

# UM 1690 Workshop 2

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

*June 23, 2014*

**Reminder – Please add your name to the sign in sheet.**

# 1. Welcome & Introductions

## *Reminders*

- Welcome and thank you for your participation.
- Reminders:
  - Sign In: Please add your name & contact information to the sign-in sheet.
  - Phone Participants Sign in – please email your name and contact information to [ruchi.sadhir@state.or.us](mailto:ruchi.sadhir@state.or.us) to “sign-in” electronically.
  - Microphone Use – please speak into the microphone (5 inches away) for the benefit of phone participants.
  - Notice List – Sign up for the UM 1690 notice list by emailing a request to [puc.hearings@state.or.us](mailto:puc.hearings@state.or.us) (include UM 1690 in subject line).

# 1. Welcome & Introductions

## *Recap of UM 1690 Workshop 1*

- **Phase 1**: This phase of the workshop is intended to be educational by conducting a study to consider the impact of allowing electric companies to offer voluntary renewable energy tariffs (VRETs).
  - **Scope of VRET Study**: Envisioned to be neutral, primarily conceptual and qualitative in nature, with some quantitative sections as needed, as a tool to understand a range of design options and potential impacts of a VRET in Oregon.
  - **Proposed Process**: Three to four informal workshops that are information sharing and issue-identification in nature. At least one workshop to include the Commissioners. Release VRET study for written public comment and include a regular agenda item regarding VRET study in PUC Public meeting for oral public comment. Release VRET study and close Phase 1.
- **Phase 2** – ALJ assigned and may hold Pre-Hearing Conference (if needed). This phase provides an opportunity for parties to advocate for specific VRET designs and conditions. The result of this phase will likely be a Commission Order that (1) either does not allow this type of tariff, or (2) Allows this type of tariff with specific conditions (or may direct a rulemaking, if the Commission finds it appropriate).
- **Phase 3** – If allowed in Phase 2, companies may file schedules with Commission. Staff anticipates use of PUC's regular processes to consider any schedules.

# 1. Welcome & Introductions

## *Goals/Purpose of Today's Workshop*

- Understand scope/parameters of demand for VRET
- Understand each others' Statements of Principles
- Develop and understand design options for structure of a VRET
- Agree on next steps for draft issue list and needs for next workshop

# 1. Welcome & Introductions

## Agenda

- Welcome and Introductions
- Foundational Questions
  - Hearing Directly from Potential VRET Customers – Why are you interested in a VRET? What does a VRET mean to you?
    - CH2MHill
    - Facebook
    - City of Hillsboro
    - Oregon Military Department – Oregon National Guard
    - City of Portland
    - Staples
    - Walmart
    - Others?
  - Q & A for Panel of Potential VRET Customers
  - Scope & Breadth/Depth of Demand for a VRET
    - PGE
    - PacifiCorp
    - World Resources Institute
  - Q & A for PGE, PacifiCorp, and World Resources Institute
- Statements of Principles
  - Round robin – briefly describe the highlights of your comments
  - Explore areas of agreement and disagreement
- Essential Features and Design Options of a VRET
  - Developing VRET Models
- Revisions to Draft Issues List
- Next Steps

## 2. Foundational Questions

### *Hearing Directly From Customers*

- Panel of Customers to share their Perspectives, followed by Q & A
  - CH2MHill
  - Facebook
  - City of Hillsboro
  - Oregon Military Department – Oregon National Guard
  - City of Portland
  - Staples
  - Walmart
  - Others?

## 2. Foundational Questions

### *Scope & Breadth/Depth of Demand for a VRET*

- Panel to share their Perspectives, followed by Q & A – PGE and PacifiCorp to provide perspectives of their service territories and WRI to provide national perspective.
  - PGE
  - PacifiCorp
  - World Resources Institute

# 3. Statements of Principles

## *Preliminary Comments Submitted*

- Round Robin – briefly describe the highlights of your comments

-Northwest & Intermountain  
Power Producers Coalition

-Noble Solutions

-Iberdrola

-Industrial Customers of  
Northwest Utilities

-Ann Fisher, AF Legal &  
Consulting Services

-Renewable Northwest

-Community Renewable Energy  
Association

-Northwest Energy Coalition

-Citizens Utility Board

-Oregon Department of Energy

-City of Portland

-Yam Services

-World Resources Institute

-PacifiCorp

-Portland General Electric



# 3. Statements of Principles

## *Categories of Comments*

- Basic Structure of a VRET
  - Owner of the VRET resource
  - Relationships between Customers, Utility, and/or Third Party(ies)
- Statutory Considerations
  - Further Development of Significant Renewable Energy
  - Effect on Development of Competitive Retail Markets
  - Impacts on Non-Participating Customers
  - Competitive Procurement Process
  - Other Reasonable Considerations
- Potential Conditions to Narrow Design of VRET
  - e.g. Transition Adjustment Charges, Caps

# 3. Statements of Principles

## *Basic Structure of a VRET*

- Depends on (1) Resource owner, (2) utility's role, and (3) relationships between customers, utilities, and/or third parties
- Six potential structures for discussion:
  1. Third Party (e.g. *IPP* or *ESS*) owns the resource(s).
  2. Regulated Utility owns the resource(s).
  3. Utility Affiliate owns the resource(s).
  4. Customer owns the resource(s).
  5. Transmission only (like OATT) – ownership of resource(s) depends on the market.
  6. Unbundled Renewable Energy Credits – ownership of resource(s) depends on the market.

