

December 5, 2016

***VIA ELECTRONIC FILING***

Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
Salem, OR 97301-3389

Attn: Filing Center

**RE: Advice 16-012 – Schedule 272 – Renewable Energy Rider Optional Bulk Purchase Option – PacifiCorp’s Comments**

PacifiCorp, d/b/a Pacific Power (PacifiCorp) appreciates this opportunity to clarify certain aspects of its proposed changes to existing Schedule 272—Renewable Energy Rider Bulk Purchase Option (Schedule 272). On September 27, 2016, PacifiCorp filed Tariff Advice Letter 16-012 (AL 16-012) requesting minor changes to the existing Schedule 272, including:

- Revising the eligibility threshold for individually negotiated arrangements from two years to one year;<sup>1</sup>
- Allowing a customer to specify which facility renewable energy certificates (RECs) are purchased from;
- Removing the list of resources from which customers can purchase RECs; and<sup>2</sup>
- Allowing use of RECs from Qualifying Facilities.

Through a series of data requests, PacifiCorp agreed to re-insert the list of eligible resources contained in the existing Schedule 272. A redline of the existing tariff showing PacifiCorp’s current position is attached to these comments. These minor changes do not alter the fundamental structure of Schedule 272 that has been in place for nearly a decade and are intended only to update Schedule 272 to be more responsive to customer needs.

Since 2004, Schedule 272 has allowed certain large customers to “green” a large volume of their power supply through the purchase of RECs at a bulk rate, in an identical fashion to the Company’s residential and other commercial Blue Sky program options. Schedule 272 is not a voluntary renewable energy tariff (VRET) as contemplated by parties in UM 1690; in fact, in that proceeding stakeholders reached “informal consensus” that unbundled REC purchases of the

---

<sup>1</sup> PacifiCorp notes that Schedule 272 currently authorizes the use of individually negotiated arrangements; PacifiCorp’s proposed change merely changes the eligibility threshold for the use of an individually negotiated arrangement.

<sup>2</sup> The list of eligible resources contained in existing Schedule 272 is consistent with resources eligible for the Oregon renewable portfolio standard (RPS); PacifiCorp initially proposed this change to account for the possibility that customers may want RECs from resources that are not RPS-eligible.

type offered by Schedule 272 did not provide for the further development of significant renewables resources and could already be achieved through existing tariffs (i.e., Schedule 272).<sup>3</sup> Even if Schedule 272 were considered a VRET, it would easily meet the standards for a VRET articulated in UM 1690.

Like PacifiCorp's residential and other commercial Blue Sky options, Schedule 272 is in addition to the base rates paid by the customers electing this voluntary option, ensuring there is no cost shift between participating and non-participating customers.<sup>4</sup> In addition, Schedule 272 costs are, like the residential and commercial Blue Sky options, tracked separately and recovered from participating customers through program fees.<sup>5</sup> Finally, Schedule 272 does not implicate Direct Access as there is no change in the underlying electricity service provided to the customer.

PacifiCorp's proposed changes to Schedule 272 would allow customers to specify the resource from which they receive RECs, satisfying customer interest in having more control over their green power options. PacifiCorp notes that the existing Schedule 272 authorizes the Company to provide "bundled power" to customers. As PacifiCorp explained in response to data requests from Staff, Oregon law does not define "bundled power" but PacifiCorp interprets this provision to mean that PacifiCorp can provide a customer with RECs associated with electricity that is delivered to PacifiCorp's system. This is consistent with the definition of a bundled REC contained in ORS 469A.005(3),<sup>6</sup> however, as stakeholders have pointed out in other proceedings before the Commission, the use of the term "bundled" in the context of a voluntary program can—and PacifiCorp suggests, should—be different than the use of the term for purposes of the RPS.<sup>7</sup> As noted by the VRET Study in UM 1690:

With RPS definitions [for bundled RECs] at the wholesale level, a REC becomes a "bundled REC" when the REC is acquired by the utility by a trade, purchase, or other transfer of electricity that includes the REC that was issued for that electricity. Adding the next layer of the retail transaction for electricity delivered to the end use non-residential customer, the type of REC the non-residential customer would be receiving is unclear and not fully answered under existing Oregon law and policy.<sup>8</sup>

---

<sup>3</sup> See *Voluntary Renewable Energy Tariffs for Non-Residential Customers*, Docket UM 1690, Order No. 15-258 at 28 (Aug. 26, 2015) (Order No. 15-258).

