BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Avista Corporation 2019 Renewable Portfolio Standard Report	**DOCKET UE-190445**
In the Matter of Pacific Power and Light Company 2019 Renewable Portfolio Standard Report	**DOCKET UE-190448**
In the Matter of Puget Sound Energy 2019 Renewable Portfolio Standard Report	**DOCKET UE-190411**

COMMISSION STAFF COMMENTS REGARDING ELECTRIC UTILITY RENEWABLE PORTFOLIO STANDARD REPORTS UNDER THE ENERGY INDEPENDENCE ACT, RCW 19.285 and WAC 480-109 (2019 RENEWABLE PORTFOLIO STANDARD REPORTS)

JULY 15, 2019

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Executive Summary

Washington's three investor-owned electric utilities—Avista Corporation (Avista), Pacific Power & Light Company (Pacific Power), and Puget Sound Energy (PSE)—filed their Renewable Portfolio Standard (RPS) reports by June 1, 2019. Table 1 summarizes the companies' positions and how they intend to comply with the 9 percent RPS annual targets. Staff review of the 2019 renewable portfolio standard reports emphasized incremental cost calculations and the method three five-year evaluation of incremental hydropower. The following table summarizes company renewable resource targets and compliance positions for 2019:

Table 1: Summary of 2019 Renewable Resource Targets and Compliance Plans

	2019 Target (MWh)	Incremental Hydro (MWh)	2018 RECs	2019 RECs	2020 RECs	Purchased RECs (unbundled)	Total Resources in 2019 (MWh)
Avista	514,144	157,657	0	653,192	0	0	810,849
Pacific Power[1]	367,669	*	69,298	*	*	*	367,669
PSE	1,890,612	115,922	1,939,039	478,781	0	0	2,533,742

Ahead of other parties filing comments by July 15, staff's analysis-to-date is as follows:

1. Avista, Pacific Power, and PSE demonstrate that they have acquired eligible renewable resources, equivalent renewable energy credits, or a combination of them, sufficient to supply at least 9 percent of their load for 2019.
2. Avista and PSE have complied with the June 1, 2019, reporting requirements pursuant to WAC 480-109-210.
3. Avista performed its required five-year incremental hydropower method three evaluation and requests permission to switch to the method one evaluation to calculate its incremental hydropower contribution starting in 2019.
4. Pacific Power did not comply with the June 1, 2019, reporting requirements pursuant to WAC 480-109-210. Staff noted issues with the company's incremental cost calculations and unnecessary redactions contrary to the spirit of the public disclosure in the Energey Independence Act (EIA).
5. PSE timely filed Microsoft's 2019 RPS report.The report covers the necessary information, and satisfies the terms set forth per commission order in Docket UE-161123.

After reviewing the comments of other parties, commission staff will present a recommendation as to whether the commission should issue an order in each docket approving the companies' plans at the open meeting on August 8, 2019. The commission may issue an order in each

[1] Pacific Power has marked any information related to current-year generation and REC purchases as confidential.

company's docket finding whether the utility met its reporting requirements and correctly calculated its 2019 RPS target.

Background

In 2006 Washington voters approved Initiative 937, also known as the Energy Independence Act. Now codified in RCW 19.285 and Chapter 480-109 WAC, the EIA created a renewable portfolio standard that requires electric utilities serving more than 25,000 customers to supply 9 percent of their 2019 retail load with eligible renewable resources and to file annual RPS compliance reports by June 1 of each year. The RPS requirement will increase to 15 percent in 2020.[2]

The commission's rules require each report to document the companies' renewable resources, which allows staff to review the eligibility of the resources for meeting the rule requirement.[3] Each eligible renewable resource must be registered in the Western Renewable Energy Generation Information System (WREGIS).[4]

These comments also address the Microsoft Corporation's (Microsoft) 2019 RPS report in the PSE section. Per commission Order, PSE must file with the commission an annual RPS report developed by Microsoft by March 31.[5] Microsoft's settlement stipulation and special contract with PSE allowed the large commercial user to leave the customer base of a regulated electric investor-owned utility (IOU) within the State of Washington. No significant issues were noted with Microsoft's 2019 RPS report. Staff will continue to track and report this compliance item as part of the broader electric IOU RPS, as Microsoft's RPS requirement should decrease PSE's RPS obligation in future years.

Focus Issues

Staff worked with utilities to resolve issues specific to each company. Focus areas requiring greater staff attention and outreach to company representatives to resolve any discrepancies uncovered included incremental cost calculations and the five-year evaluation of Avista's incremental hydropower method three.

Incremental Cost Calculations

Incremental cost is the additional cost to ratepayers that companies incur to meet the requirements of the RPS. WAC 480-109-210(2)(a) divides the calculation into capacity and energy components. Companies make a one-time calculation of incremental cost for each

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[2] RCW 19.285.040(2)(a)(iii). In calculating the target, a utility must use its average retail load for the two years prior to the target year (e.g., the 2019 target is 9 percent of the utility's average load in 2017 and 2018).
[3] WAC 480-109-210(2)(d).
[4] WAC 480-109-200(3); WAC 480-109-210(2)(d). For the commission's discussion on the matter of WREGIS registration and the addition of the "regardless of ownership" language, please refer to Docket UE-131723, General Order R-578, ¶¶ 84 – 94 (Mar. 13, 2015).
[5] *See* Docket UE-161123, Order 06, ¶ 64-71 (Jul. 13, 2017). Order 06 approved and adopted a settlement stipulation among all parties that approves a special contract between PSE and Microsoft.

eligible resource at the time of acquisition or, for historic acquisitions, the best information available at the time of the acquisition. Annually, utilities report incremental cost in two terms:

- cost of all eligible resources acquired; and
- prorated cost of only the resources needed to meet that year's target (annual calculation of revenue requirement ratio).

Staff aims to ensure the utilities are making their cost comparisons in similar terms. This allows for accurate comparison of incremental costs across utilities with different renewable penetration rates. The rule requires the companies to provide incremental costs of all renewable resources currently in-service or under contract, regardless of whether a specific resource was used for compliance or not, and explicitly states incremental costs may be negative. Staff provides a template to the companies to assist in reporting their incremental costs.

Table 2 shows a side-by-side comparison of the utilities' reported incremental cost percentages in 2018 and 2019, expressed in two terms: the cost of only the resources required for compliance, and the cost of all resources acquired.

Table 2: Investor-Owned Utilities' Reported Incremental Cost Percentages, 2018 and 2019

	2018		**2019**	
	Required Resources	*All Resources*	*Required Resources*	*All Resources*
Avista	(0.7 %)	(0.6 %)	(0.5%)	(0.4%)
Pacific Power[6]	0.7 %	0.6 %	0.03 %	0.03 %
PSE	1.5 %	1.5 %	1.5 %	1.5 %

Avista continues to report negative incremental costs. This is because hydropower resources make up a significant portion of its portfolio, as well as the zero incremental cost assigned to its legacy biomass resource.[7] However, Avista's costs did rise between 2018 and 2019. The incremental hydropower portion of the company's overall resource portfolio, which is primarily characterized by negative incremental costs, declined due to the company's proposed switch from method three to method one in calculating its incremental hydropower contribution.[8] The outcome of Avista's method three five-year evaluation is discussed in more detail as the second focus issue below.

[6] While Pacific Power did not fill in the "All Resources" cost estimates for 2018 and 2019 in the provided template, company representative Ariel Son provided this information via e-mail and gave permission to staff to include these numbers in this table via e-mail.
[7] WAC 480-109-210(2)(a)(i)(G) states: "any eligible resources that the utility acquired prior to March 31, 1999, is deemed to have an incremental cost of zero."
[8] *See* WAC 480-109-200(7).

Pacific Power's incremental cost decline was the largest incremental cost change across the three companies in 2019. The decline is driven by the company's planned re-powering of select wind facilities. This is an area of concern for staff, as detailed in Pacific Power's report section below.

PSE's incremental costs remain above 1 percent and are consistent between 2018 and 2019. As in 2018, PSE reported its actual incremental cost at $27.8 million, or 1.5 percent of the revenue requirement. PSE continues to rely on wind resources that earn the company apprenticeship credits, but are more expensive.[9]

Incremental Hydropower Method Three Five-year Evaluation

Based on the commission's rules, companies can choose one of three methods to calculate their incremental hydropower generation.[10] Both methods one and two require annual estimates of the generation attributed to the incremental hydropower enhancements at a company's upgraded hydropower facilities. In contrast, method three requires a one-time eligible resource calculation. If a company elects method three, its expected generation from its hydropower facilities remains constant from year to year.

Avista is the only company using method three, and its one-time eligible resource calculation was originally performed in 2014. As required by rule, as part of its 2019 RPS annual report, Avista compared the reported generation from method three with the generation it would have reported under one of the other two methods.[11] General Order R-578 Amending, Adopting, and Repealing Rules Relating to the Energy Independence Act requires this comparison to mitigate staff concerns that method three does not capture the effect of future changes in long-term stream flow patterns. Specifically, method three may prove less reliable in the future because climate models indicate the region's summer river flows may decline over time.[12]

Ahead of the June 1, 2019, RPS reporting deadline, Avista worked with staff to develop an evaluation procedure comparing its legacy method three incremental hydropower generation against method one for the company's eleven eligible hydropower facilities. Figure 1 illustrates the results of Avista's method three evaluation.

[9] *See* WAC 480-109-200(4)(a)(ii).
[10] WAC 480-109-200(7).
[11] WAC 480-109-200(7)(e).
[12] *See* Docket UE-131723, General Order R-578 ¶¶ 99 - 100 (March 13, 2015).

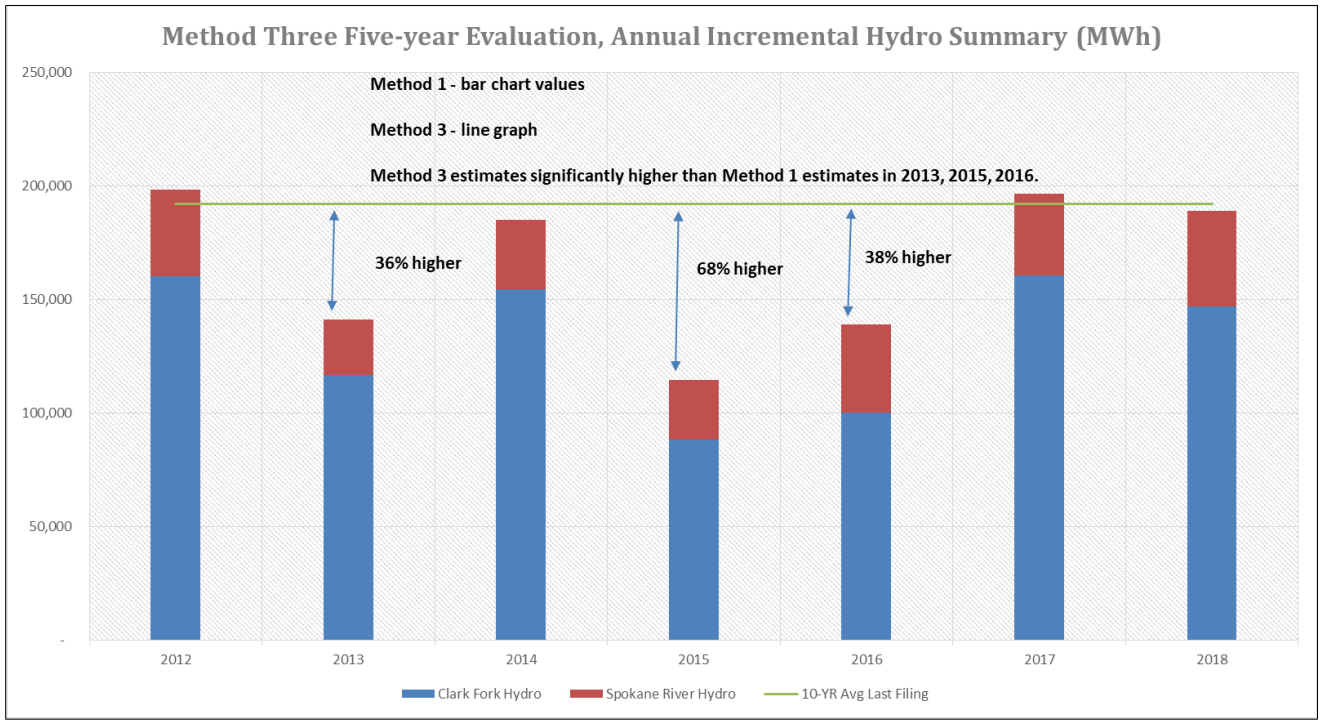

Figure 1: Avista's Incremental Hydro Method One vs. Method Three Comparison, 2012 – 2018

Avista's five-year evaluation demonstrates that the one-time method three calculation overestimated the annual eligible generation determined using method one. Please see Avista's company report section for additional detail regarding Avista's method three evaluation.

