



**Department of Commerce**  
Innovation is in our nature.

WASHINGTON  
**UTC**  
UTILITIES AND TRANSPORTATION  
COMMISSION

May 31, 2011

**I-937 Technical Working Group**

**Analytic Guidance: Tacoma Power Lilliwaup Falls Hydroelectric Project**

Nicolas Garcia  
Tacoma Power  
3628 South 35th Street  
Tacoma, WA 98409

Mr. Garcia:

On April 14, 2011, Tacoma Power submitted a letter to Commerce requesting comment on whether the Lilliwaup Falls Hydroelectric Project is an eligible incremental hydro resource under the state's Renewable Portfolio Standard (I-937). In the intervening month, Commerce, Washington Utilities and Transportation Commission staff and State Auditor staff worked together to convene the interagency I-937 Technical Working Group, comprised of staff representing Commerce and the UTC. On May 12, 2011, members of the TWG met to review Tacoma Power's request. We greatly appreciated your patience as we prepared this interagency response.

**Background**

Lilliwaup is a 1.5 MW hydroelectric facility located in Mason County near Hood Canal. The facility was constructed in the 1940s and extensively rebuilt in the 1980s. In 2001 a landslide demolished Lilliwaup's flumeway and the project ceased power production. The planned upgrade of an adjacent fish hatchery provides an opportunity to repair the power plant and provide the hatchery with additional water and electricity. Tacoma Power has asked if the power generation after repair and restart of this project qualifies as incremental hydropower as defined by RCW 19.285.030(10)(b).

**Relevant definitions per RCW 19.285.030 (10)(b)**

*Eligible Renewable Resource:* Incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, to hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest or to hydroelectric generation in irrigation pipes and canals located in the Pacific Northwest, where the additional generation in either case does not result in new water diversions or impoundments.

**Relevant definitions per RCW 19.285.020**

*Declaration of Policy:* Increasing energy conservation and the use of appropriately sited renewable energy facilities builds on the strong foundation of low-cost renewable hydroelectric generation in Washington state and will promote energy independence in the state and the Pacific Northwest region ...

**Relevant definitions per WAC 194-37-130**

*Documentation of Incremental Hydro:* The utility shall calculate renewable resource power from incremental hydropower as the increase in annual megawatt-hours of generation attributable to the qualified incremental hydropower efficiency improvements under average water generation.

**TWG Analysis and Response**

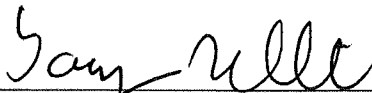
The TWG offers analytic guidance to provide more clarity on issues related to I-937; however, the guidance does not represent pre-qualification under I-937, nor does it represent a legal opinion. This guidance contains staff opinions based solely on facts presented in your letter and assumes those facts to be true and correct. Agency staff reserve the right to change their opinion should additional information come to their attention. These views are solely those of the agency staff and cannot be considered to be binding in any formal proceeding on this matter. It is incumbent on the utility using this process to make their case to the State Auditor or UTC, as appropriate.

Based on analysis of information you provided, the TWG found:

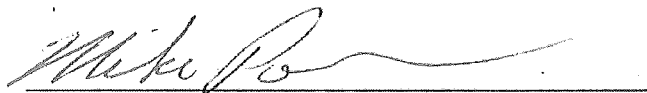
- This is an existing hydroelectric project with a history of power generation. Any incremental improvement should be calculated compared to the baseline production of the plant when it was in operation. The TWG does not consider repairing and restarting the plant an efficiency improvement. To qualify as a renewable resource, the utility must be able to document that additional work was completed that leads to an incremental improvement in efficiency of hydroelectric generation.

If you have questions, please contact Meg O'Leary at [meg.oleary@commerce.wa.gov](mailto:meg.oleary@commerce.wa.gov) or (360) 725-3121.

Thank you,



Tony Usibelli, Director, State Energy Office  
WASHINGTON STATE DEPARTMENT OF COMMERCE



Mike Parvinen, Energy Assistant Director  
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION