

Agenda Date: July 30, 2015
Item Number: A4

Docket: UE-151145
Company: Avista Corporation

Staff: Jeremy Twitchell, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-151145 finding:

1. Under RCW 19.285.040(2)(a)(i) and WAC 480-109-200(1)(a), the 2015 renewable energy target for Avista Corporation is 170,472 megawatt-hours.
2. Avista Corporation has complied with the June 1, 2015, reporting requirements pursuant to WAC 480-109-210. These reporting requirements include Avista Corporation's plan for meeting its RPS obligation in 2015.
3. Avista Corporation has demonstrated that, by January 1, 2015, Avista Corporation acquired at least 170,472 megawatt-hours of eligible renewable resources, equivalent renewable energy credits, or a combination of them, for its use in 2015, as required by RCW 19.285.040(2)(a)(i) and WAC 480-109-200(1)(a).
4. Avista Corporation must file a second report no later than June 1, 2017, that lists the certificate numbers in the Western Renewable Energy Generation Information System for every megawatt-hour and renewable energy credit that Avista Corporation retired to meet the January 1, 2015, target.

Background

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Now codified in RCW 19.285, the EIA created a renewable portfolio standard (RPS) that requires electric utilities with more than 25,000 customers to serve an increasing percentage of their retail load with eligible renewable resources and to file an annual compliance report (RPS report) by June 1 of each year.¹

The Washington Utilities and Transportation Commission (commission) is responsible for administering the EIA for the state's three investor-owned utilities (IOUs).² The commission has adopted a two-step process for determining RPS compliance. The first step is the annual compliance report required by statute, in which a utility must calculate its RPS target for that year as prescribed by the EIA³ and document that by January 1 of that year, the utility had acquired enough renewable resources and renewable energy credits to meet the target.

¹ RCW 19.285.070.

² RCW 19.285.060(6).

³ RCW 19.285.040(2).

The second step is a final report to be filed in the same docket, no later than two years after the initial report, in which the utility identifies the specific resources that it used to meet the target. As directed by the EIA, the Washington Department of Commerce has designated the Western Renewable Energy Generation Information System (WREGIS) as the system to be used for tracking and verifying the resources used for RPS compliance in Washington.

On March 13, 2015, the commission adopted a new rule for implementation and enforcement of the EIA, which is codified at WAC 480-109. The new rule adopted RPS enforcement practices that the commission has developed since the requirement took effect in 2012, such as the two-step compliance process explained above, and added new reporting requirements. The rule made the following key changes to the RPS reporting process:

- All resources used for RPS compliance must be registered in WREGIS (WAC 480-109-200(3)).
- The three methodologies that the commission has accepted for a utility to use in calculating the portion of the output of upgraded hydropower facilities that is eligible, incremental hydropower for RPS compliance have been formally incorporated (WAC 480-109-200(7)).
- The incremental cost of RPS compliance that utilities are required to report must be calculated according to the commission's approved methodology (WAC 480-109-210(2)(a)).
- Utilities that operate in more than one state are required to explain and document how they determined Washington's allocation of renewable energy credits (RECs) (WAC 480-109-210(2)(e)).
- Utilities that sell RECs are required to report the amount and proceeds of those sales (WAC 480-109-210(2)(f)).

Commission staff (staff) filed written comments on June 30, 2015, that analyzed and summarized each utility's RPS report. Staff's comments also discussed the changes to WAC 480-109 and how those changes affected the utilities' 2015 reports.

Discussion

After identifying some deficiencies in the initial report filed by Avista Corporation (Avista) in this docket on May 29, 2015, staff asked the company to file a revised RPS report. Specifically, the initial report unnecessarily reported on Avista's 2014 RPS target and cited the previous version of WAC 480-109. Though the report contained sufficient information to determine how Avista calculated its 2015 target and whether the company had acquired sufficient resources to meet it, the presentation of the report was confusing. Staff felt that the company's ratepayers and the general public would benefit from a clearer, more concise report.

At staff's request, Avista filed a revised RPS report on July 8, 2015. Based on the information that the company provided in its revised report, staff believes that Avista correctly calculated its 2015 RPS target and that it has acquired sufficient resources to meet that target.

Table 1 summarizes Avista's 2015 target and the total amount of resources that the company had acquired by January 1, 2015. It includes the company's excess RECs from 2014 that could be used toward its 2015 target and the company's projected 2015 generation from its hydro and wind facilities. While Avista has sold its excess 2014 RECs, the point of Table 1 is to illustrate the company's overall compliance position before any sales were made:

Table 2: Avista's 2015 Renewable Resource Target and Compliance Plan

Company	2015 Target (MWh)	Incremental Hydro (MWh)	2014 RECs	2015 RECs	Purchased RECs	Total Resources (MWh)
Avista	170,472	170,089	25,934	469,671	N/A	665,694

Per WAC 480-109-210(2)(a), Avista reported the incremental cost of all eligible resources it has acquired as -1.0 percent and the prorated incremental cost of just the resources needed to meet its 2015 target as -0.7 percent.

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 (NVEC). RNW and NVEC expressed concern with the confusing presentation of Avista's initial report, but praised the company for meeting its target without relying on alternative compliance mechanisms and doing so at a negative incremental cost. RNW and NVEC recommend that the commission approve the report, but clarify that the initial report due each June 1 should report the company's target and compliance plan for that year.

Conclusion

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