

Agenda Date: August 10, 2017
Item Number: A2

Docket: UE-170515
Company: Puget Sound Energy

Staff: Jennifer Snyder, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-170515 finding:

1. The 2017 renewable energy target for Puget Sound Energy is 1,843,118 megawatt-hours.
2. Puget Sound Energy has demonstrated that, by January 1, 2017, Puget Sound Energy has acquired at least 1,843,118 megawatt-hours of eligible renewable resources, equivalent renewable energy credits, or a combination of them, sufficient to supply at least 9 percent of its load for 2017.
3. Puget Sound Energy has complied with the June 1, 2017, reporting requirements pursuant to WAC 480-109-210.
4. In the final compliance report for 2017 required by WAC 480-109-210(6), Puget Sound Energy must provide details about which certificates were used for its various renewable energy programs.¹

Background

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Codified in RCW 19.285 and Chapter 480-109 WAC, the EIA created a renewable portfolio standard (RPS) that requires electric utilities with more than 25,000 customers to serve 9 percent of their 2017 retail load with eligible renewable resources and to file an annual compliance report (RPS Report) by June 1 of each year.² The Washington Utilities and Transportation Commission's (commission) rules further require a final compliance report, filed no later than two years after the initial report.

Puget Sound Energy (PSE or company) timely filed its Annual RPS Report on June 1, 2017. PSE filed a substitute page on June 23, 2017, to correct a typo in the compliance plan. Commission staff (staff) filed written comments on July 13, 2017, which highlighted issues identified during staff's review of compliance with the rule, and is included as an attachment to this memo.

¹ WAC 480-109-210(2)(d)(i). Each certificate in WREGIS may be retired by PSE for only one purpose. Retirement may be under the Green Power program authorized by RCW 19.29A.090, or it may be retired for RPS compliance, but not both. If PSE reports on certificates that have not yet been retired, they could also be characterized as owned by the customer.

² RCW 19.285.040; RCW 19.285.070; WAC 480-109-200(1).

Discussion

Based on the information that PSE provided in its report staff believes that the company correctly calculated its 2017 RPS target and acquired sufficient resources to meet that target.

Table 1 summarizes Puget Sound Energy's 2017 target and the total amount of resources that the company had acquired by January 1, 2017. It includes the company's excess Renewable Energy Credits (RECs) from 2016 that could be used toward its 2017 target. The company's projected 2017 generation is shown as zero in Table 1 because the company has sufficient 2016 RECs banked to meet its 2017 Compliance Plan. Table 1 illustrates the company's overall compliance position:

Table 1: PSE's 2017 Renewable Resource Target and Compliance Plan

2017 Target (MWh)	Incremental Hydro (MWh)	2016 RECs	2017 RECs	Purchased RECs	Total Compliance Resources (MWh)
1,843,118	114,286	1,740,090	0 ³	N/A	1,854,376

Incremental cost: PSE reported its actual incremental cost for the 2017 compliance plan as \$21.2 million or 1.1 percent of revenue requirement.⁴ The RPS Report contained sufficient information to review incremental cost calculations and the company did provide a completed version of the template developed by staff during this process in 2016. PSE's report, however, did not feature the results of the template calculations and chose instead to use their traditional interpretation of the calculations in WAC 480-109-210. While Staff would encourage the company to work towards a presentation that is consistent with other companies, there is nothing insufficient in the report as filed.

Documentation of certificate use: PSE will need to document its use of the company's renewable resources under various renewable energy programs, which will allow staff to review the eligibility of the resources for meeting the EIA requirement. Because the statute explicitly disallows any resources used for Green Power programs in RCW 19.29A.090, the commission requires the companies to include some information about the usage of the certificates. While the rule requires this information in the annual report, staff believes it will be more helpful in the final compliance report, and asks the commission to require the company to include the information there. Thus, in the final compliance report for 2017, PSE must list details about program usage, as required by WAC 480-109-210(2)(d)(i).

³ PSE has sufficient 2016 RECs banked to meet its 2017 Compliance Plan, in combination with anticipated incremental hydro resources, and has not included full year estimates of renewable generation for 2017.

⁴ WAC 480-109-210(2)(a).

Public Comments

The commission received one set of public comments regarding Puget Sound Energy's report, which were filed jointly by Renewable Northwest (RNW) and the Northwest Energy Coalition (NWECC). Both organizations praised the company for meeting its target without relying on alternative compliance mechanisms. The parties expressed concern with the continued use of the Mid-Columbia spot market as the non-renewable substitute resource that forms the baseline of the incremental cost calculation. RNW and NWECC were pleased that the company met its target and recommended that the commission approve the report.

Conclusion

Issue an order as described in the recommendations section of this memo.