Company Reports

In this section, staff summarizes each company's RPS report, including targets and the resources the companies plan to use to meet those targets. Staff's comments document the total number of resources that each utility has acquired, and any factors that uniquely define a company's reporting position in 2019. The goal of this discussion is to provide a complete picture of each utility's RPS compliance position for 2019.

Avista (Docket UE-190445)

Avista owns eleven eligible hydropower facilities and the Kettle Falls biomass facility, and has a long-term power purchase agreement for all output of the Palouse Wind Farm in Whitman County, Washington. The company correctly reported an average load in 2017 and 2018 of 5,712,707 MWh in its RPS report, yielding a 2019 RPS target of 514,144 MWh. Table 3 shows the company's RPS compliance position:

Table 3: Avista's 2019 Renewable Resource Target and Compliance Plan

2019 Target (MWh)	Incremental Hydro (MWh)	2018 RECs	2019 RECs	Purchased RECs (unbundled)	Total Resources in 2019 (MWh)
514,144	157,657	0	653,192	0	810,849

Avista has enough eligible renewable resources to generate 9 percent of its two-year average load after allocating its RECs according to its multistate allocation methodology.[13] Because the company has renewable resources in excess of the 9 percent target, the company may elect to sell 2019 RECs or apply some towards the higher 2020 RPS compliance target of 15 percent.[14]

As discussed in the Focus Issues section, Avista was required to perform an evaluation of its method three incremental hydro calculation as part of the company's 2019 RPS report.[15] Table 4 shows that, at Avista's eleven Clark Fork and Spokane River facilities, the method three calculation overestimated yearly generation compared to method one calculations for five out of the seven years between 2012 and 2018. On average, the method three calculation exceeded the method one estimate by 25,887 MWh, or 16 percent, per year.

Table 4: Avista's Incremental Hydro Method One vs. Method Three Comparison, 2012 - 2018

Year	Method Three (MWh)	Method One (MWh)	Method Three – Method One (MWh)
2012	192,039	198,245	(6,206)
2013	192,039	141,150	50,889
2014	192,039	185,040	6,999
2015	192,039	114,409	77,630
2016	192,039	138,916	53,123
2017	192,039	196,388	(4,349)
2018	192,039	188,916	3,123
2012 – 18 average	192,039	166,152	25,887

During the incremental hydropower evaluation process, Avista also noted that an older hydrologic model, which the company no longer uses or keeps updated, informed their original method three calculation. Due to difficulties associated with maintaining this old model and the company's eligible renewable resource portfolio evolving to incorporate greater amounts of

[13] *See* Consolidated Dockets UE-170485, UG-170486, UE-171221, and UG-171222.
[14] WAC 480-109-200(2) reads: "Renewable energy credits produced during the target year, the preceding year or the subsequent year may be used to comply with this annual renewable resource requirement, provided they were acquired by January 1st of the target year."
[15] WAC 480-109-200(7)(e).

wind,[16] Avista has asked to switch to method one to calculate their incremental hydropower contribution in 2019 and subsequent years.

Staff position regarding Avista 2019 RPS filing

Staff concurs with Avista's proposal to switch from method three to method one for the company's incremental hydropower calculation. Avista's proposal will require Avista to rely more heavily upon RECs to meet 2019 and subsequent year RPS compliance. However, staff is satisfied the company can meet its 9 percent RPS target for 2019 and will not need to acquire additional resources for 2019 RPS compliance. Avista is not claiming any new resources in its 2019 report but will likely include the Rattlesnake Wind Project in the company's 2020 RPS filing. Staff believes Avista complied with the June 1, 2019, reporting requirements pursuant to WAC 480-109-210.

