

January 11, 2023
Oregon Public Utilities Commission
201 High St. SE, Suite 100
Salem, OR 97301-3398
Submitted electronically via puc.hearings@puc.oregon.gov

RE: 3Degrees Group, Inc.'s Comments in Docket UM2225

Dear Commissioners,

In response to the Application for Rehearing or Reconsideration submitted by Oregon Solar and Storage Industries Association, Community Renewable Energy Association, and NewSun Energy, LCC's on December 27th, 3Degrees Group Inc. ("3Degrees") sees an increased urgency in the need for clarity from the Commission on the treatment of renewable energy certificates (RECs) within HB2021. 3Degrees takes no position on the motion itself, including the specific requested changes on REC accounting and reporting. As noted in our October 2022 comments, we support the requirements for transparency on REC sales in Clean Energy Plan (CEP) filings and associated Integrated Resource Plans (IRP).

However, we continue to be concerned that delaying the discussion of the nature of HB2021 and the treatment of RECs will exacerbate market uncertainty and negatively impact renewable energy developers. Providing market participants with clear and accessible information about the renewable energy that is being counted by the utilities towards HB2021 compliance, but not clarifying how to interpret this information, places the responsibility on administrators of other REC programs to determine whether double-counting is occurring. This will lead to issues for renewable energy developers and impede regional policy objectives now and into the future.

In the immediate, the regional REC market will be significantly more complex and difficult to navigate. Adjacent REC programs – like the voluntary market and neighboring state renewable portfolio standards – are unlikely to be able to function without establishing rules on the treatment of RECs from generation counted towards HB2021. The administrators of these programs will therefore need to develop an interpretation of the Oregon policy and determine the interaction with their own state policies. Given the variety of perspectives on this topic that have been expressed within UM2225, the Commission should not expect that participants in neighboring markets will all arrive swiftly at a common understanding on the claims HB2021 makes on renewable energy. It is much more likely that adjacent market discussions will be drawn out and a patchwork of decisions will develop. The Commission should not allow other states to determine how HB2021 treats RECs.

While the question of REC eligibility across programs is unanswered, there is likely to be a chilling effect on the regional REC market. Counterparties will be unable to agree on whether a given REC meets the criteria of various programs, and common contractual terms like

“environmental attributes” and “sole ownership” will no longer be sufficient to mitigate contractual risk.

Over the longer-term, it will become increasingly challenging for Oregon to make a decision on the treatment of RECs within HB2021. If the utilities sell RECs from the generation that has been used to comply with HB2021, a decision that RECs are required to be retained under Oregon’s program will be disruptive and time-consuming for market participants and neighboring regulators to remedy. Any RECs already sold will be deemed double-counted, and a means of remedying this will need to be agreed upon by counterparties. Any contracts that have not yet been fulfilled will either need to be significantly revised or rescinded, leading to shortage of renewable energy in the region to meet various contractual obligations and increasing costs for ratepayers.

3Degrees appreciates this opportunity to provide comments to the Commission, and we welcome further discussion on this topic.

Sincerely,

/s/ Maya Kelty

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