### 3. Statements of Principles

#### *Basic Structure of a VRET*

- Depends on (1) Resource owner, (2) utility's role, and (3) relationships between customers, utilities, and/or third parties

BASIC STRUCTURE OF POTENTIAL MODEL VRETS		
Resource Owner	Utility Role	Relationships
Third Party (IPP, ESS)	?	?
Regulated Utility	?	?
Utility Affiliate	?	?
Customer Owned	?	?
Market-Based - Transmission only (like OATT)	?	?
Market-Based (Unbundled REC)	?	?

# 3. Statements of Principles

## *Statutory Considerations*

- For each VRET Structure, describe pros and cons of each statutory factor. Examples from comments:
  - **Further Development of Significant Renewable Energy**
    - Example Con: Unbundled RECs Structure – customers can already buy unbundled RECs through utilities or third party marketers.
  - **Effect on Development of Competitive Retail Markets**
    - Example Con: In a utility-owned resource structure, the business models of IPPs and ESSes may be negatively impacted.
  - **Impacts on Non-Participating Customers**
    - Example Pro: Relying on Third Party resources may help ease risk or cost-shifting between customers and between customer classes – no need for significant utility capital investments in supply.
  - **Competitive Procurement Process**
    - Example Pro: Helps to ensure least-cost resources are used for a VRET
  - **Other Reasonable Considerations**
    - Example Con: Potentially constrained by Net Metering regulations and policies, if the resource is customer owned

# 3. Statements of Principles

## *Statutory Considerations*

- For each VRET Structure, describe pros and cons of each statutory factor.

BASIC STRUCTURE OF POTENTIAL MODEL VRETS			STATUTORY CONSIDERATIONS PROS & CONS				
<u>Resource Owner</u>	Utility Role	Relationships	Further Dev of Significant RE	Effect on Dev of Competitive Retail Markets	Impacts on Non-Participating Customers	Comp. Procurement Process	Other Reas. Considerations
Third Party (IPP, ESS)							
Regulated Utility							
Utility Affiliate							
Customer Owned							
Market-Based - Transmission only (like OATT)							
Market-Based (Unbundled REC)							

# 3. Statements of Principles

## *Potential Conditions*

- For each VRET Structure, conditions may mitigate structural issues, product demand needs, policy issues, and/or “cons” described in analysis of the statutory considerations
- Examples from Comments:
  - Multi-Year contracts to provide greater price certainty
  - Requirements governing interaction/communication between utilities and affiliates of utilities (if affiliate owns the resource)
  - Requirement to first invest in some level of energy efficiency before becoming a VRET customer
  - Eligible Customers would have greater than 1 MW demand
  - Transition Adjustment Charge

# 3. Statements of Principles

## Potential Conditions

- For each VRET Structure, conditions may mitigate issues or “cons” described in analysis of the statutory considerations

BASIC STRUCTURE OF POTENTIAL MODEL VRETS			STATUTORY CONSIDERATIONS PROS & CONS					POTENTIAL CONDITIONS
Resource Owner	Utility Role	Relationships	Further Dev of Significant RE	Effect on Dev of Competitive Retail Markets	Impacts on Non-Participating Customers	Comp. Procurement Process	Other Reas. Considerations	to mitigate issues or cons in the statutory considerations (e.g. VRET cap or transition charges)
Third Party (IPP, ESS)								
Regulated Utility								
Utility Affiliate								
Customer Owned								
Market-Based - Transmission only (like OATT)								
Market-Based (Unbundled REC)								

# 4. VRET Essential Features & Design Options

- Depends on (1) Resource owner, (2) utility's role, and (3) relationships between customers, utilities, and/or third parties.

BASIC STRUCTURE OF POTENTIAL MODEL VRETS

Resource Owner	Utility Role	Relationships
Third Party (IPP, ESS)	?	?
Regulated Utility	?	?
Utility Affiliate	?	?
Customer Owned	?	?
Market-Based - Transmission only (like OATT)	?	?
Market-Based (Unbundled REC)	?	?



## 5. Revisions to Draft Issues List

- Need to refine and finalize issues list before inviting public comment
- New and more specific questions are raised when considering different VRET Structures

# 6. Next Steps

- Comments
- Next workshop