

Agenda Date: September 10, 2020
Item Number: E7

Docket: UE-200505
Company: Avista Corporation d/b/a Avista Utilities

Staff: Jim Woodward, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-200505 finding:

1. The 2020 renewable energy target for Avista Corporation is 846,070 megawatt-hours.
2. Avista Corporation has demonstrated that, by January 1, 2020, it acquired at least 846,070 megawatt-hours of eligible renewable resources sufficient to supply at least 15 percent of its load for 2020.
3. Avista Corporation has complied with the June 1, 2020, reporting requirements pursuant to WAC 480-109-210.
4. In the final compliance report for 2020 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 15 percent of their 2020 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 d/b/a Avista Utilities (Avista or company) filed its annual RPS report on June 1, 2020. The company subsequently re-filed its RPS report twice during July adjusting its resource allocation so Avista could meet the 15 percent RPS target without having to request commission approval of any new eligible facilities. Avista's 2020 target is 846,070 MWh. Commission staff (staff) filed written comments on August 6, 2020, which highlighted issues

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 My Clean Energy voluntary renewable energy 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).

identified during staff's review of compliance with the rule. These comments are included as an attachment to this memo.³

Discussion

Based on the information that Avista provided in its report, staff believes that the company correctly calculated its 2020 RPS target and has acquired sufficient resources to meet that target.

Table 1 summarizes Avista's 2020 target and the total amount of resources that the company had acquired by January 1, 2020, and illustrates the company's overall compliance position:

Table 1: Avista's 2020 Renewable Resource Target and Compliance Plan

2020 Target (MWh)	Incremental Hydro (MWh)	Wind (MWh)	Biomass (MWh)	Purchased RECs (unbundled)	Total Compliance Resources (MWh)
846,070	126,060	434,180	285,830	0	846,070

Incremental costs: Avista reported its incremental cost for the 2020 compliance plan as \$387,129, or 0.1 percent of revenue requirement.⁴ Avista's previous negative incremental costs have risen and are now slightly positive but still well under the four percent cost cap which could trigger alternative compliance.⁵ Avista's incremental cost rise is due to the company needing more renewable generation to meet the higher 15 percent 2020 RPS target, of which less now comes from incremental hydropower.⁶ The RPS report contained sufficient information to review incremental cost calculations, including a completed version of the template developed by staff during the 2016 RPS process.

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 voluntary renewable energy programs in RCW 19.29A.090, the commission requires the companies to include information about the usage of the certificates in the annual report pursuant to WAC 480-109-210(2)(d)(i).⁷ This information needs to be updated for final compliance, and staff asks the commission to require Avista to do so, listing details about program usage in the final 2020 compliance report.

³ Commission Staff Comments Regarding Electric Utility 2020 Renewable Portfolio Standard Reports under the Energy Independence Act, RCW 19.285 and WAC 480-109 (August 6, 2020).

⁴ See Docket UE-200505, Annual 2020 Target Year Estimate. Avista workpaper A.

⁵ WAC 480-109-220(1).

⁶ UE-190445, Order 01, paragraph 26. The commission approved Avista's use of Method One for the calculation of incremental hydropower generation. Method One depends on actual stream flow conditions that are estimated to be low or poor for the 2020 plan year calculation.

⁷ WAC 480-109-210(2)(d)(i) requires each resource's WREGIS registration status and use of certificates, whether it be for annual target compliance, a voluntary renewable energy program as provided for in RCW 19.29A.090, or owned by the customer.

Public Comments

The commission received one set of public comments regarding Avista's report, which were filed by the Northwest Energy Coalition (NVEC) on August 7, 2020. NVEC thanked the company for not redacting incremental cost information, resulting in a more transparent report.

Conclusion

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

Attachment