

ORDER NO.

104 273

ENTERED

JUL 22 2014

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1020

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Recommended Portfolio Options and
Portfolio Options Committee Members.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on July 22, 2014, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



A handwritten signature in cursive script, appearing to read "Becky L. Beier", is written over a horizontal line.

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

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ITEM NO. CA2

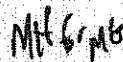
**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 22, 2014**

REGULAR _____ CONSENT _____ X EFFECTIVE DATE _____ Upon Commission Approval

DATE: July 15, 2014

TO: Public Utility Commission

FROM: Brittany Andrus 



THROUGH: Jason Eisdorfer, Maury Galbraith and Aster Adams 

SUBJECT: PORTFOLIO OPTIONS COMMITTEE; (Docket No. UM 1020)
Recommended Portfolio Options and Portfolio Options Committee Members.

STAFF RECOMMENDATION:

Staff recommends continuing the current portfolio of options offered by Portland General Electric (PGE), PacifiCorp, and Northwest Natural Gas Company (NWN), which include the following:

- PGE – Time of Use, Clean Wind, Green Source, and Habitat Support
- PacifiCorp – Time of Use, Blue Sky Block, Blue Sky Usage, and Blue Sky Habitat
- NWN – Smart Energy

In addition, Staff recommends that the Commission appoint the individuals nominated by the Portfolio Options Committee (POC) to serve for the July 2014 through June 2015 term. Finally, Staff concurs with additional POC recommendations for the portfolio options, and with the POC's general recommendations to the Commission.

DISCUSSION:

OAR 860-038-0005(2) specifies that the POC be a group appointed by the Commission consisting of representatives of the Commission staff, Oregon Department of Energy, the electric companies, residential and small nonresidential customers, local governments, and public or regional interest groups. OAR 860-038-0220(3) states that by July 1 of each year, the POC will recommend portfolio options to the Commission that will be effective January 1 of the following year. Staff received the annual POC

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recommendations memo on June 9, 2014 (attached). The POC recommendations are divided into three sections: Portfolio Options, Membership Nominations, and Other Recommendations. Staff provides comments on each recommendation. A fourth section, following the three POC recommendations, contains additional staff comments.

I. POC Recommendations for Portfolio Options

The POC makes the following portfolio option recommendations to the Commission as listed for each company.

Portland General Electric

Current Portfolio Options

- Continuation of current Commission-approved customer options Time of Use, Green Source, Clean Wind, and Habitat Restoration adder.
- Continue implementation of the current PGE contract with The Nature Conservancy as its Habitat Restoration provider.
 - Consider a two-year contract extension with The Nature Conservancy for 2015-16 in order to align renewal dates for supply, marketing and habitat services.
- Continuation of program delivery using existing Commission approved third-party marketing/education and supply contracts. PGE is in the first year of two three-year contracts, one for marketing and another for supply. These contracts will expire December 31, 2016.
 - Prepare and present a draft Request for Proposals (RFP) for third-party program services commencing January 1, 2017 to POC for review no later than first meeting of 2016.

Fund Transfers

- Transfer Renewable Future Development Fund into the Clean Wind Development Fund. Carve out \$7.3 million of the Green Source Reserve Fund to be a separate Green Source Development Fund. Both development funds would be jointly allocated under guidelines to be approved by the POC.

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New Portfolio Option

- Approval to develop a new, local solar, REC-based¹ voluntary renewable portfolio option product for PGE customers, with specific details of the business and project structure to be further scrutinized by the POC or PUC as appropriate.

PacifiCorp

Current Portfolio Options

- Continuation of current Commission-approved voluntary market-based and renewable-energy options for residential and small non-residential customers. For Pacific Power this includes the Time of Use and Blue Sky options (Blue Sky Habitat, Blue Sky Block and Blue Sky Usage).
- Continuation of the delivery of the Blue Sky options utilizing services offered through existing Commission-approved third party contracts which provide the following services: retail marketing, REC supply and funds administration.
 - Prepare and present a draft RFP for third-party program services commencing January 1, 2016 to the POC for review no later than first meeting of 2015.
- Continue implementation of the current PacifiCorp contract with The Freshwater Trust as its Blue Sky Usage and Habitat fund administrator.

