

ITEM NO. 4

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 11, 2017**

REGULAR  CONSENT  EFFECTIVE DATE 7/11/17

DATE: 7/6/17

TO: Public Utility Commission

FROM: JP Batmale *JPB*

THROUGH: *JE* Jason Eisdorfer and *JC* John Crider

**SUBJECT:** OREGON PUBLIC UTILITY COMMISSION STAFF:  
(Docket No. UM 1020) Joint Presentation of the Portfolio Options Committee (POC) and member utilities on program metrics and goals for utility voluntary program options.

**STAFF RECOMMENDATION:**

Staff recommends the Commission:

- 1) Approve the continuation of the portfolio options products offered by Portland General Electric (PGE), PacifiCorp (PAC), and Northwest Natural Gas Company (NW Natural), as follows:
  - a) PAC –Blue Sky Block, Blue Sky Usage, Blue Sky Habitat and Time of Use;
  - b) NW Natural – Smart Energy;
  - c) PGE –Clean Wind, Green Source, Habitat Support, the Renewable Solar Option, and Time of Use.
- 2) Approve the continuation of the delivery of services using existing Commission-approved, third-parties by PAC and PGE.
- 3) Appoint the individuals nominated by the Portfolio Options Committee (POC) to serve the July 2017 through June 2018 term.
- 4) Approve the POC 2017-2018 Work Plan.

## DISCUSSION:

### Issue

Whether the Commission should accept Staff's recommendation to approve the 2017-2018 Portfolio of Options products, POC membership and the most recent POC work plan.

### Applicable Law

OAR 860-038-0005(2) specifies that the POC consist of a group appointed by the Commission that includes representatives of Commission staff, Oregon Department of Energy, 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 current-year annual POC recommendations memo on June 14, 2017 (Attachment A).

### Analysis

#### *Update on Work over the Past Twelve Months*

Over the past twelve months the POC has been implementing its Commission approved work plan for 2016 – 2017.<sup>1</sup> This work included updates and clarifications to the definition of marketing and administration cost metrics and clarification of the goals behind each utilities' Portfolio Option program.

As noted in the attached POC memorandum, the POC, the utilities and Staff were able to reach a resolution on marketing and administration metric definitions. This has been an issue since 2012. In the end, the groups agreed to adopt the following definitions:

- **Marketing costs** include all spending associated with advertising, promoting, and selling the portfolio products including labor directly in support of those efforts in the acquisition of new participants. This would include direct expenses related to bill inserts, direct mail, TV/radio, events, telemarketing, billboards, enrollment offers, sales training of call-center staff, etc.
- **Administrative costs** include labor and non-labor costs associated with program operations, customer service, retention, welcome packets, website maintenance, reporting, transactions, billing, training, managing inventories, and legal/regulatory reviews, etc.

With regards to the goals of the Portfolio Option programs, it was difficult to come to a consensus regarding program goals. In the end it was determined that the best

---

<sup>1</sup> See Staff Memo #4, OPUC Public Meeting 12/6/16

approach to developing goals for each program was to use a combination of existing statute, rules, and the POC charter as the *de facto* goal of each program.

As an example, the POC charter states,

*"...In reviewing existing and proposed portfolio option products, the Committee's current goals are to support:*

- *Renewable energy and carbon offset markets,*
- *Growth in participation rates at reasonable costs,*
- *High-quality consumer education on portfolio options and renewable energy and carbon offset markets, and*
- *Valuable and reasonable rate options for customers."*<sup>2</sup>

Through the POC's continued work of tracking program costs, overall participation, customer acquisition rates, and customer retention rates the POC and Staff can assess program performance relative to the concept of, "...growth in participation rates at reasonable costs." The POC and Staff will be preparing a report to the Commission on this over the coming year.

In short, Staff has been satisfied with the POC's progress towards meeting its goals over the past year. Coming to a resolution on marketing and administration along with an approach to the concept of goals was very encouraging.

#### *POC Recommendations for Portfolio Options*

The POC makes the following portfolio option recommendations to the Commission as listed for each company. Staff finds them comprehensive and so agrees with them.

#### 1) PacifiCorp

- a) 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).
- b) Continuation of the delivery of the Blue Sky options using services offered through existing Commission-approved third-party contracts which provide the following services: retail marketing, REC supply, and funds administration.
- c) Present a draft RFP for third-party program services commencing January 1, 2019 to POC for review no later than first meeting of 2018.

