

July 14, 2016

Mr. Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive  
Olympia, WA 98504-7250

**Re: Comments of Renewable Northwest and Northwest Energy Coalition on Docket UE-160757: June 3, 2016 Notice of Opportunity to File Written Comments on 2015 Renewable Resource Target Pursuant to RCW 19.285.040 and WAC 480-109-040.**

Renewable Northwest (“Renewable NW”) and the NW Energy Coalition (“the Coalition”) appreciate the opportunity to comment on the Puget Sound Energy’s (“PSE” or “the Company”) June 1, 2016 filing pertaining to compliance with the January 1, 2016 renewable energy targets set forth in Washington’s Energy Independence Act (“I-937”).

We commend PSE for acquiring sufficient eligible renewable energy to meet the 2016 target, and are pleased that they intend to meet the target through acquiring renewable energy rather than an alternative compliance mechanism. The renewable energy acquired since the passage of I-937 has built on our legacy hydropower endowment through efficiency investments in hydroelectric generators and new renewable energy projects in Washington; these investments are diversifying our energy portfolio, cleaning our air, creating new jobs and leading to more stable energy prices for ratepayers.

In previous years, Renewable NW and the Coalition have commented extensively on the process for review of compliance filings. The Commission’s rules adopted in March 2015 significantly clarified the process, resulting in reports from the Company that are significantly more transparent. However, the one component that lacks transparency is the assumptions behind the incremental cost calculations. It is unclear from the surface of the report how REC sales are accounted for, whether apprenticeship credits are considered, and what resource cost assumptions are embedded in the peaker plants and market prices. Because incremental cost calculations are one-time calculations that have been previously approved, we simply note this for future calculations should the Company procure additional resources for compliance with I-937.

We also note that PSE continues to use the Mid-C market forecast price as the non-eligible resource for comparison in its calculation. We have commented on this issue multiple times in the past, and we continue to question whether a market forecast is truly a “resource” that can meet the law’s requirement regarding “same contract length or facility life.” However, with PSE’s low incremental cost so far from the cost cap, we simply note this concern.

Additionally, we note that the incremental cost to revenue requirement ratio is based on all eligible resources – not just resources used to meet the renewables standard; as a result, the incremental cost of compliance may appear higher than what is required to meet the standard. We commend PSE for acquiring renewable resources beyond the minimum amount needed to

meet the standard; we simply note this issue regarding the incremental cost ratio to put it into the proper context.

Overall, we are very pleased to see that PSE continues to meet the renewable energy targets set forth in I-937 at a very low incremental cost. We support the Commission approving PSE's June 1, 2016 filing in the above-referenced docket. We appreciate your consideration of these joint comments, and look forward to answering any questions at the August 4, 2016 Open Meeting.

Sincerely,

Kelly Hall, Renewable Northwest  
Dina Dubson Kelley, Renewable Northwest  
Joni Bosh, NW Energy Coalition  
Wendy Gerlitz, NW Energy Coalition