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VIA ELECTRONIC FILING

Chair Lisa Hardie
Commissioner John Savage
Commissioner Stephen Bloom
Oregon Public Utilities Commission
c/o Filing Center
201 High St SE, Suite 100
Salem, Oregon 97301-3398

RE: UE 307 – Calpine Energy Solutions, LLC’s Comments on Transition Adjustment Mechanism Workshops

Dear Commissioners:

I write on behalf of Calpine Energy Solutions, LLC (“Calpine Solutions”) with regard to the recently held workshops ordered by the Public Utility Commission of Oregon (“Commission”) in the final order from last year’s TAM proceeding (UE 307). Calpine Solutions agrees with Staff that the workshops were a valuable opportunity to find common ground toward an agreeable solution to the issues outside of the context of a contested case process.

As Staff’s memorandum notes, the parties discussed the valuation of renewable energy certificates (“RECs”) freed up when a direct access customer begins purchasing generation supply from an electricity service supplier (“ESS”). In the mechanics of the transition adjustment calculation, the direct access customer continues paying for PacifiCorp’s existing renewable resources in Schedules 200 and 201 that generate a REC for each megawatt hour of electricity. But the customer currently receives no credit for the value of those freed-up RECs and must separately purchase additional RECs for renewable portfolio standard (“RPS”) compliance through their ESS. This circumstance creates an unreasonable barrier to direct access and will become a more significant problem as targets for RPS compliance increase.

At the workshops, the parties discussed valuation of the freed-up RECs in the transition adjustment calculation as well as other alternative resolutions that would keep all parties whole. Calpine Solutions remains open to working collaboratively to resolve the issue through appropriate valuation or other viable resolutions that avoid the need to value the RECs, including the possibility of PacifiCorp retiring the freed-up RECs on the direct access customer’s (or

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ESS's) behalf to relieve the customer of the obligation to purchase additional RECs through the ESS while it is effectively paying for PacifiCorp's RECs through Schedules 200 and 201.

While the issue of proper treatment of freed-up RECs was not resolved, we believe the parties made progress in discussing the issue and would support use of similar workshops in the future.

Sincerely,



Gregory M. Adams
OSB No. 101779
Of Attorneys for Calpine Energy Solutions, LLC