

Rocky Mountain Power
Exhibit RMP__(GWH-1)
Docket No. 16-035-__
Witness: Gary W. Hoogeveen

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Gary W. Hoogeveen
Corporate Renewable Energy Buyers' Principles

June 2016

CORPORATE RENEWABLE ENERGY BUYERS' PRINCIPLES: INCREASING ACCESS TO RENEWABLE ENERGY



Sixty percent of the largest US businesses have set public climate and energy goals to increase their use of renewable energy.¹ Companies are setting these goals because reducing energy use and using renewable energy have become core elements of business and sustainability strategies.

Businesses are actively and successfully adding renewable energy to their own facilities and increasingly entering into contracts to buy or invest in offsite renewable energy. Even though cost-effective project opportunities currently exist, with billions of kilowatt hours still needed to meet their renewable energy goals, businesses face a variety of challenges accessing cost-effective projects on favorable terms.

The following principles frame the challenges we are facing and our common needs as large renewable energy buyers. We developed these principles to help facilitate progress on these challenges and to add our perspective to discussions underway across the country on the future of our energy and electricity system.

We hope these principles will open up new opportunities, choices and collaborations that will help businesses meet their public goals to increase the use of renewable energy.² We encourage others to join us in supporting these principles to expand and streamline the opportunities for renewable energy procurement.

IN ORDER TO MEET CUSTOMER NEEDS AND DRIVE IMPACT WE, THE ABOVE-SIGNED COMPANIES, ARE SEEKING, IN NO PARTICULAR ORDER, THE FOLLOWING FROM THE MARKETPLACE:

1 Greater choice in our options to procure renewable energy

It is important to have choice when selecting energy suppliers and products to meet our business and public goals.

2 Cost competitiveness between traditional and renewable energy rates

We know renewable energy can already achieve cost parity, or better, compared with traditional energy rates. When purchasing renewable energy directly, we would like to be able to buy renewable energy that accurately reflects the comprehensive costs and benefits to the

system. Many of us are willing to explore alternative contract arrangements (e.g., entering into long term supply arrangements with utilities and other suppliers to provide revenue certainty) that can bring down the cost of capital.

3 Access to longer-term, fixed-price renewable energy

A significant part of the value to us from renewable energy is the ability to lock in energy price certainty and avoid fuel price volatility. Many companies would like to have options for entering into contracts over various time periods.

FOOTNOTES

1 WWF, Ceres and Calvert Investments (2012) Power Forward: Why the World's Largest Companies are Investing in Renewable Energy.

2 These are general principles and they are not intended to limit the scope of individual company efforts to responsibly procure renewable energy.

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Access to projects that are new or help drive new projects in order to reduce energy emissions beyond business as usual

We would like our efforts to result in new renewable power generation. Pursuant to our desire to promote new projects, ensure our purchases add new capacity to the system, and that we buy the most cost-competitive renewable energy products, we seek the following:

a. Access to bundled renewable energy products—energy and Renewable Energy Credits (RECs)

We are increasingly interested in access to bundled energy and REC products. Unbundled RECs do not deliver the same value and impact as directly procured renewable energy from a specific project or facility.

b. Ability to prevent double counting within the energy consumer community

In order to claim the benefits of our renewable energy purchases to satisfy our public goals and reduce our carbon footprint, current US rules require that we retain ownership of the RECs or that they are retired on our behalf.

Some companies find this single-instrument system creates competition between energy generators and energy users that can slow the growth of voluntary corporate renewable purchases. We welcome discussion to explore market mechanisms that enable greater voluntary growth of renewable energy while maintaining accounting integrity.

What is most critical to us is that we have the ability to add more renewable energy to the system and claim the consumption of the relevant renewable energy and GHG emission benefits while preventing another energy user from claiming consumption of the same renewable energy.

c. Renewable energy delivery from sources that are within reasonable proximity to our facilities

Where possible, we would like to procure renewable energy from projects near our operations and/or on the regional energy grids that supply our facilities so our efforts benefit local economies and communities as well as enhance the resilience and security of the local grid.

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Increased access to third-party financing vehicles as well as standardized and simplified processes, contracts and financing for renewable energy projects

To access renewable energy at the competitive prices and scale we need to meet our goals, many companies are financing and/or procuring renewable energy through third-party providers using power purchase agreements (PPAs) and/or lease arrangements. Increasing access to these types of effective and affordable financing tools is critical.

Initially, for some companies, these processes can be complex and costly since they are outside of their core business functions. Simplifying and standardizing policies, permitting, incentives and other processes for direct procurement are high priorities for many companies.

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Opportunities to work with utilities and regulators to expand our choices for buying renewable energy

Procuring renewable energy in partnership with our local utilities may be a more efficient and cost-effective option. We welcome the opportunity to work with local utilities to design and develop innovative programs and products that meet our needs as well as those of our energy suppliers. In such collaborations, we would seek renewable energy products and programs that address the above principles and that

a. fairly share the costs and benefits of renewable energy procurement

We seek to purchase renewable energy that reflects the net costs and benefits to the system, including the actual cost of procurement and benefits, such as, but not limited to, avoided energy and capacity benefits, without impacting other rate payers.

b. apply to new and existing load

To meet our public goals, we need renewable energy for both new and existing operations.

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These principles have emerged through discussions between the participating companies convened by WWF and WRI. The companies identified common challenges to meeting their renewable energy goals and proposed establishing these principles. They worked together, facilitated by their NGO partners, with the goal of clearly communicating to the market the renewable energy products they would like to buy.

For more information or if your organization is interested in joining the principles, please visit www.buyersprinciples.org or contact:

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WWF is an organization dedicated to stopping the degradation of the planet's natural environment and building future in which humans live in harmony with nature. WWF achieves this mission through innovative partnerships that combine on-the-ground conversation, high-level policy and advocacy and work to make business and industry more sustainable. This work includes engagements with hundreds of companies across a range of sustainability issues, including our Climate Savers program and facilitation of the Corporate Renewable Energy Buyers' Group, which produced these principles.



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