Northwest Natural

- Continuation of Commission-approved NW Natural's "Smart Energy" greenhouse gas emissions offset program and procurement through The Climate Trust.

Staff Comments

Staff notes that the inclusion of specific recommendations for POC review of PGE and PacifiCorp's draft RFPs is new to this year's annual memo. The focus on this item in part is a result of the POC's enhanced oversight of program costs and other performance metrics through annual reviews. These reviews, initiated in 2013, have increased the POC's understanding of the impacts that different contract delivery mechanisms can have on program costs and performance. Because contracts are in

¹ Renewable Energy Certificate.

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place for multiple years, and therefore opportunities for adjustments are limited, the POC wants to ensure sufficient time for review of the RFPs.

PGE Fund Transfers

PGE currently has three funds associated with portfolio options programs, as follows:

Renewable Future Development Fund	\$0.8 million
Clean Wind Development Fund	\$3.2 million
Green Source "Reserve Fund"	\$8.3 million

The Renewable Future Development Fund program is no longer active. The Clean Wind Development Fund contains the portion of every Fixed Renewable Option (block) purchase that is set aside for this purpose². The Green Source Reserve Fund holds the difference between the "Renewable Usage Option" rate and the cost of acquiring the commensurate number of RECs.³

Staff supports the transfer of \$800,000 from the Renewable Futures Development Fund to the Clean Wind Development Fund because the Renewable Futures program is no longer active, and the Clean Wind program has a development fund component.

Staff also supports the second transfer, moving \$7.3 million from the Green Source Reserve Fund to a new Green Source Development Fund. The Reserve Fund has been discussed at the POC, and separately between the Company and Staff. It was originally envisioned as providing protection against REC price increases. Those increases have not materialized, and the Reserve Fund increased through 2012. At that time, PGE requested, and the Commission approved, a rate decrease effective January 2013.⁴ Staff has expressed concern about the size of the Reserve Fund in the past. In response to Staff's request, PGE analyzed several options for reducing the size of the fund, including a temporary price reduction and a refund to customers. The POC reviewed and discussed these options and recommends that the Reserve Funds be used to develop renewable projects in PGE's service territory. Staff is satisfied that this

² PGE Schedules 7 and 32, Fixed Renewable Option, is currently priced at \$2.50 for a 200 kWh block. The tariff states that, of that amount, \$1.50 goes to "new renewable resources development and demonstration fund. Amounts in the fund will be disbursed by the Company to public renewable resource demonstration projects or projects which commit to supply energy according to a contractually established timetable. The Company will report to the Commission annually by April 1st for the preceding calendar year on collections and disbursements. The fund will accrue interest at the Commission-authorized rate for deferred accounts."

³ PGE Schedules 7 and 32, Renewable Usage Option, is currently priced at \$0.008 per kWh.

⁴ PGE Advice 12-23, Order No. 12-486 in Docket No. UE 259, December 18, 2012.

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use is consistent with the tariff, which states that "All amounts received from the Customer under the Renewable Usage Option less administrative fees will be used to acquire TRCs and/or renewable energy."⁵

Staff supports the recommendation that "both development funds would be jointly allocated under guidelines to be approved by the POC," as Staff has requested that PGE establish criteria for expending portfolio options development funds. Staff believes that after PGE and the POC develop these guidelines, they should be reviewed by the Commission.

PGE New Portfolio Option

This POC recommendation for the "approval of the development of a new, local solar, REC-based voluntary renewable portfolio option product for PGE customers, with specific details of the business and project structure to be further scrutinized by the POC or PUC as appropriate." PGE presented to the POC a business case for a new portfolio option which would allow customers to purchase RECs from a PGE-developed utility-scale solar project in its service area ("Bethel"). The POC expressed support for a local, "steel in the ground" project, and for the core concept of this kind of a solar portfolio option program. However, the recommendation for the use of voluntary program development funds for this specific project was not approved by the POC. Staff believes that, due to the complexity of the project financing and REC allocations, the analysis of the project and the new portfolio option should be addressed more completely by the Commission.

