Agenda Date: September 12, 2013

Item Number: A2

**Docket: UE-131072**

Company: Puget Sound Energy

Staff: Jeremy Twitchell, Regulatory Analyst

Chris McGuire, Regulatory Analyst

Deborah Reynolds, Assistant Director, Conservation and Energy Planning

**Recommendation**

Take no action in Docket UE-131072, keeping the docket open for future compliance filings.

**Background**

At the July 26, 2013, open meeting, the commission considered the annual Renewable Portfolio Standard (RPS) compliance report of Puget Sound Energy, Inc. (PSE or company) required by RCW 19.285.070 and WAC 480-109-040.[[1]](#footnote-1) In its July 26, 2013, open meeting memorandum, staff recommended that the commission issue an order indicating that PSE had complied with its RPS reporting requirements.

However, prior to the open meeting, staff became aware of another potentially eligible resource the company owned, the Cedar Hills biogas facility. Since RCW 19.285.070(1) requires each utility’s RPS report to include “the amount of megawatt-hours of each type of eligible renewable resource acquired,” staff believed that the omission of Cedar Hills, if it were an eligible resource, would render PSE’s compliance report incomplete. At the open meeting, staff requested that the company explain why the Cedar Hills facility had not been included in the amended report and assure the commission that no other RPS-eligible resources had been omitted.

Company representatives informed the commission that the biogas facility can be used to produce Renewable Identification Numbers (RINs), which are tradable certificates that refiners can use to comply with the federal Renewable Fuels Standard. The company stated RINs are more valuable than the Renewable Energy Certificates (RECs) used for RPS compliance, and the company is working to certify the facility for RIN production. The company also stated that it does not own or purchase any other RPS-eligible resources.

The commission voted to issue an order indicating that PSE had met its RPS reporting requirements, but directed staff to follow up with the company and verify that there are no other eligible resources in PSE’s portfolio. The commission indicated that it would amend the order to reflect that the company had not met its reporting requirements if staff determined that other eligible resources existed.

**Discussion**

At staff’s request, PSE prepared a list of every generating resource the company owns or whose output it purchases (Attachment A). The list indicated whether each facility was an eligible renewable resource; whether it was registered in the Western Renewable Energy Generation Information System (WREGIS); and whether it is used for RPS compliance, for the company’s Green Power Program, or neither.

The list included all qualifying facilities from which the company purchases power under the federal Public Utilities Regulatory Policy Act. Many of these small facilities are eligible resources; however, PSE’s purchases from them are governed by its qualifying facilities tariff, Schedule 91, which states that PSE does not own the RECs produced by these facilities (though it has the first right to purchase them).

PSE uses many of its qualifying facilities to supply its Green Power Program, which is an opt-in program that allows customers to pay a premium on their monthly bill to support clean energy resources. The company uses this money to purchase RECs from some of its qualifying facilities that are eligible resources. Since the company has exceeded the current RPS target by a wide margin, it has no need to purchase qualifying facility RECs above the level funded by the Green Power Program, so the remaining facilities are released to sell their RECs on the open market. That is why some of the qualifying facilities that appear on the list are identified as eligible resources, but are not being used for RPS compliance or the Green Power Program.

**Conclusion**

After reviewing the list with PSE representatives and clarifying the role of qualifying facilities, staff believes that the company’s amended RPS report filed on July 22, 2013, is an accurate representation of the company’s eligible renewable resources. Since the commission has already decided to issue an order in this docket accepting the 2013 compliance report, no further action is required at this time.

PSE will need to request a finding of compliance for its 2013 RPS target in this docket by June 1, 2015, so this docket should remain open.

