

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION'S

Renewable Energy Target Progress  
Report under RCW 19.285.070 and WAC  
480-109-210

DOCKET UE-160779

ORDER 01

ORDER APPROVING  
COMPLIANCE WITH ELIGIBLE  
RENEWABLE ENERGY TARGET  
REPORTING REQUIREMENTS  
FOR 2016

**BACKGROUND**

- 1* The Energy Independence Act (EIA or Act)<sup>1</sup> requires qualifying electric utilities to obtain certain percentages of their electricity from eligible renewable resources. The Washington Utilities and Transportation Commission (Commission) enforces compliance with the EIA by investor-owned utilities.<sup>2</sup> Ultimately, the Commission must determine “whether the utility has generated, acquired or arranged to acquire enough renewable energy credits or qualifying generation to comply with its renewable resource target.”<sup>3</sup>
- 2* The Commission has implemented these requirements by establishing a two-step compliance process.<sup>4</sup> Because a utility may comply with its renewable portfolio standards (RPS) obligation by using RECs acquired in the year after the target year, ultimate compliance for 2016, for example, may be demonstrated as late as June 1, 2018. Accordingly, there will be two Commission decisions for each year’s compliance: (1) a determination that the Company has enough resources to meet the 9 percent target; and (2) the retrospective compliance decision. Before the Commission is the initial resource-adequacy filing made by Avista Corporation (Avista or Company) for its 2016 obligation. The Commission will consider Avista’s compliance with its 2016 target when Avista requests such a finding, which the Company must do through a filing in this docket no later than June 1, 2018.

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<sup>1</sup> RCW Chapter 19.285.

<sup>2</sup> RCW 19.285.060(6).

<sup>3</sup> WAC 480-109-210(3)(b).

<sup>4</sup> WAC 480-109-210(1) and (6).

3 On June 1, 2016, Avista filed with the Commission a compliance report under RCW 19.285.070 and WAC 480-109-210 (RPS Report). At the request of Commission Staff (Staff), Avista made a supplemental filing on July 20, 2016, to clarify its incremental cost calculation and interstate allocation methodology. Based on the information that the Company provided in its RPS Report and supplemental filing, Staff believes that Avista correctly calculated its 2016 RPS target, and that it has acquired sufficient resources to meet that target. Table 1, below, summarizes Avista's 2016 target and the total amount of resources that the Company had acquired by January 1, 2016:

**Table 1: Avista's 2016 Renewable Resource Target and Compliance Plan**

<b>2016 Target (MWh)</b>	<b>Incremental Hydro (MWh)</b>	<b>2015 RECs</b>	<b>2016 RECs</b>	<b>Purchased RECs</b>	<b>Total Resources (MWh)</b>
513,809	171,482	49,617	320,023	N/A	541,122

4 Avista seeks an order from the Commission confirming that the Company has complied with the Commission's EIA reporting requirements and accepting the Company's calculations and eligibility of the renewable resources identified in the RPS Report for 2016.

5 On June 3, 2016, the Commission issued a Notice inviting interested persons to file written comments on Avista's RPS Report. During the comment period, the Commission received written comments from Staff and joint written comments from Renewable Northwest and Northwest Energy Coalition (RNW/NWEC). RNW/NWEC praised the Company for meeting its RPS target without relying on alternative compliance methods, but declined to recommend that the Commission approve the RPS Report until the Company filed additional information to clarify the incremental cost calculation and interstate allocation of renewable energy.

6 Staff believes that Avista correctly calculated its 2016 RPS target, and that the Company has acquired sufficient resources to meet that target. With the information provided in the Company's supplemental filing, Staff believes that Avista has correctly calculated its incremental cost and complied with the reporting requirements in WAC 480-109-210.

7 Avista's report identifies three new resources – the Kettle Falls biomass plant and the upgrades at its Nine Mile No. 1 and Nine Mile No. 2 hydropower facilities – that it requests the Commission to recognize as eligible renewable resources. Staff has reviewed this request and concluded that the facilities appear to meet the eligibility requirements identified in 19.285.030(12) and 19.285.030(18). The Nine Mile facilities had not yet

entered service when Avista filed its RPS report; the Company prorated the 2016 production of those facilities based on a projected in-service date in July.

