



## MEMORANDUM

TO: Jon Piliaris and Phil Haines

FROM: Zeia Lomax, Chris Schaefer and Brian Tyson

DATE: December 20, 2023

SUBJECT: Renewable Portfolio Standard

### Background

Chapter 480-109 of Washington Administrative Code (WAC) establishes rules that electric utilities must follow to comply with the requirements of the Energy Independence Act (Chapter 19.285 RCW). Specifically, WAC 480-109-200 Renewable portfolio standard states:

**(1) Renewable resource target.** Each utility must meet the following annual targets.

(c) By January 1st of each year beginning in 2020 and continuing each year thereafter, each utility must use sufficient eligible renewable resources, acquire equivalent renewable energy credits, or a combination of both, to supply at least fifteen percent of its two-year average load for the remainder of each target year.

**(2) Credit eligibility.** A qualifying utility may use renewable energy credits to meet the provisions of this section, provided the renewable energy credits meet the following requirements:

- (a) A renewable energy credit from electricity generated by a resource other than freshwater may be used to meet a requirement applicable to the year in which the credit was created, the year before the year in which the credit was created, or the year after the year in which the credit was created;
- (b) A renewable energy credit from electricity generated by freshwater:
  - (i) May only be used to meet a requirement applicable to the year in which the credit was created; and
  - (ii) Must be acquired by the qualifying utility through ownership of the generation facility or through a transaction that conveyed both the electricity and the nonpower attributes of the electricity.
- (c) A renewable energy credit transferred to an investor-owned utility pursuant to the Bonneville Power Administration's residential exchange program may not be used by any utility other than the utility receiving the credit from the Bonneville Power Administration;

(d) Each renewable energy credit may only be used once to meet the requirements of this section and must be retired using procedures of the renewable energy credit tracking system; and

(e) For purposes of this subsection, the vintage month and vintage year of the renewable energy credit represent the date the associated unit of power was generated.

**(3) WREGIS registration.** All eligible renewable resources used for utility compliance with the renewable resource target must be registered in WREGIS, regardless of facility ownership. Any renewable energy credit that a utility uses for compliance must have a corresponding certificate retired in the utility's WREGIS account.

**(5) Target calculation.** In meeting the annual targets of this section, a utility must calculate its annual target based on the average of the utility's load for the previous two years.

**(6) Integration services.** A renewable resource within the Pacific Northwest may receive integration, shaping, storage or other services from sources outside of the Pacific Northwest and remain eligible to count towards a utility's renewable resource target.

**(10) Alternative compliance when renewable and nonemitting electric generation used to meet one hundred percent of annual retail electric load.** Pursuant to RCW 19.285.040 (2)(m), beginning January 1, 2030, a qualifying utility is considered to be in compliance with an annual renewable energy target in RCW 19.285.040 (2)(a) if the utility meets one hundred percent of the utility's average annual retail electric load using any combination of electricity from:

(a) Renewable resources and renewable energy credits as defined in RCW 19.285.030; and

(b) Nonemitting electric generation, as defined in WAC 480-109-060(23).

Nothing in subsection (10) of this section relieves the requirements of a qualifying utility to comply with the conservation targets established under RCW 19.285.040(1).

## Summary

Pursuant to the requirements of WAC 480-109-200 Renewable portfolio standard, we have prepared this Memorandum to document that Puget Sound Energy ("PSE") has acquired sufficient eligible renewable resources in its portfolio, by January 1, 2024, to supply at least fifteen percent of its 2022-2023 average load for the 2024 target year.

The following provides details of PSE's eligible renewable resources, load and renewable energy target.