PacifiCorp and NW Natural

Staff has no additional comments specific to NW Natural or PacifiCorp's portfolio options.

Staff Recommendations

Staff supports the POC recommendations for current portfolio options offered by PGE, and for PacifiCorp and for NW Natural's portfolio options.

Staff recommends that the Commission allow PGE to transfer the Renewable Future Development Fund to the Clean Wind Development Fund, and to move a portion of the Green Source Reserve Fund into a Green Source Development Fund, under the

⁵ PGE Schedules 7 and 32, Renewable Usage Option. TRC is Tradable Renewable Certificate, which is equivalent to a REC.

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condition that the guidelines for using PGE development funds that are approved by the POC be submitted to the Commission for review.

Staff recommends that prior to offering a new, local solar, REC-based voluntary renewable portfolio option product, PGE make a filing with the Commission for approval of the solar project, the use of development funds, and the related portfolio option. Staff recommends that the Commission consider the POC recommendation above in its review.

II. POC Recommendations for Membership

The POC nominates the following members and proxy members for consideration by the Commission for the July 2014 through June 2015 term. Unless otherwise noted, the nominees are currently serving on the POC.

Member Name	Organization	Representing
Jeff Bissonnette	Citizens' Utility Board	Residential consumers
Sommer Templet	Citizens' Utility Board (alternate)	Residential consumers
David Tooze	City of Portland	Local governments
Alisa Kane	City of Portland (alternate)	Local governments
Jennifer Gross	Northwest Natural	Gas companies
Brian Harney	Northwest Natural (alternate)	Gas companies
Brittany Andrus	Oregon Public Utility Commission	Commission staff
Juliet Johnson	Oregon Public Utility Commission (alternate)	Commission staff
Rebecca O'Neil	Oregon Department of Energy – Chair	Oregon Department of Energy
Julie Peacock	Oregon Department of Energy (alternate)	Oregon Department of Energy
Bryce Dalley	PacifiCorp	Electric companies
Natasha Siores (new)	PacifiCorp (alternate)	Electric companies
Terri Bowman	Portland General Electric	Electric companies
Karla Wenzel	Portland General Electric (alternate)	Electric companies
Megan Decker	Renewable Northwest Project	Public or regional interest groups
Caitlin Peel	Renewable Northwest Project (alternate)	Public or regional interest groups
Eric Lovell	Uroboros Glass Studios	Small non-residential consumers
David Philbrick	Unaffiliated	Residential consumers
Pamela Birkel (new)	Unaffiliated	Residential consumers

Changes from prior year POC membership include the nomination of residential consumer representative Pamela Birkel, a change in the PacifiCorp alternate to Natasha Siores, and the resignation of two members: Janet Steele, Albany Chamber of

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Commerce, representing small non-residential consumers; and, Kandis Brewer Nunn, Oregon HEAT, representing residential consumers. The POC will recruit nominees to fill open seats in the upcoming year.

Staff recommends the Commission appoint the individuals nominated by the POC.

III. POC Other Recommendations

Last year's annual POC memo to the Commission stated:

"The POC's shared role with the PUC in oversight of these programs will be a subject of further discussion during the next year, and specific recommendations will likely be included in the next annual memo. In addition, because POC members believe that this is an appropriate time to revisit the time-of-use market-based products,⁶ they expect to make a recommendation on those options in the next annual memo."

The following is a summary of the POC's other five recommendations to the Commission, including the two referenced above. The complete description for each recommendation is contained in the attached POC memo.

