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Public Utility Commission of Oregon
201 High Street SE #100
Salem, Oregon 97301

June 1, 2017

RE: AR 603 Oregon Community Solar

Dear Oregon Public Utility Commissioners and Staff:

Thank you for the opportunity to comment on AR 603 Community Solar Program Proposed Rules (“Proposed Rules”). 3Degrees appreciates the Commission Staff’s diligent work designing Oregon’s first community solar program.

3Degrees is a leading provider of comprehensive clean energy services that enable organizations to transition towards a low-carbon economy. 3Degrees has offered community solar marketing and advisory services since 2012, working with utilities and developers on facility sizing and location, facility and REC ownership, and customer acquisition and retention.

3Degrees is an active member of Renewable Northwest and the Coalition for Community Solar Access (CCSA), both of which have submitted comments on the Proposed Rules. Many of our earlier comments on the Draft Rules have already been addressed in the Proposed Rules. We focus our comments today on one section of the Proposed Rules that draws most directly on our unique role and experiences in the market: 860-088-0200 RPS and RECs

RPS and RECs 860-088-0200

3Degrees is one of the largest REC (renewable energy certificate) marketers in North America. A REC is a tradable, contractual instrument that represents the full suite of attributes of 1 MWh of renewable energy generation. A REC exists to track, allocate, and match a specific MWh of renewable energy generation to a specific purchaser. RECs are the **sole contractual means** to claim usage of grid-connected renewable electricity in the United States. Federal, state, and non-profit agencies, including the Environmental Protection Agency and Federal Trade Commission, require REC ownership to make a valid renewable energy claim. RECs are the compliance instrument for consumption or delivery based renewable portfolio standards. RECs are also used by businesses, households, and other entities in the voluntary renewable energy market to claim consumption of renewable energy generation.

The Proposed Rules state that the MWh of renewable power delivered to participants by the community solar program will not be counted as electricity sold by the utility for purposes of complying with the Oregon’s renewable portfolio standard (ORS 469A.052). Moreover, the Proposed Rules clearly state that all of the environmental, social, and economic benefits associated with the MWh of renewable power from a community solar project reside with the owner or subscriber to the project. Both of these provisions are absolutely necessary to preserve the integrity of the consumer’s community solar energy purchase. If the subscriber wants to make a valid consumption claim on the solar power from the community solar project, the RECs must be additional to any existing regulation



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(regulatory surplus) and the RECs must be retired on their behalf. If the project developer retained the RECs or sold them to a third-party, the subscriber could no longer legitimately claim to consume the solar power from the community solar project. This is understandably confusing for most subscribers and it can lead to double-claims, whereby the subscriber and another entity that has acquired the REC both claim consumption of the same unit of solar power. Faulty claims to renewable power contribute to uncertainty in the market, reputational risk for market participants, and have the potential to discourage investment and participation in the voluntary renewable energy market.

Oregon's proposed community solar program is voluntary. The motivation to participate is driven by many factors, notably the desire of individuals and organizations to support renewable energy projects and reduce the carbon footprint of their electricity consumption. To achieve both of these aims, it is imperative that RECs are created for each and every community solar project in Oregon and that the RECs are retired on behalf of the subscriber. 3Degrees was surprised and dismayed to read that the Proposed Rules do not require each project to create RECs. Without RECs, the subscribers can no longer make legitimate claim to the renewable energy attributes of the community solar project. The subscriber will pay for solar power as per her subscription, but she will not be able to say she is consuming solar power or that she has decreased her carbon footprint. This is true even if the REC doesn't exist and isn't available for someone else to lay claim to. The absence of the REC means the absence of a clean chain of custody to the renewable energy attributes of the project. The attributes essentially belong to no one.

Businesses, municipalities, and other entities that publicly track and report their greenhouse gas emissions under established protocols such as the internationally recognized Greenhouse Gas Protocol Corporate Standard, can only count the solar power from community solar projects in Oregon if the REC is created and retired on their behalf. Even if they do not report their emissions formally through one of the established protocols, they leave themselves vulnerable to allegations of false marketing if they claim the renewable energy attributes of the community solar project without the REC – the widely recognized and established contractual instrument – to validate it.

We understand that Staff wanted to give community solar project managers the flexibility to create and retire RECs based on customer demand. But this flexibility may mislead customers, who assume the RECs have been created and retired on their behalf. Moreover, it could create confusing asymmetries between community solar projects in Oregon. Customer A, who subscribes to a project in Oregon where RECs have been created and retired, can make valid claims to renewable energy consumption and report that consumption publicly through existing protocols. Customer B, who subscribes to a project in Oregon where RECs were never created, lacks the contractual instrument to make valid claims and cannot report that consumption through existing protocols. If this asymmetry will be allowed to exist between community solar projects in Oregon, it is important that this is disclosed to customers upfront so they understand which type of project they are subscribing to.

Consider an additional asymmetry that is created between community solar projects and rooftop solar. In Oregon, developers are able to retain the RECs from rooftop solar but they must inform the customer if they do so and explain that the customer cannot claim to consume the solar power generated from the rooftop panels. So, Customer C, who has



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rooftop panels, can't claim to consume the solar power from her roof, because the RECs exist but belong to the developer.

Allowing project managers to choose if and when to create RECs undermines the value and integrity of all RECs and the broader voluntary renewable energy market that relies on them. The voluntary market accounts for more than one-quarter of total US non-hydropower renewable generation.¹ The REC market helps renewable energy generators by expanding the number of potential renewable energy buyers and providing access to renewable energy for buyers when adequate supply is not available on the grid. This is consistent with the intent of Oregon's community solar program. **Therefore, we strongly recommend that the Commission revise the rules to require project managers to create RECs for all community solar projects in Oregon and retire them on behalf of their subscribers.**

3Degrees appreciates this opportunity to provide feedback on the Proposed Rules. We look forward to the creation of a robust community solar program in Oregon.

Sincerely,

Kristen Sheeran Ph.D.
Director of Government Affairs and Policy

¹ National Renewable Energy Laboratory, *Status and Trends in the US Voluntary Green Power Market*, <http://www.nrel.gov/docs/fy17osti/67147.pdf>