---

<sup>2</sup> See POC webpage for copy of charter at [http://www.puc.state.or.us/electric\\_restruc/purpose/POC\\_Charter\\_Final\\_May\\_2013.pdf](http://www.puc.state.or.us/electric_restruc/purpose/POC_Charter_Final_May_2013.pdf)

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

2) Northwest Natural

- a) Continuation of current Commission-approved "Smart Energy" greenhouse gas emissions offset program and procurement of offsets through The Climate Trust.

3) Portland General Electric

- a) Continuation of current Commission-approved customer options: Time of Use, Green Source, Clean Wind, Green Future Solar, and Habitat Support.
- b) Continuation of program delivery using existing Commission-approved third-party marketing/education and supply contracts.
- c) Continuation of current PGE contract with The Nature Conservancy as its habitat restoration provider.

*POC Recommendations for Membership*

The POC recommends the following membership roster for Commission approval for the July 2017 to June 2018 term. The POC successfully recruited one new residential consumer representative in the past year. The POC has actively been recruiting new members since its last memo but has not replaced all available spots. Currently, there is one small non-residential consumer representative seat open. The POC will recruit new members to fill those seats in 2017-2018 and recommend appointment of new POC members to the Commission.

<b>Portfolio Options Committee Membership Roster June 2017</b>		
<b>Member Name</b>	<b>Company</b>	<b>Representing</b>
Rebecca Smith	Oregon Department of Energy – Chair	Oregon Department of Energy
Andrew Warren	Oregon Department of Energy – Proxy	Oregon Department of Energy
Eric Lovell	Uroboros Glass – Vice Chair	Small non-residential consumers
TBD	TBD	Small non-residential consumers
Mike Goetz	Citizens' Utility Board	Residential consumers
Ralph Mastro Monaco	Unaffiliated	Residential consumers
Pamela Birkel	Unaffiliated	Residential consumers
Sven Gatchev	Unaffiliated	Residential consumers
Rebecca Brown	Portland General Electric	Electric companies
Josh Halley*	Portland General Electric – Proxy	Electric companies
Natasha Soares	PacifiCorp	Electric companies

<b>Portfolio Options Committee Membership Roster June 2017</b>		
<b>Member Name</b>	<b>Company</b>	<b>Representing</b>
Berit Kling*	PacifiCorp – Proxy	Electric companies
Brian Harney	Northwest Natural	Gas companies
Gail Hammer	Northwest Natural – Proxy	Gas companies
Danny Grady*	City of Portland	Local governments
Andria Jacob	City of Portland – Proxy	Local governments
Tim Lynch	Multnomah County	Local governments
John Wasiutynski	Multnomah County - Proxy	Local governments
Nolan Moser*	Oregon Public Utility Commission	Commission Staff
Mark Bassett*	Oregon Public Utility Commission - Proxy	Commission Staff
Dina Dubson Kelley	Renewable Northwest	Public or regional interest groups
Michael O'Brien	Renewable Northwest – Proxy	Public or regional interest groups

*\*Indicates prospective members or changes to the Committee to be approved by the Commission.*

#### *POC Recommendations for This Year's Work Plan*

Every year the POC proposes a work plan for the coming year. The 2017-2018 work plan has seven items the POC will attempt to address:

1. Annual Review of Marketing and Administration Cost Metrics
2. Developing a Report and Update on Utility Program Performance to Goals
3. Continued Monitoring of Contingency Funds
4. Continued Monitoring Impacts of SB 1547
5. Securing POC Member Access to Confidential Materials
6. Exploring New Portfolio Options
7. Exploring New Responsibilities for the POC

The last two are of particular interest to Staff because they represent an opportunity to collaboratively explore a strategic shift in the scope of the POC. The work plan item to explore new portfolio options, the POC members have proposed to conduct an analysis of voluntary opportunities for customers that could benefit from POC input. Staff finds this exploration appropriate given statute, rules and the POC's charter and appreciates the leadership and initiative shown by the POC members in raising this issue. Staff plans to work closely with the POC and the utilities over the coming year to develop a report on this topic for the Commission.

The concept of new responsibilities for the POC grew out of the recognition that the energy service options faced by utility customers are growing rapidly. The POC noted that there could be many other areas overseen by the OPUC where a consumer-based, advisory body could add both value and insight to the work the Commission does. Staff

agrees and sees this going hand-in-hand with the exploration of the new portfolio options. Per the recommendation from the POC in its work plan, Staff will consider the capacity of the POC, as it is presently constituted, and report to the Commission and the POC regarding what new areas of responsibilities are most aligned with its current structure.