Pacific Power & Light Company (Docket UE-190448)

Pacific Power expects to meet its Washington 2019 renewable compliance target with a combination of wind resources, incremental hydro, and unbundled REC purchases. The company correctly reported an average load in 2017 and 2018 of 4,085,207 MWh in its RPS report, yielding a 2019 RPS target of 367,669 MWh. Table 5 summarizes Pacific Power's 2019 target and the total amount of resources the company had acquired by January 1, 2019, as reported to the public (redacted). It includes the company's excess RECs from 2018 that could be used toward its 2019 target, the company's projected 2019 generation, and Pacific Power's plan to use 2020 RECs for 2019 compliance.

Table 5: Pacific Power's 2019 Renewable Resource Target and Compliance Plan[17]

2019 Target (MWh)	Incremental Hydro (MWh)	2018 RECs	2019 RECs	2020 RECs	Purchased RECs (unbundled)	Total Compliance Resources (MWh)
367,669	*	69,298	*	*	*	367,669

The eligible renewable resource portfolio the company plans to use for 2019 RPS compliance includes four company-owned incremental hydro facilities located in the Pacific Northwest, as well as eight wind projects (three in Washington, one in Oregon, and four east-side wind facilities in Wyoming).[18] Six of the wind facilities are owned by Pacific Power, while the other two are owned by Duke Energy and sell power to Pacific Power. The company also intends to use unbundled RECs from two wind facilities and six solar facilities.

[16] Avista anticipates its 150 MW Rattlesnake Wind Project entering commercial service in late 2020. *See* Docket UE-190445, AVA 2019 RPS Report – 06-21-19. Section IX.
[17] Pacific Power has marked any information related to current-year or future-year generation and REC purchases as confidential.
[18] *See* Docket UE-151162, Order 01, ¶17 (Aug. 27, 2015). The Wyoming facilities were approved in 2015 as eligible resources restricted to Pacific Power's Washington compliance needs under RCW 19.285.030(12)(e).

Pacific Power uses method two for calculating its incremental hydro, which means that the final reported total will be based on actual generation. The incremental hydro in the 2019 RPS report is a projection.

Staff is concerned that Pacific Power has not met the reporting requirements in WAC 480-109-210, particularly concerning incremental costs. Staff is also concerned with the level of redactions in the report.

Incremental costs prematurely and incorrectly applied

Pacific Power incorrectly proposed incremental cost revisions to reflect their planned re-powering of select wind facilities.[19] These planned upgrades are designed to expand the capacity and energy generation components of the company's legacy wind resources while also extending the useful life of said facilities.[20] While staff commends Pacific Power for project planning designed to increase the utility of existing eligible renewable resources, staff believes including the planned re-powering activities in the 2019 RPS report is premature.

However, the one-time component of Washington's incremental cost calculation directs utilities to only account for resources operating or contracted for as of January 1 of the target year.[21] Incremental cost calculations should not consider future, planned performance enhancements of existing resources. For these reasons, staff advised Pacific Power to discuss their planned re-powering efforts within the narrative of the 2019 RPS report but to file supporting incremental cost workpapers reflecting the performance attributes of facilities operating or contracted for as of January 1, 2019.

Even if the resource was already re-powered, Pacific Power incorrectly compares eligible renewable resources to a noneligible resource having a different, older vintage. Pacific Power accurately points out that the commission's rule does not explicitly address re-powering. Nevertheless, estimating incremental costs requires comparison of the eligible renewable resource to the lowest reasonable cost, noneligible resource available to the utility at the time of the eligible resource's acquisition, meaning the costs for both resources should come from the same source, and have the same vintage.[22] For the planned wind facility re-powering, Pacific Power uses 2017 eligible resource capacity values compared against 2007 noneligible resources.[23] Pacific Power argues that the 2007 IRP noneligible resource was documented within the commission's most recently acknowledged IRP at the time the company acquired the eligible resource. The use of the 2007 IRP, which corresponds to the original acquisition of the wind facilities, contradicts the company's position that a re-powered resource should be considered a new eligible resource.

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[19] "Re-powering" captures anticipated capital upgrades to certain Pacific Power-owned wind facilities within the West Control Area (WCA).
[20] *See* Docket UE-190448, WA RPS Resource Cost Analysis. Pacific Power confidential workpaper 2b.
[21] WAC 480-109-210(2).
[22] WAC 480-109-210(2)(a)(i)(C).
[23] *See* Docket UE-190448, Non-eligible Resource Selection Costs in WA RPS Resource Cost Analysis. Pacific Power confidential workpaper 2b. The 2017 eligible resource numbers come from the 2017 IRP, while the 2007 noneligible resource numbers come from the 2007 IRP.

