

Agenda Date: September 15, 2022
Item Number: A1, A2, and A3

Dockets: UE-220400, 220405, and 220410
Companies: Avista Corporation d/b/a Avista Utilities
PacifiCorp, d/b/a Pacific Power & Light Company
Puget Sound Energy

Staff: Jade Jarvis, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-220400:

1. Finding the 2022 renewable energy target for Avista Corporation d/b/a Avista Utilities is 839,421 megawatt-hours (MWh);
2. Finding Avista has demonstrated that, by January 1, 2022, it acquired 839,421 MWh of eligible renewable resources sufficient to supply 15 percent of its load for 2022;
3. Finding Avista has complied with the June 1, 2022, reporting requirements pursuant to WAC 480-109-210; and
4. Authorizing Avista to use incremental hydropower Method Two for its annual renewable portfolio standard report, beginning in 2022, pursuant to WAC 480-109-200(7)(a).

Issue an Order in Docket UE-220405 finding:

1. The 2022 renewable energy target for Puget Sound Energy is 3,084,363 MWh;
2. PSE has demonstrated that, by January 1, 2022, it acquired 3,084,363 MWh of eligible renewable resources sufficient to supply 15 percent of its load for 2022; and
3. PSE has complied with the June 1, 2022, reporting requirements pursuant to WAC 480-109-210.

Issue an Order in Docket UE-220410 finding:

1. The 2022 renewable energy target for PacifiCorp d/b/a Pacific Power & Light Company is 619,808 MWhs;
2. PacifiCorp has demonstrated that, by January 1, 2022, it acquired 619,808 MWh of eligible renewable resources sufficient to supply 15 percent of its load for 2022; and
3. PacifiCorp has complied with the June 1, 2022, reporting requirements pursuant to WAC 480-109-210.

Discussion

Avista Corporation d/b/a Avista Utilities (Avista), PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp), and Puget Sound Energy (PSE), each filed an annual renewable portfolio standard (RPS) report with the Washington Utilities and Transportation Commission (Commission) by June 1, 2022. Commission Staff (Staff) filed responsive comments on July 11, 2022. Each company filed revised workpapers that included updated incremental cost calculations, which were the result of discussion with Staff to ensure reporting accuracy. These incremental costs are reflected in Table 1 below.

Table 1: Investor-Owned Utilities' Reported Incremental Cost Percentages, 2021 and 2022

	2021		2022	
	<i>Required Resources</i>	<i>All Resources</i>	<i>Required Resources</i>	<i>All Resources</i>
Avista	(0.08) %	(0.6) %	(0.6) %	(0.7) %
PacifiCorp	(2.2) %	(3.5) %	(1.9) %	(3.6) %
PSE	1.5 %	1.5 %	2 %	1.7 %

During review of the 2022 annual RPS reports, Staff identified several issues regarding biomass related to the Energy Independence Act (EIA). PSE's report requested the Commission authorize the company to use renewable energy credits (RECs) from the Kettle Falls qualified biomass facility. Staff's review of biomass rule and statute resulted in the determination that RECs from the Kettle Falls facility are only eligible for use by the facility's owner – Avista. RCW 19.285.040(2)(k) appears to prohibit qualified utilities from transferring or selling RECs associated with qualified biomass to other persons, entities, or qualified utilities. Discussions are currently ongoing between Staff and Avista to determine whether the sale of Kettle Falls RECs are allowed, and if so, under what conditions.

Avista

On June 8, 2022, Avista filed a Petition in Docket UE-220400, requesting that the Commission authorize Avista to switch from incremental hydropower calculation Method One to Method Two to calculate its incremental hydroelectric efficiency improvements for 2022.¹ Staff believes the change is appropriate due to the modeling challenges described in the company's report and Staff comments. Staff also recognizes that authorizing Avista to use Method Two would promote reporting consistency, as all three electric utilities would be using the same method. Therefore, Staff recommends that the Commission authorize Avista to

¹ WAC 480-109-200(7)(a) requires authorization from the Commission for a utility to switch hydro calculation methods.

change its incremental hydropower calculation from Method One to Method Two. Staff believes that the company has acquired sufficient resources to meet its 2022 target and has met the reporting requirements of WAC 480-109-210.

Table 2 summarizes Avista’s 2022 target and the total amount of renewable resources the company has acquired as of January 1, 2022, illustrating the company’s overall compliance position:

Table 2: Avista’s 2022 Renewable Resource Target and Compliance Plan

2022 Target (MWh)	Incremental Hydro	Wind	Biomass	Total Eligible Resources (MWh)
	RPS Compliance Resources (MWh)			
839,421	172,096	354,390	312,935	1,402,427

PacifiCorp

Based on the information that PacifiCorp provided in its report, Staff believes that the company has acquired sufficient resources to meet its 2022 target and has met the reporting requirements of WAC 480-109-210.

Table 3 summarizes PacifiCorp’s 2022 target and the total amount of renewable resources the company has acquired as of January 1, 2022, illustrating the company’s overall compliance position:

Table 3: PacifiCorp’s 2022 Renewable Resource Target and Compliance Plan

2022 Target (MWh)	Incremental Hydro	Solar	Wind	Geothermal	Total Eligible Resources (MWh)
	RPS Compliance Resources (MWh)				
619,808	1,425	177,682	420,371	20,330	952,569

Puget Sound Energy

PSE initially requested that the Commission consider RECs from the Kettle Falls qualified biomass facility as eligible renewable resources for annual RPS compliance. After review, Staff determined that PSE could not use Kettle Falls RECs for EIA compliance, because RCW 19.285.040(j)(i) limits the use of qualified biomass RECs for EIA compliance to qualifying utilities that either own or directly interconnect with a qualified biomass energy

facility.² During the August 11, 2022, Open Meeting, PSE acknowledged that it does not meet the requirements necessary to utilize these RECs for EIA compliance purposes. For these reasons, Staff does not recommend the Commission consider Kettle Falls RECs as eligible for use towards EIA compliance by PSE. As PSE intended to use the Kettle Falls RECs for compliance with its 2020 target, the plan to meet its 2022 target is not affected by this issue. Based on the information that PSE provided in its RPS report, Staff believes that the company has acquired sufficient resources to meet its 2022 target.

Table 4 summarizes PSE’s 2022 target and the total amount of renewable resources the company has acquired as of January 1, 2022, illustrating the company’s overall compliance position:

Table 4: PSE’s 2022 Renewable Resource Target and Compliance Plan

2022 Target (MWh)	Incremental Hydro	Wind	Biomass	Total Eligible Resources (MWh)
	RPS Compliance Resources (MWh)			
3,084,363	118,195	2,845,747	120,421	3,794,770

Comments

No public comments were submitted on any of the electric investor-owned utilities’ annual RPS reports.

Conclusion

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

² RCW 19.285.040(j)(i) states “[b]eginning January 1, 2016, only a qualifying utility that owns or is directly interconnected to a qualified biomass energy facility may use qualified biomass energy to meet its compliance obligation under this subsection.”