## Eligible Renewable Resources

Eligible renewable resources that PSE may elect to use in whole or in part to meet its 2024 target include (but are not limited to):

- Hopkins Ridge Wind Project
- Wild Horse Wind Project
- Wild Horse Expansion Wind Project (including extra apprenticeship credits)
- Lower Snake River Wind Project (including extra apprenticeship credits)
- Klondike III Wind Project (e.g. the output PSE purchases from Avangrid)
- Golden Hills Wind
- Clearwater Wind

- Sierra Pacific Burlington
- Snoqualmie Falls Hydroelectric Efficiency Upgrades
- Lower Baker River Hydroelectric Efficiency Upgrades
- Allocation of Hydroelectric Efficiency Upgrades that may be (now or in the future) a part of PSE's Mid-C Contracts
- Biomass
- Customer-Generator owned facilities taking service from PSE under PSE electric rate Schedule 91
- WA RPS compliant REC purchases, and
- Any other eligible renewable resources that may become available.

Total 2022 generation from RPS compliant owned and contracted resources was approximately 3,048,728 megawatt-hours (not inclusive of the extra apprenticeship credits). Higher generation may be achieved for 2023 and 2024 based on resource additions.

PSE's expected 2024 eligible renewable resource generation of 5,661,681 megawatt-hours, not including extra apprenticeship credits, plus 2023 eligible renewable resource generation banked forward, exceeds its 2024 renewable resource target of 3,202,804 megawatt-hours.

These eligible renewable resources may be impacted by events beyond PSE's reasonable control, which could not be reasonably anticipated, that could prevent PSE from meeting the renewable energy target. Such events may include weather-related damage, mechanical failure, strikes, lockouts, or actions of a governmental authority that adversely affect the generation, transmission, or distribution of an eligible renewable resource owned by or under contract to PSE.

PSE does not currently intend to utilize one of the alternative compliance mechanisms provided for in RCW 19.285.040(2)(d) or RCW 19.285.050(1) and WAC 480-109-220 for meeting its 2024 renewable resource target. However, there may be events beyond PSE's control during calendar year 2024, which could prompt PSE to utilize one of the above-mentioned alternative compliance mechanisms. Such a determination will be made when PSE reports on its final 2024 compliance in the final compliance report due in 2026. PSE may choose to purchase eligible RECs to meet annual compliance targets and use PSE-owned resources for other purposes.

### **Load**

As defined in the rule, "Load" means the amount of kilowatt-hours of electricity delivered in the most recently completed year by a qualifying utility to its Washington retail customers. Load does not include off-system sales or electricity delivered to transmission-only customers. PSE's actual 2022 delivered load was 21,613,415,000 kilowatt-hours (21,613,415 megawatt- hours) and the 2023 forecast load is 21,090,637,000 kilowatt-hours (21,090,637 megawatt- hours). This forecast does not include Microsoft load served under the Special Contract in Docket UE-161123, and other source types excluded from the load forecast.

Consistent with WAC 480-109-210(2), based on the average of PSE's load in 2022 and 2023 and as reflected above, PSE's estimated load for purposes of meeting its 2024 target is 21,352,026 megawatt-hours.

**2024 Renewable Resource Target**

Pursuant to WAC 480-109-200(1)(c), PSE's renewable resource target shall be fifteen percent of its 2022-2023 average load. Therefore, PSE's estimated renewable energy target for 2024 is approximately 3,202,804 megawatt-hours (fifteen percent of 21,352,026 megawatt- hours.) PSE expects that eligible renewable energy generation in 2024, combined with surplus RECs generated in 2023, will be in excess of its 2024 requirement.

PSE will report on the specific renewable energy credits produced and to be retired for final compliance with the 2024 target in either its 2025 or 2026 annual report, and reserves the right to submit renewable energy credits from the resources reported here or to substitute with renewable energy credits produced from 2023 to 2025 by other eligible renewable resources or with 2024 generation from eligible renewable resources that have not been converted to renewable energy credits.

**Conclusion**

PSE has acquired sufficient eligible renewable resources or renewable energy credits to meet the estimated renewable energy target for 2024.

In sum, PSE's expected 2024 eligible renewable resource generation, not including extra apprenticeship credits, plus 2023 eligible renewable resource generation banked forward, exceeds its 2024 renewable resource target.