To date, Pacific Power has refused to address staff's concerns with the company's planned re-powering efforts and incremental cost calculation. The company maintains Washington statute does not address re-powering. Staff agrees that neither WAC 480-109-210 nor the clarifying General Order R-578 specifically mention re-powering. However, the rule mandates a one-time incremental cost calculation at the time of acquisition.[24] Pacific Power's current approach violates WAC 480-109-210(2)(a)(i) under an interpretation of the "time of acquisition" requirement and its application to a re-powered eligible resource.

Pacific Power RPS reports continue to lack transparency

Pacific Power has designated much of the data provided in this filing as confidential. The degree of redaction within Pacific Power's annual RPS report is a chronic point of contention between the company, stakeholders, and staff. Since at least the 2016 reporting cycle,[25] Pacific Power has consistently labeled a majority of the data within its annual RPS filings as confidential despite repeated concerns raised by both staff and interested stakeholders that this approach runs counter to the spirit of the public disclosure in the Energy Independence Act and the commission's confidentiality rules.[26] Pacific Power's refusal to accommodate this feedback has led to increasing divergence from the practices of peer IOUs and customer owned utilities subject to the EIA. EIA renewable reporting data provided by the Department of Commerce reveals, since at least 2016, Pacific Power is the only electric utility to redact the incremental costs of its renewable resource portfolio, as well as the current year generation associated with both the company's owned renewable resources and current year RECs.[27] The commission defines confidential information as "valuable commercial information, including trade secrets or confidential marketing, cost, or financial information."[28] Staff does not believe the sensitivity of the information Pacific Power has redacted in its 2019 RPS report and EIA RPS workbook meets this definition.

In an effort to help Pacific Power comply with WAC 480-07-160 and better align the transparency of its RPS reporting with its Washington peer utilities, staff requested the company re-file its 2019 RPS report making the following four data items publicly available:

- Incremental cost data.
- 2019 incremental hydro contribution (MWh).
- Anticipated company-owned RECs (MWh) used for 2019 RPS compliance.
- Anticipated purchased RECs (MWh) used for 2019 RPS compliance.

During a follow-up July 2, 2019, conference call Pacific Power declined to follow staff's recommendation on the redactions. The company cited their perennial argument that doing so

[24] WAC 480-109-210(2)(a)(i).
[25] *See* staff comments within Dockets UE-160777, UE-170694, UE-180500.
[26] *See* RCW 19.285.070; WAC 480-07-160(2)(b), (5)(a) and (e).
[27] Washington Department of Commerce, EIA Reporting (July 3, 2019), https://www.commerce.wa.gov/growing-the-economy/energy/energy-independence-act/eia-reporting/.
[28] WAC 480-07-160(2)(b).

would compromise its business position. Staff disagrees with this assertion, since the request specifically does not ask Pacific Power for any revenue or price information. Both Avista and Puget Sound Energy annually provide similar data unredacted. Furthermore, data from previous years is publicly available. The onus remains with Pacific Power to better elaborate why it is claiming this information is confidential.[29] Staff believes Pacific Power's assertion of confidentiality would not withstand challenge from an interested party. However, staff has access to the redacted information, and believes that the company can meet its RPS target.

Staff position regarding Pacific Power 2019 RPS filing

Staff is satisfied Pacific Power can meet its 9 percent RPS target for 2019. Pacific Power is not claiming any new resources in its 2019 report. However, staff does not believe the company's approach to meeting its 2019 RPS target complies with the rules given the aforementioned concerns regarding Pacific Power's 2019 incremental cost calculations and the degree of redaction within the company's 2019 RPS report.

Puget Sound Energy (Docket UE-190411)

PSE plans to meet its 2019 target with a combination of incremental hydro, RECs banked in 2018, and RECs anticipated in 2019 from company-owned or contracted resources. On June 27, PSE filed a revised RPS report and supporting workpapers to correct the dates associated with certain REC vintages. PSE correctly reported an average load in 2017 and 2018 of 21,006,796 MWh, yielding a 2019 target of 1,890,612 MWh. Table 6 shows the company's overall compliance position:

Table 6: PSE's 2019 Renewable Resource Target and Compliance Plan

2019 Target (MWh)	Incremental Hydro (MWh)	2018 RECs	2019 RECs	Purchased RECs (unbundled)	Total Resources in 2019 (MWh)
1,890,612	115,922	1,939,039	478,781	0	2,533,742

As Table 6 indicates, PSE will exceed the rule's 9 percent requirement. The majority of PSE's renewable generation comes from the six company-owned wind facilities and a contract for a portion of the output at a seventh facility. Three of the wind facilities PSE owns are eligible for the 1.2 multiplier available to facilities that use a qualified apprenticeship program. The company's eligible incremental hydro generation comes from its Lower Baker and Snoqualmie Falls facilities.