For both of these items, Staff will work with a subcommittee of POC members to develop a planning document to share with the Commission by October 2017. The planning document will include a work scope and schedule.

#### Conclusion

The recommendations by the POC for 2017-2018 are thorough and, if completed, will position the POC well to conduct its oversight duties.

#### **PROPOSED COMMISSION MOTION:**

- 1) Approve the continuation of the portfolio options products offered by Portland General Electric (PGE), PacifiCorp (PAC), and Northwest Natural Gas Company (NW Natural), as follows:
  - a) PAC –Blue Sky Block, Blue Sky Usage, Blue Sky Habitat and Time of Use;
  - b) NW Natural – Smart Energy;
  - c) PGE –Clean Wind, Green Source, Habitat Support, the Renewable Solar Option, and Time of Use.
- 2) Approve the continuation of the delivery of services using existing Commission-approved, third-parties by PAC and PGE.
- 3) Appoint the individuals nominated by the Portfolio Options Committee (POC) to serve the July 2017 through June 2018 term.
- 4) Approve the POC 2017-2018 Work Plan.

UM1020 POC Recommendations 2017-2018  
July 6, 2017  
Page 7

Appendix A

## MEMORANDUM

---

Date: June 14, 2017  
From: Rebecca Smith, Chair, Portfolio Options Committee  
To: Nolan Moser, Public Utility Commission of Oregon Staff  
RE: 2017 Recommendations to the Commission from the Portfolio Options Committee

---

Pursuant to OAR 860-038-0220(3), by July 1 of each year, the Portfolio Options Committee (POC) recommends portfolio options to the Commission that will be effective on January 1 of the following year. 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:

#### **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 using services offered through existing Commission-approved third-party contracts which provide the following services: retail marketing, REC supply, and funds administration.
- Present a draft RFP for third-party program services commencing January 1, 2019 to POC for review no later than first meeting of 2018.
- Continuation of the current PacifiCorp contract with The Freshwater Trust as its Blue Sky Habitat fund administrator.

#### **Northwest Natural**

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

#### **Portland General Electric**

- Continuation of current Commission-approved customer options: Time of Use, Green Source, Clean Wind, Green Future Solar, and Habitat Support.
- Continuation of program delivery using existing Commission-approved third-party marketing/education and supply contracts.
- Continuation of current PGE contract with The Nature Conservancy as its habitat restoration provider.

### **POC Membership Recommendations**

Pursuant to OAR 860-038-0005(2), the POC is "a group appointed by the Commission, consisting of representatives from Commission Staff, the Oregon Department of Energy, and the following:

- (a) Local governments;

- (b) Electric companies;
- (c) Residential consumers;
- (d) Public or regional interest groups; and
- (e) Small nonresidential consumers.

The POC recommends the following membership roster for Commission approval for the July 2017 to June 2018 term. The POC successfully recruited one new residential consumer representative in the past year. The POC has actively been recruiting new members since its last memo but has not replaced all available spots. Currently, there is one small non-residential consumer representative seat open. The POC will recruit new members to fill those seats in 2017-2018 and recommend appointment of new POC members to the Commission.

<b>Portfolio Options Committee Membership Roster June 2017</b>		
<b>Member Name</b>	<b>Company</b>	<b>Representing</b>
Rebecca Smith	Oregon Department of Energy – Chair	Oregon Department of Energy
Andrew Warren	Oregon Department of Energy – Proxy	Oregon Department of Energy
Eric Lovell	Uroboros Glass – Vice Chair	Small non-residential consumers
TBD	TBD	Small non-residential consumers
Mike Goetz	Citizens’ Utility Board	Residential consumers
Ralph Mastromonaco	Unaffiliated	Residential consumers
Pamela Birkel	Unaffiliated	Residential consumers
Sven Gatchev	Unaffiliated	Residential consumers
Rebecca Brown	Portland General Electric	Electric companies
Rob Macfarlane*	Portland General Electric – Proxy	Electric companies
Natasha Siores	PacifiCorp	Electric companies
Berit Kling*	PacifiCorp – Proxy	Electric companies
Brian Harney	Northwest Natural	Gas companies
Gail Hammer	Northwest Natural – Proxy	Gas companies
Danny Grady*	City of Portland	Local governments
Andria Jacob	City of Portland – Proxy	Local governments
Tim Lynch	Multnomah County	Local governments
John Wasiutynski	Multnomah County - Proxy	Local governments
Nolan Moser*	Oregon Public Utility Commission	Commission Staff
Mark Bassett*	Oregon Public Utility Commission - Proxy	Commission Staff
JP Batmale	Oregon Public Utility Commission - Proxy	Commission Staff
Dina Dubson Kelley	Renewable Northwest	Public or regional interest groups
Michael O’Brien	Renewable Northwest – Proxy	Public or regional interest groups

*\*Indicates prospective members or changes to the Committee to be approved by the Commission.*

## Recommendations

The POC proposes that the Commission adopt the following:

### 1. 2017-2018 Work Plan – See Attachment A

The POC proposes that the Commission formally adopt the POC's 2017-2018 Work Plan found in Attachment A.