8 Staff recommends that the Commission issue an order in this docket determining: (1) The 2016 renewable energy target for Avista is 513,809 megawatt-hours (MWh); (2) Avista has demonstrated that, by January 1, 2016, the Company acquired at least 513,809 MWh of eligible renewable resources for its use in 2016; (3) Avista has complied with the June 1, 2016, reporting requirements pursuant to WAC 480-109-210; (4) Avista has demonstrated that the Kettle Falls biomass facility is an eligible renewable resource; (5) Avista has demonstrated that the Nine Mile No. 1 and Nine Mile No. 2 hydropower facilities are eligible renewable resources; and (6) In the final compliance report for 2016 required by WAC 480-109-210(6), Avista must provide details about which certificates were used for its various renewable energy programs and update its calculation of the prorated 2016 eligible renewable production of the Nine Mile No. 1 and Nine Mile No. 2 facilities based on the actual date that they enter service.

### DISCUSSION

9 The Commission accepts Avista's calculation of 513,809 megawatt-hours as the Company's renewable energy target for 2016 and determines that Avista has identified sufficient resources to be able to meet that target. The Commission will make its final determination on whether Avista has met its 2016 target when the Company requests such a finding, which Avista must make in this docket no later than June 1, 2018.

### FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, regulations, practices, and accounts of public service companies, including electric companies.
- 11 (2) Avista is an electrical company and a public service company subject to Commission jurisdiction.
- 12 (3) Avista serves more than 25,000 customers within the State of Washington and is a "qualifying utility" within the meaning of RCW 19.285.030(18).
- 13 (4) Avista has properly calculated its renewable energy target for 2016 to be 513,809 megawatt-hours.
- 14 (5) By January 1, 2016, Avista had acquired sufficient eligible renewable resources to supply at least 9 percent of its load for the remainder of 2016.

- 15 (6) Avista has met the reporting requirements of RCW 19.285.070 and WAC 480-109-210. These reporting requirements include Avista's plan for meeting its RPS obligation for the remainder of 2016.
- 16 (7) Pursuant to WAC 480-109-210(4), Avista must provide a summary of its RPS Report to its customers, by bill insert or other suitable method, within 90 days of the date of this Order.
- 17 (8) Pursuant to WAC 480-109-200(3), Avista must register in WREGIS all Company-owned incremental hydropower facilities on which the Company intends to rely for compliance with RPS requirements.
- 18 (9) Pursuant to WAC 480-109-210(6), Avista must file a report no later than June 1, 2018, that lists the certificate numbers in WREGIS for every megawatt-hour and renewable energy credit that Avista retired to meet the January 1, 2016, target.

**ORDER**

**THE COMMISSION ORDERS:**

- 19 (1) The Commission accepts the calculation of 513,809 megawatt-hours as the 2016 renewable energy target for Avista Corporation.
- 20 (2) Avista Corporation has identified eligible renewable resources sufficient to supply at least 9 percent of its load for 2016.
- 21 (3) Avista Corporation has complied with the June 1, 2016, reporting requirements pursuant to WAC 480-109-210.
- 22 (4) The Commission recognizes the Kettle Falls biomass facility as an eligible renewable resource.
- 23 (5) The Commission recognizes the upgrades at the Nine Mile No. 1 and Nine Mile No. 2 hydropower facilities as eligible renewable resources.
- 24 (6) Avista Corporation's final compliance report must list certificate numbers for every renewable energy credit that Avista Corporation retired in the Western Renewable Energy Generation Information System and details about which certificates were used for its voluntary renewable energy programs in 2016.

- 25 (7) The Commission Secretary is authorized to accept or approve a filing that complies with the requirements of this Order.

DATED at Olympia, Washington, and effective August 4, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner