



Oregon

Kate Brown, Governor



550 Capitol St. NE
Salem, OR 97301
Phone: 503-378-4040
Toll Free: 1-800-221-8035
FAX: 503-373-7806
www.oregon.gov/energy

Renewable Portfolio Standard Rulemaking Workshop

August 30, 2017

Call to Order/Introductions

The meeting was called to order at 9:00 a.m. by ODOE staff. The purpose of this meeting was to discuss updating ODOE's administrative rules relating to the Renewable Portfolio Standard to incorporate all relevant changes from SB 1547 (2016). The floor was opened to introductions:

In Person

- Rebecca Smith, ODOE
- Andrew Warren, ODOE
- Jessica Reichers, ODOE
- Wendy Simons, ODOE
- Stephen MacDonald, citizen
- Greg Bass, Calpine Solutions
- Greg Adams, Calpine Solutions
- Aaron Toneys, Good Company
- Tracy Farwell, citizen
- Brendan McCarthy, PGE
- Pooja Kishore, PacifiCorp
- Elizabeth Howe, PacifiCorp
- Ed Averill, citizen

Attending remotely

- Dona Stein, Shell Energy
- Jason Joner, Wellons
- Ian Bledsoe, Clatskanie PUD
- Rebecca Brown, PGE
- Umatilla Electric Cooperative
- Catherine Gray, EWEB
- Mary Frantz, WREGIS
- Cesar Beltran, SMUD
- Bruce Martin, Westrock
- John Volkman, Energy Trust
- Mike Davis, Shell Energy
- Michael O'Brien, Renewable Northwest
- Business Oregon

Staff Presentation

Rebecca Smith gave a brief presentation that provided an overview of the administration of Oregon's RPS as well as the proposed scope of this RPS rulemaking (see below) and the proposed schedule:

- Changes to Renewable Energy Certificate banking rules (REC life) – OAR 330-160-0030
- Changes to delivery requirements for bundled RECs – OAR 330-160-0025
- Thermal RECs temporary rules – OAR 330-160-0015

Discussion on RPS Rulemaking Scope and Schedule

Tracy Farwell: Will the rulemaking only address RECs or will it have to do with all of the rulemaking associated with SB 1547? Will the rulemaking effort at ODOE involve anything other than RECs when implementing SB 1547?

ODOE: This rulemaking is pretty exclusively focused on RECs as ODOE is the administrator for the rules associated with the generation of RECs eligible for Oregon's RPS. There are other areas of SB 1547 in which the OPUC will take the lead on implementation and ODOE will participate in those processes, which may or may not necessitate later changes to ODOE rules, RPS-related or otherwise. But at this time, this rulemaking is focused on SB 1547 changes to the RPS, namely to statutes governing the generation of RECs.

Tracy Farwell: We're interested in the social cost of carbon and one of the best resources has been the EPA webpages/analysis and those pages have disappeared. What recourse do Oregonians have? What is Oregon planning to do with respect to the social cost of carbon? Is that included in implementation of SB 1547? Does ODOE have anything to do with that?

ODOE: ODOE's siting division does have some rules and guiding statutes related to carbon and siting applications. The siting division has just kicked off a rulemaking on that, and I can send anyone interested more information about it. Beyond that, ODOE is certainly interested in conversations about carbon and social carbon, but most of those conversations are led by Oregon DEQ. There will likely be proposed carbon legislation in the 2018 legislative session.

Brendan McCarthy, PGE: Department should consider when writing the rules that the statute is pretty clear on what the delivery requirements are. It's not clear that we need additional rule language around that given that the statute is clear. Adding language parroting the language of statute doesn't really add anything. You could add the language and be fine, or you could delete this whole subsection of rule and also be fine.

ODOE: This was a consideration when determining the scope of this rulemaking. We don't want to be overly duplicative but we are also concerned about unintended consequences of removing portions of rule.

Greg Bass, Calpine: When discussing delivery requirements, what kind of documentation are we talking about here? The operative phrase is "documentation demonstrating" but it isn't clear. Will it be the generator's hourly output, the contract, the e-tag that goes with the REC?

ODOE: If you look at the full rules, there is more information on how to demonstrate delivery. E-tags are one method.

Greg Bass, Calpine: What about the timeline of events and who is the owner of the REC for it to still be considered bundled.

Brendan McCarthy, PGE: I think to clarify, you're asking if you've sold a REC in the bank after the energy has been delivered, that is an unbundled REC. You can sell that REC, but it would be unbundled because

the energy has already been delivered. The bundled REC requirement requires you to have the energy and the REC at the point of delivery, and it may also require you to use that REC as a bundled REC. You cannot then sell that REC to another party as a bundled REC.

