

Bill would help companies go directly to the source for renewables in Oregon

Independent power producers in Oregon plan to introduce a bill that would make it easier for corporations to buy renewable power directly from them.

By: Pete Danko, Staff Reporter
March 1, 2017

For several years now, big corporations like Google, Facebook, Amazon and Apple have struck deals to buy renewable energy directly from non-utility power producers, saving money, greening their reputations and spurring construction of wind and solar plants all around the country — but not in Oregon.

Efforts have foundered before, but a new attempt to pry open the market is unfolding in the Legislature with a bill that would require the state's biggest utilities, Portland General Electric and PacifiCorp, to establish "renewable direct access programs."

"Major employers in the state are kicking in the stalls to go above and beyond the renewable portfolio standard, and the way they want to do that is most cost effectively, by going directly to the market," said Robert Kahn, executive director of the Northwest & Intermountain Power Producers Coalition, the group behind the bill. "That's what this bill is about."

As of press time, the bill hadn't yet been introduced, but under a draft version, the PUC would be tasked with writing rules that encourage direct renewable-energy purchases by companies, in part by requiring the commission to recognize "the reduction of emissions and other environmental benefits" they would bring.

That might sound like a sure winner in green Oregon, but the state has struggled for nearly two decades to balance corporate desires for more flexibility in sourcing their power and utility fears of being left economically vulnerable, and the bill is likely to be contentious.

As it stands, Oregon has provisions that allow non-residential customers to go outside their utility for power, but the so-called "direct access" structure hasn't given the state the onslaught of corporate purchases of renewable energy that's occurred in other states.

Letha Tawney, Portland-based director of utility innovation at the World Resources Institute, which works to encourage such purchases, said there were "barriers to entry that make the program difficult to use" in Oregon, and participation was low.

That's especially true with PacifiCorp; according to NIPPC, just 3.5 percent of eligible PacifiCorp customers do direct access.

PacifiCorp spokesman Ry Schwark, who said he didn't know if that number was correct, said the company follows direct access rules set by the PUC.

"They spend a great deal of time to ensure the rules are fair to all customers," Schwark said. "We're a regulated utility, and we're very constrained in what we're permitted or not permitted to do, and that's how we proceed."

Corporations, however, have said PacifiCorp maneuvers to make direct access difficult.

In 2016, energy service supplier Noble Americas Energy Solutions sued the PUC about the direct access regulations in place for PacifiCorp. In an amicus brief, NIPPC and several large companies — Albertsons Cos., The Kroger Co., NORPAC Foods Inc., Providence Health & Services and Walmart — wrote that "PacifiCorp proposed Direct Access program rates so high as to essentially create a complete economic barrier to customer participation by imposing ... an inflated 'transition' charge that makes participation uneconomic."

One company, however, did apparently make it over the barrier recently.

Avangrid Renewables, an energy services supplier, said last year that it reached a power purchase agreement with an unnamed "Fortune 500 commercial and industrial company" for the power from the 56-megawatt Gala Solar plant, now under construction near Prineville, in PacifiCorp's territory.

Avangrid declined to comment on how that deal got done. Kahn called it "the exception that proves the rule."

Google broke new ground in buying renewables directly several years ago — though not in Oregon, where it operates major data centers — and others have since joined in. In 2015, corporations did deals for 3.25 gigawatts of power, according to tracking by the Rocky Mountain Institute. That fell to 1.56 gigawatts in 2016, but Tawney said interest was still high.

She said it can be good for the bottom line, because the price of renewables has fallen so sharply, while helping companies meet green goals that are a big part of their brand identities.

And, she said, direct corporate purchases of renewable energy can be good for the states where they happen.

"Reliable and clear access to affordable renewable energy is more and more just required in new siting and expansion of facilities, particularly for the data center sector," she said. "It behooves any jurisdiction to make that pathway as clear as possible without impacting other ratepayers."