**Attachment A**

**PSE Resource List**

| **Electric Plant or**  **Long-Term Contract** | **Owner / Contract** | | **Eligible Renewable Resource[[2]](#endnote-1)** | **Registered in WREGIS** | | | | **Used[[3]](#endnote-2)** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Upper Baker River | PSE | | Not Eligible | N/A | | | | N/A |
| Lower Baker River | PSE | | Not Eligible | N/A | | | | N/A |
| Baker River Incremental Hydro Generation | PSE | | Eligible | N/A | | | | N/A |
| Snoqualmie Falls | PSE | | Not Eligible | N/A | | | | N/A |
| Snoqualmie Falls Incremental Hydro Generation | PSE | | Eligible | N/A | | | | N/A |
| Electron | PSE | | Not Eligible | N/A | | | | N/A |
| Hopkins Ridge | PSE | | Eligible | Yes | | | | N/A |
| Lower Snake River | PSE | | Eligible | Yes | | | | 2012 Renewable Energy Target |
| Wild Horse | PSE | | Eligible | Yes | | | | N/A |
| Wild Horse Phase II | PSE | | Eligible | Yes | | | | 2012 Renewable Energy Target |
| Fredonia 1 & 2 | PSE | | Not Eligible | N/A | | | | N/A |
| Fredonia 3 & 4 | PSE | | Not Eligible | N/A | | | | N/A |
| Whitehorn 2 & 3 | PSE | | Not Eligible | N/A | | | | N/A |
| Frederickson 1 & 2 | PSE | | Not Eligible | N/A | | | | N/A |
| Encogen | PSE | | Not Eligible | N/A | | | | N/A |
| Ferndale | PSE | | Not Eligible | N/A | | | | N/A |
| Goldendale | PSE | | Not Eligible | N/A | | | | N/A |
| Mint Farm | PSE | | Not Eligible | N/A | | | | N/A |
| Mint Farm | PSE | | Eligible | Yes | | | | N/A[[4]](#endnote-3) |
| Sumas | PSE | | Not Eligible | N/A | | | | N/A |
| Frederickson 1 | PSE (49.85%) | | Not Eligible | N/A | | | | N/A |
| Colstrip 1 & 2 | PSE (50%) | | Not Eligible | N/A | | | | N/A |
| Colstrip 3 & 4 | PSE (25%) | | Not Eligible | N/A | | | | N/A |
| Wells (Douglas Co. PUD) | Contract | | Not Eligible | N/A | | | | N/A |
| Rocky Reach (Chelan Co. PUD) | Contract | | Not Eligible | N/A | | | | N/A |
| Rock Island I & II (Chelan Co. PUD) | Contract | | Not Eligible | N/A | | | | N/A |
| Chelan System Incremental Hydro | | Contract | Eligibility Pending | | Yes | N/A | | | |
| Wanapum  (Grant Co. PUD) | Contract | | Not Eligible | N/A | | | | N/A |
| Wanapum Fish Bypass | Contract | | Eligible | N/A | | | | 2012 Renewable Energy Target |
| Priest Rapids  (Grant Co. PUD) | Contract | | Not Eligible | N/A | | | | N/A |
| BPA- WNP-3 Exchange | Contract | | Not Eligible | N/A | | | | N/A |
| Powerex/Pt. Roberts | Contract | | Not Eligible | N/A | | | | N/A |
| BPA Baker Replacement | Contract | | Not Eligible | N/A | | | | N/A |
| PG&E Seasonal Exchange-PSE | Contract | | Not Eligible | N/A | | | N/A | |
| Canadian EA | Contract | | Not Eligible | N/A | | | N/A | | |
| Barclays Bank | Contract | | Not Eligible | N/A | | | N/A | | |
| Centralia Transition Coal | Contract | | Not Eligible | N/A | | | N/A | | |
| Klamath Toll | Contract | | Not Eligible | N/A | | | N/A | | |
| Klondike III | Contract | | Eligible | Yes | | | N/A | | |
| Twin Falls | Contract | | Not Eligible | N/A | | | N/A | | |
| Koma Kulshan | Contract | | Not Eligible | N/A | | | N/A | | |
| Weeks Falls | Contract | | Not Eligible | N/A | | | N/A | | |
| Hutchison Creek | Contract | | Not Eligible | N/A | | | N/A | | |
| Cascade Clean Energy- Sygitowicz | Contract | | Not Eligible | N/A | | | N/A | | |
| Qualco Dairy | Contract | | Eligible | No | | | Green Power Programs | | |
| Farm Power Lynden | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| Farm Power Rexville | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| Rainier Biogas | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| Vanderhaak Dairy | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| Van Dyk | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| Bio Energy | Schedule 91 - Contract | | ~Eligible~ | ~No~ | | | N/A | | |
| Edaleen Dairy | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| Bio fuels, WA | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| Skookumchuck | Schedule 91 - Contract | | Not eligible | ~No~ | | | N/A | | |
| Smith Creek | Schedule 91 - Contract | | Not eligible | ~No~ | | | N/A | | |
| Black Creek | Schedule 91 - Contract | | Not eligible | ~No~ | | | N/A | | |
| Nooksack Hydro | Contract | | Not eligible[[5]](#endnote-4) | Yes | | | Green Power Programs | | |
| Island Solar | Schedule 91 - Contract | | Eligible | ~No~ | | | N/A | | |
| Finn Hill Solar (Lake Wash SD) | Schedule 91 - Contract | | Eligible | ~No~ | | | N/A | | |
| Knudson Wind | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| 3 Bar-G Wind | Schedule 91 - Contract | | Eligible | ~No~ | | | Green Power Programs | | |
| Swauk Wind | Schedule 91 - Contract | | Eligible | ~No~ | | | N/A | | |

1. PSE’s initial report filed on May 31, 2013, did not include eligible hydropower purchased from Grant County PUD or eligible hydropower projected to be produced in 2013 by company-owned facilities at Snoqualmie Falls and Lower Baker River. Upgrades at these company-owned facilities are expected to be completed at some point during 2013. PSE provided an amended report on July 22, 2013, which included those resources. [↑](#footnote-ref-1)
2. RCW 19.185.030(11) defines an eligible renewable resource as:

   (a) Electricity from a generation facility powered by a renewable resource other than freshwater that commences operation after March 31, 1999, where: (i) The facility is located in the Pacific Northwest; or (ii) the electricity from the facility is delivered into Washington state on a real-time basis without shaping, storage, or integration services;  
   (b) 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; and  
   (c) Qualified biomass energy. [↑](#endnote-ref-1)
3. Denotes whether the resource is applied to 2012 RPS target, toward PSE’s Green Power Program, or neither. [↑](#endnote-ref-2)
4. The Mint Farm plant has been registered in WREGIS to allow the option of utilizing Cedar Hills’ biogas at that plant. [↑](#endnote-ref-3)
5. Skookumchuck, Smith Creek, Black Creek and Nooksack hydro facilities are ineligible resources because they are not owned by a qualifying utility. [↑](#endnote-ref-4)