<sup>4</sup> The contrary claims of the Northwest and Intermountain Power Producers Coalition (NIPPC) are simply incorrect. PacifiCorp's proposed revisions to Schedule 272 maintain the existing tariff language that clearly states that Schedule 272 charges are "in addition to all other charges contained in Consumer's applicable tariff schedule."

<sup>5</sup> The proposed revisions to Schedule 272 retain Special Condition 5 that requires separate identification and tracking of funds associated with the program.

<sup>6</sup> It is not necessary at this time for the Commission to determine whether the RECs purchased for this voluntary program would qualify as bundled for the RPS. Schedule 272 RECs are not used for RPS compliance and are in addition to the Company's portfolio of RPS-eligible resources.

<sup>7</sup> See e.g., comments of stakeholders in UM 1020 in response to Portland General Electric's Green Futures program.

<sup>8</sup> Order No. 15-258 at 26. PacifiCorp is not aware of any requirement for either the RPS or voluntary program certifications that a retail customer actually take delivery of electricity associated with generation of the REC. From a practical perspective, PacifiCorp is unclear how it would track electrons from generation to a customer.

PacifiCorp maintains that a customer electing to purchase RECs from a specified resource under the proposed changes to Schedule 272 could claim that it is receiving RECs from a resource that is delivering electricity to the same system from which the customer purchases electricity.<sup>9</sup> PacifiCorp welcomes additional clarity from the Commission on the proper messaging to customers for this type of transaction in the context of a voluntary program.

PacifiCorp's proposed changes to Schedule 272 do not, as NIPPC claims, represent an end run around the outcome of UM 1690. Rather, the changes reflect minor updates to a program that has been non-controversial for over 12 years. Given the nature of the minor modifications PacifiCorp proposes to the existing Schedule 272, PacifiCorp requests the Public Utility Commission of Oregon move quickly to approve the proposed tariff modifications.

Sincerely,



R. Bryce Dalley  
Vice President, Regulation

Enclosure

---

<sup>9</sup> PacifiCorp notes that this is not the same as claiming that the REC is a bundled REC for purposes of the RPS and that this structure is similar in nature to Portland General Electric's recently-approved Green Futures program.

**Attachment –**

**Redline of Existing Schedule 272 Showing PacifiCorp's  
Current Proposal**

**RENEWABLE ENERGY RIDER  
OPTIONAL BULK PURCHASE OPTION**

Page 1

**Available**

In all territory served by the Company in the State of Oregon.

**Applicable**

To large Non-residential Consumers receiving Delivery Service.

**Administration**

Funds received from Consumers under this Schedule will cover program costs and match Renewable Energy purchases to Block purchases. Funds not spent after covering program costs and matching Renewable Energy purchases to Block purchases may be used to fund Qualifying Initiatives as defined below.

**Block**

1 Block equals 100 kWh of Renewable Energy. This program requires a minimum purchase of 121.2 megawatt-hours (121,200 kWh or 1,212 Blocks) per year. For the purpose of qualifying for this Schedule, Consumers with multiple sites can sum their Block purchases across all Pacific Power and Rocky Mountain Power service territories to meet the minimum purchase requirement.

**Charge per Block**

\$0.70 per month (\$7.00 per MWh per month) **Plus**

\$1500.00 per year fixed charge

For purchase commitments over ~~two years~~one year in length or large purchases over 75,000 MWh per year, individually negotiated arrangements may be available, pursuant to the execution of a written contract. (C)

**Charge**

~~The~~Except as pursuant to an individually negotiated arrangement as contemplated above, (C)  
the Charge can be billed either monthly, twice yearly or annually and shall be the number of Blocks the customer has agreed to purchase multiplied by the Charge per Block, plus the \$1,500 yearly fixed charge divided between the Consumer's billing choice (monthly, twice yearly or annually) and added to the Consumer's standard bill. The Charge is in addition to all other charges contained in Consumer's applicable tariff schedule. This ~~rider's~~Schedule's Charge shall (C)  
be applied to the Consumer's billing regardless of actual energy consumption.

**Renewable Energy**

Renewable Energy includes bundled power or Renewable Energy Credits (RECs) obtained from specified resources and derived from the following fuels:

- wind;
- solar;
- geothermal energy;
- certified low impact hydroelectric;
- hydrogen derived from photovoltaic electrolysis or a non-hydrocarbon derivation process;
- pipeline or irrigation canal hydroelectric systems;
- wave or tidal action; and
- low emissions biomass based on digester methane gas from landfills, sewage treatment plants or animal waste and biomass energy based on solid organic fuels from wood, forest or field residues or dedicated crops that do not include 272-1

---

**Renewable Energy (continued)**

Renewable Energy Credits (also known as Tradable Renewable Energy Credits, Renewable Energy Certificates, Green Tags or Carbon Credits) represent all of the regional and global environmental and emissions benefits associated with one unit of output from a qualifying renewable electricity generating resource. In some markets, the credits are certified by an independent third party and include a serial number for tracking purposes.