1. Defining Shared Roles and Responsibilities

The memo notes that the POC's primary role is to recommend portfolio options and delivery mechanisms to the PUC. Due to time and resource limits inherent to this type of committee, detailed analysis of specific issues and proposals generally cannot be performed; therefore, the POC reviews matters generally and provides recommendations. PUC Staff may conduct more extensive analyses, in its role as a POC member and as part of ongoing regulatory duties. In 2014-15, the POC plans to draft a matrix of oversight functions and the recommended areas of responsibility for the POC and for Commission Staff as a way of clarifying the "shared responsibility" construct. Staff expects that this matrix will be provided to the Commission in next year's annual memo, or before.

In the interim, the POC makes the following recommendations for improved role definition:

"We recommend that the utility program representatives communicate with Commission staff and the POC chair when new, significant proposals arise.

⁶ As required by ORS 757.603(2)(b).

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Examples include product price changes, large funding allocations, requests for proposal for program services, and general program direction changes.

We recommend that Commission staff and the POC chair first place such proposals on the POC agenda for preliminary review and discussion. The POC can be an effective testing ground for new ideas and its high-level feedback should be useful to the Commission when considering approval or an action.

Where the Commission or its staff requires significant rigor or precision in evaluating a proposal, we recommend that Commission staff advise the POC of this interest in advance. This notice will allow the POC to either perform a more detailed level of review or request that Commission staff undertake an independent review."

Staff Comments

The POC thoroughly engaged in the effort to respond to the Commission's 2012 letter requesting a review of the implementation of the voluntary renewable energy programs. One outcome of those discussions was agreement that clarification of expectations for program oversight would be helpful. Staff believes that the interim recommendations above are a good starting point for discussion, and expects to engage with the POC in efforts to further define oversight roles and responsibilities in the coming year.

2. Recommendations 2 and 5: Potential Crossover with Large Commercial and Industrial Customer Options, and POC Support of Commission Dockets

Recommendation 2 is for the Commission to consider whether a "similar advisory role for the POC should exist for large commercial and industrial voluntary renewable energy programs and products." The memo references the non-residential "green tariff" study currently underway,⁷ stating that the POC is not making a specific recommendation at this time, but adding that there "may be benefits from offering customer oversight with these offerings, as there has been with the residential and small commercial programs." The POC recommends that the Commission consider whether and, if so, how to include a customer advisory role as it examines its voluntary offerings for large commercial and industrial customer classes.

Recommendation 5 is similar in that it offers the POC as a potential "useful sounding board for the Commission when other dockets touch on customer choices and communication." As an example, the memo states, "when considering what customers

⁷ Docket No. UM 1690, Voluntary Renewable Energy Tariffs for Non-residential Customers/HB 4126.

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understand and perceive when reviewing a label template under AR 555, the customer representatives that serve on the POC should be a natural touch-point for this question.”⁸ This recommendation also notes that “Other voluntary programs under consideration (such as voluntary carbon reduction for gas utilities and voluntary renewable energy tariffs for electric utilities) may intersect with the portfolio options, and the Commission may wish to seek POC input.”

Staff Comments

Staff agrees with the concept that the POC may be positioned to provide input to voluntary customer programs beyond the original customer portfolio options, within the time and resource constraints as noted in item number 1 above. The successful addition of NW Natural's Smart Energy program to the POC demonstrates that the value of the POC goes beyond its original scope. As currently authorized, POC membership includes residential and small residential consumer representatives, as those are the classes eligible for the portfolio options. Going forward, Staff will make recommendations to the Commission regarding specific candidates for POC input.

Specific to UM 1690, Staff recommends adding a question to the to the issues list currently being discussed in that docket: “Should the Commission create an advisory committee that includes customer representatives as part of a voluntary renewable energy tariff, similar to the Portfolio Options Committee?”

3. Time of Use Market-Based Rate

The existing “market-based rate,” as required by statute,⁹ is currently a time-of-use product. A decade ago, the POC agreed with the electric utilities that active marketing of these products was not cost-effective. While the products are available, and are on the retail label, utilities have not actively solicited enrollments. The POC reviewed the time-of-use options in June 2012 and February 2014, and also received briefings on separate efforts such as critical peak pricing, advanced metering infrastructure, and water heater direct load control. The memo states, “the POC believes that there may be a better design for the market-based option than the one currently in place. The POC would like the market-based rate product to further the goal of shifting customer usage to reduce peaks, but the POC is uncertain of the best way to structure this option. The POC therefore requests that the Commission examine this issue and provide the POC with guidance and input on new opportunities to restructure the market-based rate

⁸ The label template provides consumers a visual representation of the utility resource mix.