### 2. Continuation of Executive Session Review

The POC asks the Commission to support continuing the Executive Session reviews. During the annual review of the programs, the POC reviews each voluntary program's costs and participation data. Each utility provides its data to the OPUC using a Staff-developed reporting template. The metrics in the report cover a three-year period.

The POC held its annual Executive Session on April 5, 2017 and a follow-up discussion on April 19. This year marked the fifth annual Executive Session in which the POC reviewed data from PacifiCorp's Blue Sky, PGE's Green Source, Clean Wind, and Green Future Solar, and NW Natural's Smart Energy programs. During this year's Executive Session and in subsequent meetings, the discussion centered on:

- Review and analysis of program cost metrics;
- Clarifying each utility's goals and strategies for their voluntary programs;
- Program customer retention rates, or "churn," and the relationship between participant acquisition costs and their anticipated contribution to the program goals;
- Continued monitoring of the utilities' contingency funds; and
- Monitoring the impacts of SB 1547 as it pertains to the POC.

## POC Work Plan for 2017-2018

### 1. Review Updates to Marketing and Administration Cost Metrics

The POC's Executive Session reviews basic program metrics, including marketing and administration (M&A) activities. The metrics are intended to help the POC confirm that the use of portfolio revenues for these purposes is appropriate.

There has been an ongoing discussion at the POC of the usefulness of the M&A cost metrics and whether they are capturing data the POC can use to make informed recommendations. In 2016, the POC determined that the metrics needed to be modified to give better information on costs and allocations. To that end, a subcommittee of utilities and marketers was formed and investigated options for updating the metrics. In October 2016, the subcommittee presented its recommendations to the POC based on the issues identified with the existing metrics. These issues included:

- The spending band used for the M&A costs per eligible customer is a "one size fits all" solution and doesn't reflect program realities, such as the real costs to enroll and retain

- customers, inflation, educational activities, or account for factors such as high program enrollment;
- The metric of M&A as a percentage of revenue can go up significantly when utilities change the price of program participation, as happened when PGE reduced participation costs per kWh in 2013; and
  - The metric of M&A per new participant enrolled was not an accurate reflection of the actual cost per new participant enrollment. In fact, it was inflated by including costs to administer the program to current participants.

Based on these issues, the subcommittee made the following recommendations to the POC:

- Remove the band for M&A spending per eligible customer;
- Add a new metric of the program price per kWh versus the national average to provide context; and
- For the metric of M&A per new participant enrolled, create an accurate description of cost per new participant enrolled.

The POC discussed that each utility charges different amounts and that the “grant programs” function as a place for funds to flow into when revenues are in excess of operational costs and REC purchases. However, the POC did not agree that using “maintenance and acquisition” metrics in place of marketing and administration for the costs per new participant enrollment was appropriate.

The POC decided not to pursue the proposal to adopt a new metric comparing Oregon voluntary green program prices to a national average; however, the POC encourages utilities to provide national context using information from the NREL report or other reputable resource. OPUC Staff and the POC Chair felt that this metric would provide little value. First, the disparate nature between the voluntary programs and state policies make comparisons difficult. Second, the timing of the national report from NREL and the long-term commitment of NREL to produce this report created uncertainty about metric production and viability. Lastly, the POC is focused on consumer protection in Oregon. While the POC appreciates that all three voluntary programs are industry-leading, Staff and the Chair believe that metrics of performance should be focused at the utility level so as to best represent and protect the interests of participants.

In terms of the metric of M&A per new participant, by breaking out actual acquisition costs for this equation (acquisition ÷ new participants), a more accurate description of the costs per new enrollment may be determined. An additional metric that shows the cost of program maintenance per participant (maintenance costs ÷ program participants) was recommended by the POC.

