

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.<sup>1</sup> 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

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<sup>1</sup> 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.

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**

<b>Electric Plant or Long-Term Contract</b>	<b>Owner / Contract</b>	<b>Eligible Renewable Resource<sup>1</sup></b>	<b>Registered in WREGIS</b>	<b>Used<sup>2</sup></b>
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 <sup>3</sup>
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

<b>Electric Plant or Long-Term Contract</b>	<b>Owner / Contract</b>	<b>Eligible Renewable Resource<sup>1</sup></b>	<b>Registered in WREGIS</b>	<b>Used<sup>2</sup></b>
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

<b>Electric Plant or Long-Term Contract</b>	<b>Owner / Contract</b>	<b>Eligible Renewable Resource<sup>1</sup></b>	<b>Registered in WREGIS</b>	<b>Used<sup>2</sup></b>
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 <sup>4</sup>	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

<sup>1</sup> 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.

<sup>2</sup> Denotes whether the resource is applied to 2012 RPS target, toward PSE's Green Power Program, or neither.

<sup>3</sup> The Mint Farm plant has been registered in WREGIS to allow the option of utilizing Cedar Hills' biogas at that plant.

<sup>4</sup> Skookumchuck, Smith Creek, Black Creek and Nooksack hydro facilities are ineligible resources because they are not owned by a qualifying utility.