⁹ ORS 757.603(2)(b).

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to provide more benefits to Oregon ratepayers and managing utilities in light of other Commission proceedings and objectives.”

Staff Comments

Staff supports the POC's recommendation to look into options for restructuring the market-based rate portfolio option. The lack of robust program participation is an indicator that it that these options could, and perhaps should, be re-evaluated. As previously stated, though, this voluntary advisory committee does not have the capacity to perform the in-depth analysis that would be required to recommend a specific program. Staff recommends that the Commission direct Staff to conduct an analysis of whether and how to restructure the market-based rate option.

4. Power Mix Disclosure Issue

The POC memo cites a power mix disclosure issue in situations where the RECs of a renewable resource can no longer be claimed as associated with the power generated (known as “null power”). Because there are differing views about the proper form of disclosure, the POC recommends that the Commission address this issue in Docket No. AR 555, or in a new docket. The POC “encourages the PUC to clarify the situation in order to provide greater confidence that the environmental attributes of resources associated with the RECs being purchased by voluntary program participants are not double claimed.”

Staff Comments

Staff acknowledges that different perspectives exist on this issue, and that the POC has an interest in understanding what, if any, other claims are made on RECs purchased on behalf of voluntary program participants. Staff plans, at a future AR 555 workshop, to request input from participants regarding the need to address this issue.

IV. Additional Staff Comments

Green-e Certification

An item contained in a May 2013 letter to the Commission referenced PGE's commitment to obtain Green-e™ certification of its voluntary renewable programs by the end of 2013. This certification has been delayed, and Staff requested a status

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update for the annual POC recommendations memo. PGE provided the following response¹⁰:

"As noted in the May 2013 letter to the OPUC, PGE committed to achieving the Center for Resource Solutions' (CRS) Green-eTM certification for its Green SourceSM and Clean WindSM products for 2013. As of the publication date of the May 2013 OPUC letter, PGE was not aware of new rule changes enacted by CRS in April 2013. These Green-e rule changes, which pertained to the eligibility of RECs from repowered power plants larger than 10MW including Low Impact Hydro facilities, rendered ineligible a significant portion (low impact hydro - Cabinet Gorge Dam, ID) of the REC supply PGE had contracted to purchase for its program for 2013. PGE elected to delay certification until 2014 when its supply mix would be in compliance with the new rules, rather than wasting a significant amount of RECs and money in order to achieve Green-e in 2013.

PGE's REC supply mix for 2014 is 100% Green-e eligible. PGE submitted its final 2014 Green-e application packet for Green Source & Clean Wind to CRS on May 3rd, 2014. PGE is currently in the midst of a month-long peer review period which began on June 3rd. CRS has informed PGE that barring any further complications, full certification for Green Source and Clean Wind could be achieved as early as August, 2014."

Staff has no concerns with this response and is pleased that the certification process is nearly complete.

Scope of POC

In typical years, POC recommendations have only addressed the continuation of existing programs and POC membership. As demonstrated in this staff report, this year the annual POC recommendations memo goes beyond those two areas. The POC discussed edits to, and voted on, the annual memo at its May 2014 meeting. PGE was the dissenting vote, expressing concerns about scope expansion. The POC's final memo was edited to respond to this concern. Staff followed up with PGE to ask if their concerns had been addressed in the final version. PGE expressed comfort with the way this issue is being addressed, and the Company has no objection to this item being on the consent agenda for the public meeting.

¹⁰ Email response from PGE (Terri Bowman) to Staff (Brittany Andrus), dated June 10, 2014.