In order to arrive at a resolution, the POC discussed an interest in greater visibility into utilities’ administrative and marketing costs, which had to-date been combined when reported to the POC Executive Session. A concern is that the efficient use of funds for either of these broad cost categories cannot be as effectively monitored by the POC when they are combined. The POC recognizes that each utility’s contracts and accounting system structure make the prospect of isolating these costs difficult. As a first move towards splitting these cost categories, the POC adopted the following definitions, based on best practices from NREL and Green-e, for

marketing and administration, and utilities will track all 2017 costs accordingly and report these costs separately in the 2018 Executive Session:

**Marketing costs** include all spending associated with advertising, promoting, and selling the portfolio products including labor directly in support of those efforts in the acquisition of new participants. This would include direct expenses related to bill inserts, direct mail, TV/radio, events, telemarketing, billboards, enrollment offers, sales training of call-center staff, etc.

**Administrative costs** include labor and non-labor costs associated with program operations, customer service, retention, welcome packets, website maintenance, reporting, transactions, billing, training, managing inventories, and legal/regulatory reviews, etc.

Further, to improve understanding of the efficiency of the use of program revenues for marketing and administration expenses, there has been continued discussion on how each utility can report their expected average retention rates for existing customers in their 2018 confidential expense reports. The POC is reviewing this issue and will make recommendations for how to track and report retention rates over the next year.

The POC will work with the utilities in 2017-2018 to evaluate the usefulness of each metric, make a recommendation to retain or replace each metric, and to update expected costs ranges. Once the utilities report costs using the new marketing and administration split in the 2018 Executive Session, the POC will determine whether this updated metric is performing as anticipated and recommend changes as needed.

The POC recognizes that the M&A cost topic has consumed a lot of POC time over the past year, as a major review and updating of the metrics was undertaken. The POC feels that this effort is drawing to a close, and that this topic will occupy less time in upcoming years.

## 2. Clarification of Utility Program Goals

The POC recognizes that Oregon utilities have developed nation-leading renewable energy voluntary support programs with enviable participation rates. The POC has not determined whether utilities' program goals are aligned with the overall portfolio program goals. The POC requested that utilities submit written program goals for the December 2016 meeting. Due to inclement weather, the December 2016 and January 2017 meetings were cancelled and the POC had initial discussions on these goals at the February 8, 2017 meeting. No agreement was reached on the updated goals.

In the Executive Session it was discussed that rather than continue an ongoing discussion seeking to define each utility's goal, the POC should instead look to existing statute, rules, and the POC charter to serve as the *de facto* goal of each utility's voluntary program.

Namely:

Statute: ORS 469A.205 *Green Power Rate*

"Electric utilities shall allow retail electricity consumers to elect a green power rate."

Rule: OAR 860-038-0220 *Portfolio Options*

"1.) An electric company must provide each residential consumer who is connected to its distribution system with a portfolio of product and pricing options. ...

4.) The portfolio must include at least one product and rate that reflects renewable energy resources and one market-based rate."

POC Charter *Organizing History*

"...In reviewing existing and proposed portfolio option products, the Committee's current goals are to support:

- Renewable energy and carbon offset markets,
- Growth in participation rates at reasonable costs,
- High-quality consumer education on portfolio options and renewable energy and carbon offset markets, and
- Valuable and reasonable rate options for customers."

Independent of more specific goals or annual numeric targets, Staff and the POC believe the combination of these items could function as the utilities' goals for the POC. Staff and the POC have already begun to develop metrics to assess "growth in participation rates at reasonable costs." These metrics will allow the POC to assess and comment upon operational costs and voluntary programs activities relative to the "goals" as adopted by the POC. The POC will work on this over 2017-2018 and report back to the Commission next year.

### 3. Continued Role in Monitoring Contingency Funds

As part of its annual review, the POC has absorbed the new duty of monitoring funds held back from projects to cover contingencies. During the 2015-2016 term, the POC found some of the contingency funds to be unexpectedly high. Utilities responded to POC concerns with information that indicated this was partly a matter of project timing, and contingency fund levels have since returned to more appropriate levels as of 2017.

### 4. Monitor Impacts of Senate Bill (SB) 1547 as it pertains to the POC

SB 1547 (2016), which increases utilities' renewable portfolio standard requirements to 50% renewable energy by 2040 and eliminates coal generation imports by 2035, has changed Oregon's energy regulation landscape. Implementation of this bill will continue throughout 2017 and the POC believes that it is important to evaluate how SB 1547 will affect POC programs and participant enrollments, particularly the 100% renewable purchase options and how they are marketed. This represents a continuation of ongoing conversations at the POC on how best to address the interaction between mandatory and voluntary programs, as well as on the role of the portfolio programs themselves in an increasingly mandated renewable environment.