Greg Bass, Calpine: Are you sure about that?

Brendan McCarthy, PGE: Yes, because at that point in time you're not selling that REC with any energy.

Greg Bass, Calpine: So, once a REC is bundled, is it always bundled? Can it be "rebundled"?

Brendan McCarthy, PGE: The statute isn't clear on this. There's some gray area and we've certainly kicked these variables around. We don't have an answer.

Pooja Kishore, PAC: We would also consider a bundled REC later sold to another party as an unbundled REC because it's been separated from the electricity delivered. You could bank it for your own use as a bundled REC, but you couldn't sell it to another party as a bundled REC.

Jason Joner, Wellons: In following up on bundled and unbundled RECs, a question for ODOE and PGE, where do you fall on T-RECs with respect to bundled or unbundled?

ODOE: We tackled this question in our T-RECs rulemaking and because T-RECs are not associated with any deliveries of electricity to the grid, we found in our rulemaking that T-RECs are intrinsically unbundled. That said, there is in ORS 469A.145 a provision that allows for RECs generated at Oregon PURPA (QF) facilities to be outside of the 20% cap on the use of unbundled RECs for compliance. In our rulemaking, we determined that T-RECs from Oregon QFs were also exempt from the 20% cap on the use of unbundled RECs for compliance.

Jason Joner, Wellons: Is that PGE's understanding as well?

Brendan McCarthy, PGE: We didn't comment on that element of the department's rules during their rulemaking, but we feel it's reasonable. We defer to the department.

Tracy Farwell: Regarding demonstrating documents, if this language is deleted, is there still statutory language requiring demonstrating documents?

ODOE: Yes, there is statutory language regarding documentation for bundled RECs. Were we to consider removing subsections of language for rule, we would do a review to ensure that we are not removing any language not also backed up in statute.

Brendan McCarthy, PGE: Out of curiosity, how many thermal generation certifications has the department processed?

ODOE: We have not yet received an application, but we have had conversations with a number of generator representatives, and we expect to see anywhere from 2-5 applications before the end of the year.

Brendan McCarthy, PGE: So was that the driver for this temporary T-REC rule?

ODOE: Absolutely. We underestimated the complexity associated with facilities completing a full thermal energy management plan. This certification application is a heavy lift and we wanted to ensure that we were giving folks ample time to apply.

Greg Adams, Calpine: Going back to the REC bundling issue, would it be ODOE or the OPUC who would have the final word on that?

ODOE: All the information in Oregon statute regarding what qualifies as a bundled REC is also a part of ODOE rule, but OPUC provides oversight on RPS compliance. ODOE could provide an interpretation of its rule as needed on the delivery documentation, but again, OPUC makes the final decision on whether a REC is eligible for RPS compliance.

Question: What about residential solar customers or “pro-sumers”? When can RECs be developed for individual home installations? Where is that considered in the language for a utility meeting the RPS?

ODOE: For rooftop solar, the ownership of the RECs is determined through contracting. If there’s a contract with Energy Trust, then homeowners will usually have ownership of their RECs for the first five years of a project. However, the difficulty lies in metering and data – you need utility-grade metering and you need the data to be delivered to a reporting entity.

Question: I’m more concerned with the actual physical dynamic of this. Why couldn’t the residential consumer benefit from a lesser value than 1 MWh? We can get to a 15-minute interval with usage, but why is there no language around this? And then ESSes could aggregate these lesser value credits.

ODOE: WREGIS allows for aggregation of smaller projects, and PGE and PacifiCorp do some project aggregation. In terms of how the customer participates in that, ODOE doesn’t have anything in rule yet as our role is to implement statute and there’s no statute there yet.

Brendan McCarthy, PGE: There was an effort with WREGIS to figure out a way that net metered projects, mostly residential, could be aggregated in some way and that value could be returned to the customers of the utility, broadly speaking. ODOE, PGE, PacifiCorp and others on the phone were involved in these talks and it’s more difficult than one would expect. It’s not a question of smart meters either, but one of revenue-grade meters, which are expensive and for which homeowners usually don’t want to pay.

Pooja Kishore, PacifiCorp: A big issue for WREGIS was data integrity as well. It’s something we’ve looked at with others in this room for a really long time.

Tracy Farwell: Is there any documentation anywhere of these previous conversations?

ODOE: Yes, there was PCR 232 at WREGIS, and ODOE can provide more information to those who are interested.

The meeting adjourned at approximately 10:00 a.m.