

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

OPUC Workshop – June 2, 2014

AGENDA

**PUBLIC WORKSHOP – UM 1690**  
**HB 4126 – Voluntary Renewable Energy Tariffs**  
**June 2, 2014; 1:00PM – 3:00PM**

Oregon Public Utility Commission  
3930 Fairview Industrial Drive, Salem, OR 97302

FOR AUDIO PARTICIPANTS PLEASE DIAL:  
Phone Number: 541-737-8725 or toll free 855-463-3863  
Conference ID: 31202, followed by the # sign.

<b>1:00 – 1:10</b> 10 minutes	<b>Welcome and Introductions</b>
<b>1:10 – 1:20</b> 10 minutes	<b>Overview of HB 4126</b>
<b>1:10 – 1:40</b> 30 minutes	<b>Discussion and Feedback on Proposed Process</b> (see workshop materials)
<b>1:40 – 2:10</b> 30 minutes	<b>What is a Voluntary Renewable Energy Tariff (VRET)?</b> <ul style="list-style-type: none"><li>• Utility’s Perspective – PGE, Pacific Power, Idaho Power Company</li><li>• Discussion - Key Concerns in defining a VRET</li></ul>
<b>2:10 – 2:50</b> 30 minutes	<b>Review Draft Issues for Discussion</b> (see workshop materials) <ul style="list-style-type: none"><li>• Do the questions reflect key issues?</li><li>• Any clarification on questions in draft issues list?</li><li>• Are there priority issues?</li><li>• Are there areas of agreement that could help narrow issues?</li></ul>
<b>2:50 – 3:00</b> 10 minutes	<b>Next Steps/Wrap up</b> <ul style="list-style-type: none"><li>• <u>Monday, June 23</u> – Should the next step be: (1) Written Comments on Draft Issues for Discussion due <b>OR</b> (2) Workshop 2 to continue to discuss key concerns and issues?</li></ul>

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Proposed Process for Implementation of HB 4126

Docket UM 1690 – Implementation of HB 4126.

**PHASE 1:** “The Public Utility Commission shall conduct a study to consider the impact of allowing electric companies to offer voluntary renewable energy tariffs to their nonresidential customers. The study shall be subject to public comment in a manner determined by the commission.” (*HB 4126 Section 3(2)*)

- No formal intervention necessary at this phase. Sign up for docket notice list through workshop sign-in sheet or email a request to [puc.hearings@state.or.us](mailto:puc.hearings@state.or.us) (include UM 1690 in subject line).
- Scope of the study is envisioned to be neutral, primarily conceptual, and qualitative in nature, with some quantitative sections as needed, as a tool understand the various design options and potential impacts of a VRET in Oregon.
- Suggested Process:
  - As part of the study, there will likely be three to four informal workshops that are information sharing and issue-identification in nature. At least one workshop will likely include the Commissioners.
    - Monday, June 2 – Workshop 1 with Staff.
    - TBD – Precise timing of remaining workshops and comment deadlines.
      - (target) week of June 23 or (target) week of July 7 – Written Comments on Draft Issues for Discussion due (email the Filing Center at [puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us) with your comments attached and include UM 1690 in subject line).
      - (target) week of June 23 or (target) week of July 7 – Workshop 2
      - (target) week of August 11 – Workshop 3
      - TBD/If needed – Workshop 4
  - Staff expects to use information gathered through the workshops and written comments to inform a neutral-tone study about the impact of allowing electric companies to offer VRETs to their non-residential customers, with discussion on matters such as:
    - competitive market conditions in Oregon,
    - possible VRET elements and design considerations,
    - pros/cons and interplay between those elements and design considerations, and
    - the five factors listed in the statute (furthering the development of renewable energy, effect on development of competitive retail markets, impacts on other customers, reliance on competitive procurement, and any other reasonable considerations).
  - Release VRET Study for written Public Comment.
  - Public Meeting with Regular Agenda item regarding VRET Study for Public Comment in front of the Commissioners.
  - Release VRET Study and at the close of Phase 1, ALJ would be assigned.

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**PHASE 2:** “The commission shall consider the results of the study described in subsection (2) of this section in conjunction with the factors specified in this subsection to determine whether, and under what conditions, it is reasonable and in the public interest to allow electric companies to provide voluntary renewable energy tariffs to nonresidential customers. The factors the commission shall consider are [furthering the development of renewable energy, effect on development of competitive retail markets, impacts on other customers, reliance on competitive procurement, and any other reasonable considerations] *(HB 4126 Section 3(3))*

- Assigned ALJ may hold a pre-hearing conference, if needed.
- This phase provides an opportunity to advocate for specific designs of a VRET and conditions that the Commission should require, if it decides to allow electric companies to offer VRETs to their non-residential customers. Opportunity for advocacy may occur through written comment(s) and/or hearing(s).
- Result of this phase will likely be a Commission Order that –
  - Does not allow this type of tariff, **or**
  - Allows this type of tariff with specific conditions. This order may direct a rulemaking, if the Commission finds it appropriate.

**PHASE 3:** “If the commission determines under subsection (3) of this section to allow electric companies to offer voluntary renewable energy tariffs to nonresidential customers, the commission may authorize an electric company to file a schedule with the commission that establishes the rates, terms and conditions of services offered under the voluntary renewable energy tariff. All costs and benefits associated with a voluntary renewable energy tariff shall be borne by the nonresidential customer receiving service under the voluntary renewable energy tariff. Schedules shall be submitted and considered in accordance with ORS 757.205, 757.210, 757.212 and 757.215. The commission also shall consider the factors specified in subsection (3) of this section [furthering the development of renewable energy, effect on development of competitive retail markets, impacts on other customers, reliance on competitive procurement, and any other reasonable considerations] **when determining whether to approve a schedule.**” *(HB 4126 Section 3(4))*

- Staff anticipates the use of the PUC’s regular processes to consider any schedules that companies may file.

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Draft Issues for Discussion

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

- What are the essential features and design options of such a tariff?
- Should VRETs be considered for all non-residential customers or only a subset of non-residential customers?
- Should a product under a VRET be a set of resources or the capital cost of those resources?
- Should there be a cap on capacity that is made available under such a tariff?

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

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

- What constitutes “development of significant renewable energy resources”?
- Should “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?
- Should the use of RECs as all or part of renewable energy resources under a VRET be considered “development of a significant renewable energy resource” and be permitted?
- Should “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 “development of significant renewable energy resources”?

**III. What may be the Effect on Development of a Competitive Retail Market?** *(HB 4126 Section*

*3(3)(b))*

- If a competitive supplier is able to provide the same or similar product under a VRET, should a utility be able to provide such a product? If so, why and under what conditions should a utility be able to provide that product under a VRET?
- If there is 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? 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?

**IV. 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?
- How should the fixed costs of the rate-based system be allocated if VRET participants are “leaving” the rate-based system?
- 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?

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Draft Issues for Discussion

- V. 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 through a competitive procurement process? If yes, why? If no, how should the Commission weigh renewable energy supplied through a competitive process?
  - Should the PUC's existing processes for competitive bidding be adapted or used?
- VI. 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))*
  - 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?