### 5. Project Co-Funding

The POC has a role to play in ensuring that green program funds contributed by voluntary participants are directed to projects in accordance with stated objectives and established guidelines. At the direction of the Commission, OPUC Staff conducted a review into co-funding of projects with utility green program voluntary funds and the ETO public purpose monies

collected from customers for renewable energy incentives in 2016-2017. Specifically, the Commission asked Staff to revisit the “appropriateness of commingling of funds” collected from voluntary programs and the public purpose charge, respectively.<sup>1</sup> The POC will continue to monitor the co-funding discussion at the Commission and how it affects project development funded by voluntary program funds.

#### 6. New Portfolio Options

The POC has previously reviewed time-of-use options and also received briefings on separate efforts, such as critical peak pricing, advanced metering infrastructure, and water heater direct load control. As required by ORS 757.602(2)(b), utilities must offer time-of-use products. In 2004, the POC and utilities agreed that it was not cost-effective to actively market these options and in the following years these products have been available to customers and have been detailed on utility retail labels, but there is no active solicitation of new enrollments. In 2016, a member utility presented data to the POC detailing that the costs associated with marketing these products were still prohibitively high. However, the POC believes there are opportunities for new demand response portfolio options beyond on/off peak options that could help integrate renewables. Discussions on this will continue in 2017-2018 and the POC will provide recommendations for further analysis or action, as warranted, in 2018.

#### 7. New Responsibilities for the POC

The POC’s primary role is to recommend portfolio options and delivery mechanisms to the PUC. There have been discussions in the past on the appropriateness of enlarging the purview of the POC, such as providing oversight to potential new large commercial and industrial customer programs.<sup>2</sup> With emerging new programs like community solar, demand response pilots, and more granular, voluntary tariffs, the POC may be a natural choice for a consumer-based advisory body to the OPUC. The POC would note that any additional roles should balance volunteer time commitments and Staffing resources. The POC recommends that Commission Staff first consider the capacity of the POC as presently constituted. The POC will need Commission-directed organizational and compositional changes if required to expand its role into new areas. The POC will evaluate, through a subcommittee, its ability to take on new responsibilities and report to the Commission.

#### 8. Access to Confidential Materials during Executive Sessions

Currently, materials presented by the utilities at the Executive Sessions are only available to the POC members the day of the meeting and then they must be returned. This is due to the confidential nature of the materials. However, this makes proper analysis and oversight by POC members exceedingly difficult if not impossible. We would ask the Commission to consider granting all POC members intervenor status under UM 1020 so that confidential materials – critical to oversight – can be shared with them. The POC requests ALJ guidance on how to

---

<sup>1</sup> UM 1020, In the Matter of Public Utility Commission of Oregon, Recommendations for Guidelines and a Distribution and Reporting Process for Grants of Portfolio Options Voluntary Renewable Funds, Order No. 16-123 p. 1.

<sup>2</sup> UM 1690, In the Matter of Public Utility Commission of Oregon, Voluntary Renewable Energy Tariffs for Non-Residential Customers, Order No. 16-251.

update the protective order, including potential Huddle access, as well as provision of information to POC members on confidentiality requirements.

### **Summary**

The POC recommends that the Commission approve the:

1. Continuation of the current Portfolio Options;
2. Appointment of new members; and
3. Approval of the POC 2017-2018 Work Plan – Attachment A.

## ATTACHMENT A

### Portfolio Options Committee Work Plan 2017-2018

---

#### Meeting Schedule

- September 13, 2017
- October 11, 2017
- December 13, 2017
- February 7, 2018
- April 2018 Executive Session
- May 2018

#### Annual POC Oversight Activities

- General program updates and reviews take place at the May and December 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 1<sup>st</sup>.
- Items that must be reviewed by the POC in advance of PUC submission:
  - Utility RFPs for green marketers
  - Any significant changes to selected contractors, including extensions
  - Changes to POC-related tariffs
  - Significant and/or non-standard deployment of funds
  - New programs or offerings

#### Education and Presentations

- Presentation on Green-e certification for programs
- Committee protocol
- Special presentations of utility projects
- Resource value of solar in late 2017
- Solar incentive report to legislature
- Review of status of current or planned voluntary demand response, battery storage, electric vehicle, time of use, and solar customer options.

