE
SALEM OR 97301-3737
julie.peacock@state.or.us

W CARL FINK
628 SW CHESTNUT ST, STE 200
PORTLAND OR 97219
cmfink@blueplanetlaw.com

W JIM STANWAY
jimstanway@fb.com

/S

Carl Fink OSB #980262
Counsel for NIPPC
Blue Planet Energy Law, LLC
628 SW Chesatnut Street
Portland OR 97219
971,266.8940
CMFINK@Blueplanetlaw.com