PSE uses method two for calculating its incremental hydro, which means that the final reported total will be based on actual generation. The incremental hydro in the 2019 RPS report is a projection.

[29] WAC 480-07-160(5)(a) and (e).

Staff position regarding PSE 2019 RPS filing

Staff is satisfied that PSE can meet its 9 percent RPS target for 2019. The company is not claiming any new resources in its 2019 report. Staff believes PSE has complied with the June 1, 2019, reporting requirements pursuant to WAC 480-109-210.

Microsoft 2019 Renewable Portfolio Standard Report (Docket UE-161123)

The special contract between PSE and Microsoft went into effect as of April 1, 2019, and PSE filed Microsoft's RPS report with the commission on May 24, 2019. The settlement stipulation indicates Microsoft will meet its electricity needs under the special contract with 25 percent eligible renewable resources from commencement of service under the special contract through 2020. Furthermore, the settlement stipulation provides that Microsoft "will require all its suppliers to provide carbon-free power from identified generating resources".[30] Microsoft's RPS report is included within staff comments addressing PSE's 2019 RPS compliance because Microsoft's withdrawal from PSE's customer demand load will likely reduce PSE's EIA RPS compliance requirement starting in 2020.

The requirements for Microsoft's annual RPS reporting are similar to the electric IOU requirements as set forth in the EIA, with one important distinction: Microsoft does not need to furnish incremental cost calculations of the eligible resources comprising the company's portfolio. However, Microsoft's special contract with PSE does include a carbon-free power supplier disclosure provision not applicable to the electric IOUs.[31] Staff, PSE, and the Microsoft RPS team discussed how best to address the carbon-free power supplier disclosure provision ahead of PSE filing Microsoft's report with the commission. The Microsoft RPS team agreed to document its carbon-free power supplier requirement as an additional section within the company's annual RPS report.

Microsoft redacted significant portions of its 2019 report to keep confidential its aggregate annual load taken while still a customer of PSE during 2017 and 2018.[32] Staff held subsequent discussions with relevant stakeholders (e.g., Northwest Energy Coalition, NWEC) to confirm whether the confidential nature of Microsoft's RPS report met the intentions of the original Order and Settlement Agreement. NWEC's overarching concern was that the confidential nature of the filing makes the information inaccessible to other advocacy organizations that were not party to the original agreement, but who may be interested in tracking overall state RPS compliance. While NWEC continues to harbor this concern, no other organizations have come forward with an interest in reviewing the confidential material. Hence, NWEC confirmed with staff they will not pursue a remedy at this time. NWEC does hope the parties will eventually find a solution to this confidentiality matter. Resolution will require an organization, which does not have access to the redacted information, coming forward in the future to request review of the confidential material.

Based on the information that Microsoft provided in its report and NWEC's decision not to pursue corrective action regarding the degree of confidentiality within PSE's compliance filing

[30] *See* Docket UE-161123, Settlement Stipulation and Agreement, ¶ 13 (Apr. 11, 2017).
[31] *Id.*
[32] *See* Docket UE-161123, MSFT 2019 RPS Report – 05-24-19. Section 1.

of the Microsoft report, staff believes the company has complied with its 2019 RPS and carbon-free power supplier requirements as laid out in Order 06, the corresponding Settlement Agreement, and special contract.

Conclusion

After reviewing the comments of other parties, commission staff will present a recommendation at the August 8 open meeting as to whether the commission should issue an order in each company's docket finding that each utility has met its reporting requirements and accepting the utility's calculation of its 2019 RPS target.

In addition, staff intends to recommend clarifying how the incremental cost methodology applies to planned upgrades of existing renewable resources, such as wind facility re-powering, in the upcoming EIA rulemaking.