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PROPOSED COMMISSION MOTION:

1. The current portfolio options offered by PGE, PacifiCorp and for NW Natural be continued as currently offered.
2. The individuals nominated by the Portfolio Options Committee be appointed to serve for the July 2014 through June 2015 term.
3. PGE be allowed to transfer the Renewable Future Development Fund to the Clean Wind Development Fund, and to move a portion of the Green Source Reserve Fund into a Green Source Development Fund, under the condition that the guidelines for using PGE development funds that are approved by the POC be submitted to the Commission for review.
4. Prior to offering a new, local solar, REC-based voluntary renewable portfolio option product, PGE will make a filing with the Commission for approval of the solar project, the use of development funds, and the related portfolio option.
5. The Commission direct Staff to conduct an analysis of whether and how to restructure the market-based rate option.

UM 1020 2014 POC Recommendations memo.doc

MEMORANDUM

Date: June 09, 2014

From: Eric Lovell, Vice-Chair, Portfolio Options Committee

To: Brittany Andrus, Public Utilities Commission staff

RE: 2014 Recommendations to the Commission from the Portfolio Options Committee

By rule, by July 1 of each year, the Portfolio Options Committee (POC) recommends portfolio options to the Commission that will be effective January 1st the following year.¹ For administrative simplicity, the POC also includes in this memo recommendations concerning membership and other subjects under its purview.

Portfolio Option Recommendations

The POC makes the following portfolio option recommendations to the Commission:

Portland General Electric

- Continuation of current Commission-approved customer options Time of Use, Green Source, Clean Wind, and Habitat Restoration adder.
- Transfer Renewable Future Development Fund into the Clean Wind Development Fund. Carve out \$7.3 million of the Green Source Reserve Fund to be a separate Green Source Development Fund. Both development funds would be jointly allocated under guidelines to be approved by the POC.
- Approval to develop a new, local solar, REC-based voluntary renewable portfolio option product for PGE customers, with specific details of the business and project structure to be further scrutinized by the POC or PUC as appropriate.
- Continuation of program delivery using existing Commission approved third-party marketing/education and supply contracts. PGE is in the first year of two three-year contracts, one for marketing and another for supply. These contracts will expire 12-31-2016.
 - Prepare and present a draft RFP for third-party program services commencing 1-1-2017 to POC for review no later than first meeting of 2016.
- Continue implementation of the current PGE contract with The Nature Conservancy as its Habitat Restoration provider.
 - Consider two-year contract extension with The Nature Conservancy for 2015-2016 in order to align renewal dates for supply, marketing and habitat services.

PacifiCorp

- Continuation of current Commission-approved voluntary market-based and renewable-energy options for residential and small non-residential customers. For Pacific Power this includes the Time of Use and Blue Sky options (Blue Sky Habitat, Blue Sky Block and Blue Sky Usage).
- Continuation of the delivery of the Blue Sky options utilizing services offered through existing Commission-approved third party contracts which provide the following services: retail marketing, REC supply and funds administration.
 - Prepare and present a draft RFP for third-party program services commencing 1-1-2016 to POC for review no later than first meeting of 2015.

¹ OAR 860-038-0220 (3).

- Continue implementation of the current PacifiCorp contract with The Freshwater Trust as its Blue Sky Usage and Habitat fund administrator.

Northwest Natural

- Continuation of Commission-approved NW Natural's "Smart Energy" greenhouse gas emissions offset program and procurement of offsets through The Climate Trust.

POC Membership List

By rule, the POC is "a group appointed by the Commission, consisting of representatives from Commission Staff, the Oregon Department of Energy, and the following:

- Local governments;
- Electric companies;
- Residential consumers;
- Public or regional interest groups; and
- Small nonresidential consumers.²

The POC recommends the following membership roster for Commission approval for the July 2014 to June 2015 term. The POC successfully recruited two new residential consumer representatives in the past year, although one (Aaron Lindenbaum) served for only two meetings before resigning due to his move to another state. Other resignations have occurred as well, so there are two residential consumer representative seats and one small non-residential consumer representative seats open at this time. The POC will recruit new members to fill those seats in 2014.

Portfolio Options Committee Membership Roster June 2014		
Member Name	Company	Representing
Jeff Bissonnette	Citizens' Utility Board	Residential consumers
Sommer Temple	Citizens' Utility Board – Proxy	Residential consumers
David Philbrick	Unaffiliated	Residential consumers
Pamela Birkel*	Unaffiliated	Residential consumers
Eric Lovell	Uroboros Glass – Vice Chair	Small non-residential consumers
Terri Bowman	Portland General Electric	Electric companies
Karla Wenzel	Portland General Electric – Proxy	Electric companies
Bryce Dalley	PacifiCorp	Electric companies
Natasha Siores	PacifiCorp – Proxy	Electric companies
Jennifer Gross	Northwest Natural	Gas companies
Brian Harney	Northwest Natural – Proxy	Gas companies
Rebecca O'Neil	Oregon Department of Energy – Chair	Oregon Department of Energy
Julie Peacock	Oregon Department of Energy – Proxy	Oregon Department of Energy
David Tooze	City of Portland	Local governments

² OAR 860-038-0005 (2).

Alisa Kane	City of Portland – Proxy	Local governments
Brittany Andrus	Oregon Public Utility Commission	Commission Staff
Juliet Johnson	Oregon Public Utility Commission - Proxy	Commission Staff
Megan Decker	Renewable Northwest	Public or regional interest groups
Caitlin Peel	Renewable Northwest– Proxy	Public or regional interest groups

* New to the POC in 2014.

Other Recommendations

1. Defining Shared Roles and Responsibilities

In last year's memo to the PUC, the POC noted that the "POC's shared role with the PUC in oversight of these programs" would be a subject of discussion and further recommendations in this year's memo. The POC acknowledges that the relative roles of the Commission, its staff and the POC would benefit from further definition.

The POC's primary role is to recommend portfolio options and delivery mechanisms to the PUC. The POC reviews matters generally and provides recommendations, but it meets six times a year, does not have full-time staff or the capability to undertake a detailed analysis, and cannot easily review confidential information. Where appropriate, PUC staff may perform more detailed analysis, either in its role as a POC member or in support of the Commission's ultimate regulatory function.

Better definition of roles would be helpful for PUC Staff, the POC, and the programs. The POC has included in its 2014-15 Work Plan (attached) a special project to create a matrix of oversight functions and responsibilities.

In the interim, the POC makes the following recommendations for improved role definition:

We recommend that utility program representatives communicate with Commission staff and the POC chair when new, significant proposals arise. Examples include product price changes, large funding allocations, requests for proposal for program services, and general program direction changes.

We recommend that Commission staff and the POC chair first place such proposals on the POC agenda for preliminary review and discussion. The POC can be an effective testing ground for new ideas and its high-level feedback should be useful to the Commission when considering approval or an action.

Where the Commission or its staff requires significant rigor or precision in evaluating a proposal, we recommend that Commission staff advise the POC of this interest in advance. This notice will allow the POC to either perform a more detailed level of review or request that Commission staff undertake an independent review.

The POC will continue to work collaboratively with Commission staff toward defining still more effective roles and mechanisms for shared oversight of the programs.

2. Potential Crossover with Large Commercial and Industrial Customer Options

The POC's advisory role is limited to portfolio products and programs for residential and small commercial customers, and does not include oversight of green power products and programs for large commercial and industrial customers.

The POC recommends that the Commission consider whether a similar advisory role for the POC should exist for large commercial and industrial voluntary renewable energy programs and products. At present, these programs have many of the same characteristics and delivery mechanisms as the programs within the POC's purview. The POC is aware that the Commission will be considering new renewable energy offerings for nonresidential customers. There may be benefits from offering customer oversight with these offerings, as there has been with the residential and small-commercial programs.

The POC expresses no opinion on this question at this time. The POC simply recommends that the Commission consider whether and, if so, how to include a customer advisory role as it examines its voluntary offerings for large commercial and industrial customer classes.

3. Time of Use

Utilities are required to offer a "market-based rate" to residential customers. ORS 757.603(2)(b). By rule, the POC is required to recommend to the Commission a product that reflects a market based rate. OAR 860-038-0220(4). Beyond requiring that the option exist and that enrolling customers commit to a term of no less than 12 months, the requirement does not further specify what a market-based option can be.

To fulfill this requirement, both PacifiCorp and PGE currently offer time-of-use products to their customers. Enrolled customers are charged a different rate depending on the time of day and the season. In 2004, following a study, the POC agreed with the electric utilities that active marketing of these products was not cost-effective. For ten years, the products have been available to customers and described in the retail label, but otherwise the utilities have not actively solicited customers to enroll in this product.

After reviewing the time-of-use options in June 2012 and February 2014, and in light of significant, but separate, efforts to advance demand response tools, such as critical peak pricing, advanced metering infrastructure, and water heater direct load control, the POC believes that there may be a better design for the market-based option than the one currently in place. The POC would like the market-based rate product to further the goal of shifting customer usage to reduce peaks, but the POC is uncertain of the best way to structure this option.

The POC therefore requests that the Commission examine this issue and provide the POC with guidance and input on new opportunities to restructure the market-based rate to provide more benefits to Oregon ratepayers and managing utilities in light of other Commission proceedings and objectives.

The POC, with its broad representative membership, stands ready to discuss, debate the merits of, and make recommendations on new market-based options that the Commission has identified as candidates for further review.

4. Null Power

The POC is aware of differing views about the proper form of power mix disclosure when the environmental attributes (RECs) of particular sources can no longer be claimed as associated with the power they generate (often called "null power"). The POC recommends that the Commission address this confusion either in an independent docket or during a continuation of AR 555.

How to communicate "null power" within the power mix for the basic service option is not within the POC's purview, nor do POC members have consensus on the best practice. However, the POC encourages the PUC to clarify the situation in order to provide greater confidence that the environmental attributes of resources associated with the RECs being purchased by voluntary program participants are not double claimed.

5. POC Support of Commission Dockets

In addition to advising the Commission on oversight of the portfolio products, the POC may be a useful sounding board for the Commission when other dockets touch on customer choices and communication. For example, when considering what customers understand and perceive when reviewing a label template under AR 555, the customer representatives that serve on the POC should be a natural touch-point for this question.

Other voluntary programs under consideration (such as voluntary carbon reduction for gas utilities and voluntary renewable energy tariffs for electric utilities) may intersect with the portfolio options, and the Commission may wish to seek POC input. The POC stands ready to assist the Commission with its development of rules and procedures that influence the programs that the POC reviews, or on which customer members of the POC can provide unique insight.

**Portfolio Options Committee
Work Plan 2014-2015**

Meeting Schedule

- August 5, 2014
- September 30, 2014
- November 18, 2014
- February 2015
- April 2015 Executive Session
- May 2015

Annual POC Oversight Activities

- General program updates and reviews take place at the May and November meetings.
- Executive session reviews specific program costs in April.
- Prepare the upcoming year's POC Work Plan and Annual Commission recommendations, with final discussion at the May POC meeting, and final documents due by July 1st
- Items that must be reviewed by the POC in advance of PUC submission:
 - o RFPs
 - o Any significant changes to selected contractors, including extensions
 - o Changes to tariffs
 - o Significant and/or non-standard deployment of funds

Special Projects and Issues for 2014 - 2015

- Develop a matrix of review functions and roles. In particular, collaborate with PUC to refine practices for annual executive session cost reviews, review of RFPs, and for reviewing and approving uses of collected voluntary program funds. Work with PUC and utilities reviewing and approving criteria for dispensation of voluntary funds.
- Review mandatory and voluntary market interactions, including whether increasing RPS percentages warrant adjustments in voluntary usage programs.
- Understand implications of and provide input as appropriate on related Commission dockets that may affect voluntary programs. (AR 555, SB 844 implementation, HB 4126 implementation, bundled product).
- Explore opportunities for new product structures that are the most attractive to energy consumers.
 - o Voluntary program that allows bundled REC sales