

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

Revised from OPUC Workshop on June 2, 2014

Draft Issues for Discussion – Version 2

**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?

**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 through a contract that is passed through the utility? Should the utility aggregate third party renewable resources as one VRET product?
- Should there be a cap on capacity that is made available under a VRET?

**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?
- 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 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 a VRET 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

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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?
- 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?
- 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 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?