Offering must consist of 100% new Renewable Energy.

New Renewable Energy is (1) placed in operation (generating electricity) on or after January 28, 2000; (2) repowered on or after January 28, 2000 such that 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or (3) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to January 28, 2000, such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility. Any enhancement of a fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate.

Preference will be given to resources within Pacific Power and Rocky Mountain Power service territories.

Renewable Energy purchases made to match Consumer Block purchases are in addition to investments associated with the Company's Integrated Resource Plan, and are not considered for purposes of any Renewable Portfolio Standard requirements. ~~Renewable Energy generated in response to any federal or state statutory requirement to construct or contract for the Renewable Energy is not eligible.~~

**Qualifying Initiatives**

1. Funding for locally-owned commercial-scale Renewable Energy projects that produce less than 10 MW of electricity. The preference is for local community based projects that provide strong environmental and economic benefit to local communities and Consumers the Company services under this Schedule.
2. Funding for research and development projects encouraging Renewable Energy market transformation in order to accelerate marketability of Renewable Energy technologies.
3. Investment in the above-market costs associated in the construction of Renewable Energy facilities or purchase by contract of Renewable Energy, reducing the costs of Renewable Energy to be competitive with cost-effective resources.
4. To the extent a project in paragraphs 1, 2, and 3 above is able to generate RECs, the recipient agrees that the Company has the right to claim a share of the project's REC output. The share amount is expressed as a percentage of output when comparing the Company's financial contribution to the overall cost of the project. The share amount of these RECs will be retired on behalf of program participants across the Company's service territories. The Company will also be given the opportunity to purchase additional RECs off the project.
5. Qualifying Initiatives are not considered for purposes of any Renewable Portfolio Standard requirements. ~~Renewable Energy generated in response to any federal or state statutory requirement to construct or contract for the Renewable Energy is not eligible.~~

---

**Special Conditions**

1. Consumers may apply for this Schedule anytime during the year.
2. The Company may not accept enrollments for accounts that have ~~-a-~~ time-payment agreement in effect, or have received two or more disconnect notices, or ~~-~~ have been disconnected within the last 12 months.
3. The Company will buy Renewable Energy within two years of a Consumer's purchase, unless otherwise set forth in a written contract between Company and Consumer.
4. Beginning January 1, 2008, all RECs purchased under procured pursuant to this program must Schedule will be either (i) delivered by Company, at Company's expense, to Consumer's registered with the Western Renewable Energy Generation Information System (WREGIS), if WREGIS is operational, or) account (as otherwise set forth in a written contract between Company and Consumer and approved by the Oregon Portfolio Committee Commission), or (ii) deposited into a WREGIS account maintained by Company and retired on behalf of Consumers (except with respect to RECs generated from Qualifying Initiatives as set forth above in this Schedule). All costs associated with transferring, retiring, administering or otherwise managing RECs within Consumer WREGIS accounts shall be borne by Customer.
5. To ensure that all costs and benefits of this program are isolated to the participants of this program, all funds collected under this program will be separately identified and tracked by state jurisdiction by which the funds were collected. On the effective date of this Schedule, the Company will establish a regulatory liability for all funds collected and will debit the regulatory liability for all funds spent. The company will apply its authorized rate of return to the ~~-~~balances in the ~~-~~regulatory ~~-~~liability ~~-~~account. ~~-~~The ~~-~~Company will ~~-~~endeavor ~~-~~to match spending to collection within each calendar year.
6. The Company may use Consumer proprietary information gathered for the provisioning of electricity services upon Consumer written or verbal permission as long as it provides the same information under the same terms and conditions to alternative Renewable Energy Credit providers upon Consumer written or verbal request.
7. The Company will communicate to Consumers that they are not required to buy Renewable Energy Credits from the Company in order to continue to receive the Company's safe and reliable Electricity Service.
8. The Company will not use bill inserts to market Renewable Energy Credits to Consumers served under this Schedule.

**Rules and Regulations**

Service under this Schedule is subject to the General Rules and Regulations contained in the tariff of which this Schedule is a part and to those prescribed by regulatory authorities.