

Agenda Date: August 9, 2018
Item Number: A1

Docket: UE-180478
Company: Avista Corporation

Staff: Andrew Rector, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-180478 finding:

1. The 2018 renewable energy target for Avista Corporation is 512,805 megawatt-hours.
2. Avista Corporation has demonstrated that, by January 1, 2018, it acquired at least 512,805 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 2018.
3. Avista Corporation has complied with the June 1, 2018, reporting requirements pursuant to WAC 480-109-210.
4. In the final compliance report for 2018 required by WAC 480-109-210(6), Avista Corporation 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 2018 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.

Avista Corporation (Avista or company) filed with the commission its annual RPS report on May 31, 2018. Commission staff (staff) filed written comments on July 19, 2018, which highlighted issues identified during staff's review of compliance with the rule, and is included as an attachment to this memo.³

¹ WAC 480-109-210(2)(d)(i). Each certificate in WREGIS may be retired by Avista 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 Avista 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).

³ Commission Staff Comments Regarding Electric Utility Renewable Portfolio Standard Report under the Energy Independence Act, RCW 19.285 and WAC 480-109 (2018 Renewable Portfolio Standard Reports) (July 19, 2018).

Discussion

Based on the information that Avista provided in its report, staff believes that the company correctly calculated its 2018 RPS target and acquired sufficient resources to meet that target.

Table 1 summarizes Avista's 2018 target and the total amount of resources that the company had acquired by January 1, 2018, and illustrates the company's overall compliance position:

Table 1: Avista's 2018 Renewable Resource Target and Compliance Plan

2018 Target (MWh)	Incremental Hydro (MWh)	2017 RECs	2018 RECs	Purchased RECs	Total Compliance Resources (MWh)
512,805	192,039	0 ⁴	458,596	N/A	650,635

Incremental cost: Avista reported its actual incremental cost for the 2018 compliance plan as -\$3,238,595, or -0.6 percent of revenue requirement.⁵ The RPS report contained sufficient information to review incremental cost calculations, including a completed version of the template developed by staff during this process in 2016.

Documentation of certificate use: Avista 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 will also need this information 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 2018, Avista must list details about program usage, as described in WAC 480-109-210(2)(d)(i), when it files the final compliance report required by WAC 480-109-210(6).

Public Comments

The commission received one set of public comments regarding Avista's report, which were filed jointly by Renewable Northwest (RNW) and the Northwest Energy Coalition (NWECC) on July 19, 2018. Both organizations commended the company for meeting its target without relying on alternative compliance mechanisms.

<https://www.utc.wa.gov/layouts/15/CasesPublicWebsite/CaseItem.aspx?item=document&id=00007&year=2018&docketNumber=180478>.

⁴ Avista has no excess Renewable Energy Credits (RECs) from 2017 that could be used toward its 2018 target.

⁵ WAC 480-109-210(2)(a).

Similar to comments filed in previous years, both organizations expressed concerns about transparency related to Avista's incremental cost assumptions.⁶ Avista filed supplementary information regarding the incremental cost calculations, but the data remains part of its confidential filing. RNW and NWECA note this concern, but overall are pleased that the company met its target, and recommend that the commission approve the report.

Conclusion

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

⁶ See Dockets UE-160779 and UE-170682; see comments from RNW and NWECA.