#### Special Projects and Issues for 2017-2018

- Review performance of updated cost metrics for marketing and administrative expenditures from portfolio revenues after 2018 Executive Session.
- Grant all POC members intervenor status under UM 1020 so as to allow non-utility POC members to review confidential materials in advance of each Executive Session and to securely retain those materials for later discussions.
- Discuss independent "goal" metrics in lieu of or as proxy for individual utility program goals.
- Monitor and engage with utilities during the program RFP and contracting process, per OAR 860-038-0220 and the POC charter.
- Closely monitor the use of accumulated program contingency funds.
- Monitor and discuss impacts of SB 1547 on renewable portfolio options program, RPS changes, and how they affect 100% purchase option.
- Assess POC capacity for new oversight responsibilities. Review new voluntary option products for customers as they emerge.

## ATTACHMENT B

### OAR 860-038-0005

#### Definitions

- (2) "Portfolio Options Committee" means a group appointed by the Commission, consisting of representatives from Commission Staff, the Oregon Department of Energy, and the following:
- (a) Local governments;
  - (b) Electric companies;
  - (c) Residential consumers;
  - (d) Public or regional interest groups; and
  - (e) Small nonresidential consumers.

(48) "Portfolio" means a set of product and pricing options for electricity.

### 860-038-0220

#### Portfolio Options

- (1) An electric company must provide each residential consumer who is connected to its distribution system with a portfolio of product and pricing options. An eligible customer may enroll in or exit renewable resource options at any time, subject to any switching fees approved by the Commission under subsection (8)(e) of this rule. The minimum term for customers enrolling in a market-based option is 12 months. Portfolio options will not be offered to large nonresidential consumers.
- (2) Sections (3) through (8) of this rule apply to residential portfolio product and pricing options.
- (3) By July 1 of each year, the Portfolio Options Committee will recommend portfolio options to the Commission that will be effective January 1 of the following year. Each recommended portfolio option shall specify a service period from 12 months to 36 months. The Commission is not bound by the recommendations of the Portfolio Options Committee.
- (4) The portfolio must include at least one product and rate that reflects renewable energy resources and one market-based rate. The Portfolio Options Committee will recommend the resource content of each renewable energy resource product. At least one renewable energy resource product will contain "significant new" resources. The Portfolio Options Committee will recommend a definition of "significant" based on an evaluation of resource availability, resource cost, and other factors. The portfolio options may include options for the collection of funds for future renewable resource purchases or collection of funds for energy related environmental mitigation measures such as salmon recovery.
- (5) Each electric company is responsible for administering the options, including but not limited to marketing and billing.
- (6) Each electric company must acquire the renewable supply resources necessary to provide the renewable energy resources product through a Commission-approved bidding process or other Commission-approved means. Each electric company may acquire the resources necessary to provide the other product and pricing options at its discretion.

- (7) Four months prior to the implementation of the portfolio product and pricing options an electric company must file tariffs for its portfolio options.
- (8) This section applies to residential and small nonresidential product and pricing options. An electric company must develop portfolio rates as follows:
  - (a) The portfolio rates must be based on the unbundled costs identified through the application of OAR 860-038-0200;
  - (b) The portfolio rates for any class of customer must be based on the unbundled costs to serve that class;
  - (c) The portfolio rates must include any additional electric company costs that are incurred when a consumer chooses to be served under the portfolio rate option;
  - (d) The portfolio rates must exclude electric company costs that are avoided when a consumer chooses to be served under the portfolio rate option;
  - (e) An electric company may impose nonrecurring charges to recover the administrative costs of changing suppliers or rate options; and
  - (f) Rates must be established so that costs associated with the development or offering of rate options are assigned to the retail electricity consumers eligible to choose such rate options.
- (9) This section applies to small nonresidential portfolio product and pricing options. The Portfolio Options Committee will recommend portfolio product and pricing options, if any, to the Commission for approval. The electric company must implement small nonresidential portfolio product and pricing options adopted by the Commission.
- (10) By March 31 for the prior calendar year, an electric company must acquire or issue renewable energy certificates in an amount at least equal to the electric company's sales of renewable energy certificates to residential and small nonresidential consumers for each renewable resource option.

Stat. Auth.: ORS 183, 756 & 757

Stats. Implemented: ORS 756.040 & 757.600 - 757.667

Hist.: PUC 17-2000, f. & cert. ef. 9-29-00; PUC 21-2001(Temp), f. & cert. ef. 9-11-01 thru 3-10-02; PUC 11-2002, f. & cert. ef. 3-8-02; PUC 13-2004, f. & cert. ef. 8-31-04; PUC 7-2009, f. & cert. ef. 6-25-09

**ATTACHMENT C**

<b>Portfolio Options Committee Membership Roster June 2017</b>		
<b>Member Name</b>	<b>Company</b>	<b>Representing</b>
Rebecca Smith	Oregon Department of Energy – Chair	Oregon Department of Energy
Andrew Warren	Oregon Department of Energy – Proxy	Oregon Department of Energy
Eric Lovell	Uroboros Glass – Vice Chair	Small non-residential consumers
TBD	TBD	Small non-residential consumers
Mike Goetz	Citizens’ Utility Board	Residential consumers
Ralph Mastromonaco	Unaffiliated	Residential consumers
Pamela Birkel	Unaffiliated	Residential consumers
Sven Gatchev	Unaffiliated	Residential consumers
Rebecca Brown	Portland General Electric	Electric companies
Rob Macfarlane	Portland General Electric – Proxy	Electric companies
Natasha Siores	PacifiCorp	Electric companies
Berit Kling	PacifiCorp – Proxy	Electric companies
Brian Harney	Northwest Natural	Gas companies
Gail Hammer	Northwest Natural – Proxy	Gas companies
Danny Grady	City of Portland	Local governments
Andria Jacob	City of Portland – Proxy	Local governments
Tim Lynch	Multnomah County	Local governments
John Wasiutynski	Multnomah County - Proxy	Local governments
Nolan Moser	Oregon Public Utility Commission	Commission Staff
Mark Bassett	Oregon Public Utility Commission - Proxy	Commission Staff
JP Batmale	Oregon Public Utility Commission - Proxy	Commission Staff
Dina Dubson Kelley	Renewable Northwest	Public or regional interest groups
Michael O’Brien	Renewable Northwest – Proxy	Public or regional interest groups

## ATTACHMENT D

### Guidelines and Procedures for New Products

The following guidelines and procedures are intended to foster communication amongst a utility or individual proposing a new renewable energy product offering to include within a utility's portfolio and the Portfolio Options Committee (POC). The guidelines and procedures were created with the intent of promoting creativity and allowing for new ideas to be explored while ensuring that the proposed product meets basic and necessary criteria.

#### Guidelines for New Voluntary Product Design

1. Generally speaking, three voluntary products per utility is the maximum amount of options that customers are willing to consider.
2. A new option should offer something that the others do not.
3. "Charitable donation programs" should not be considered.
4. Product must be distinct from what is already provided in rates.
5. There should be a demonstrated minimum market opportunity for the product. Utilities need to provide at least a basic market analysis that suggests potential market viability.
6. The product needs to consist of 100% renewables, as defined by Green-e Standards.
7. There should be a preference for product-associated renewable power projects to be sited as local as possible in regards to renewable generation sources. Preference is determined based on the following scale: primary preference Oregon, secondary preference Pacific Northwest (Washington, Idaho, Montana), tertiary preference from within the WECC.
8. Pilot programs are acceptable forms of new products.

#### Procedure for New Voluntary Product Review and Recommendations

1. A utility or stakeholder creates a proposal for a new product. The proposal must be written and distributed prior to the POC meeting at which it is presented. A stakeholder proposal must demonstrate discussion of the product with either utility.
2. The utility or stakeholder presents the framework at the POC meeting following distribution of the written proposal. The utility or stakeholder must address the New Product Development Guidelines listed above.
3. The POC may vote to advance the proposal to the New Product Development Subcommittee.
4. The New Product Development Subcommittee reviews the proposal against the New Product Development Guidelines and makes a recommendation on the proposal to the POC. The recommendation should reference the New Product Development Guidelines but is not

required to demonstrate that all of the Guidelines have been satisfied.

5. The New Product Development Subcommittee presents its recommendation to the POC. The POC holds a discussion regarding the proposal and decides by majority vote whether or not to make a recommendation on the proposal to the Oregon PUC. The POC may also elect to stay a proposal for future consideration.

#### **New Product Proposal Outline**

- I. Describe how the proposed product differs from products currently being offered and why this product would be a beneficiary addition to existing portfolio options.
- II. Describe how the proposed product is different from what is already offered to customers through rates.
- III. Describe the renewable energy source(s) for the proposed product and how those sources meet the definition of “renewable” as defined by Green-e Standards.
- IV. Describe the geographical location of the renewable energy sources that will be used in the proposed product.
- V. Describe the cost structure of the proposed product and in what form participants will be charged to participate.
- VI. Describe the minimum market opportunity for the proposed product and provide any market analysis to support market viability.