

Agenda Date: August 9, 2012
Item Numbers: A7, A4, and A6

Dockets: UE-120791, UE-120813, UE-120802
Companies: Avista Corporation, Pacific Power and Light Company d/b/a PacifiCorp, Puget Sound Energy

Staff: Chris McGuire, Regulatory Analyst
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Recommendation

Issue an Order in Docket UE-120791 finding Avista Corporation

1. has a 2012 renewable portfolio standard target of 166,047 MWh,
2. complied with the June 1, 2012 reporting requirements pursuant to WAC 480-109-040,
3. acquired eligible renewable resources to meet the January 1, 2012 target, and
4. must file a second report no later than June 1, 2014, that provides the information necessary to determine whether the company met the January 1, 2012 target, including the specific megawatt-hours and/or RECs used to meet the target.

Issue an Order in Docket UE-120813 finding Pacific Power & Light Company

1. has a 2012 renewable portfolio standard target of 119,857 MWh,
2. complied with the June 1, 2012 reporting requirements pursuant to WAC 480-109-040,
3. acquired eligible renewable resources to meet the January 1, 2012 target, and
4. must file a second report no later than June 1, 2014 that provides the information necessary to determine whether the company met the January 1, 2012 target, including the specific megawatt-hours and/or RECs used to meet the target.

Issue an Order in Docket UE-120802 finding Puget Sound Energy

1. has a 2012 renewable portfolio standard target of 635,958 MWh,
2. complied with the June 1, 2012 reporting requirements pursuant to WAC 480-109-040, on the condition that Puget Sound Energy file a revised report to include the language in Attachment A,
3. acquired eligible renewable resources to meet the January 1, 2012 target, and
4. must file a second report no later than June 1, 2014, that provides the information necessary to determine whether the company met the January 1, 2012 target, including the specific megawatt-hours and/or RECs used to meet the target.

Background

On July 16, 2012, interested parties, including staff, filed comments on the Renewable Portfolio Standard (RPS) reports, filed on June 1, 2012 by Avista Corporation (Avista), Pacific Power and

Light Company d/b/a PacifiCorp (PacifiCorp), and Puget Sound Energy (PSE). Interested parties presented oral comments at the July 27, 2012, open meeting. At that open meeting, interested parties were given an opportunity to submit additional written comment by August 2, 2012.

Following the July 27, 2012, open meeting, staff held an informal meeting with interested parties to identify areas of disagreement and issues needing further clarification. This memo will identify the issues that should be resolved at the August 9, 2012, open meeting. Other issues identified by interested party comments are listed in Attachment B, and may be addressed at a later time.

Discussion

WAC 480-109 provides partial guidelines on determining compliance with the annual RPS targets. Staff recommends that the commission adopt a two-step approach toward determining compliance, where the initial filing for a given target year includes the information described in RCW 19.285.070(1), which effectively establishes a plan for how the company will meet the target. The Northwest Energy Coalition (NVEC) and Renewable Northwest Project (RNP) submitted a similar proposal.¹

The initial filing will outline the eligible renewable resources or contracts for eligible resources or RECs that the company acquired by January 1, 2012. The commission should issue an order making an initial compliance determination. The second and final filing for each target year will provide the information necessary to determine whether the company met the target, including the specific megawatt-hours and/or RECs used to meet the target. For any given target year, the second filing should be filed no later than June 1 two years after the initial filing. This approach parallels the reporting for conservation under the Energy Independence Act (EIA), where companies submit a biennial conservation plan which is approved by the Commission, and then file a report detailing their biennial conservation achievement. The second filing may be combined with an initial filing for a subsequent target year, provided that the information pertaining to each target year is clearly identified.

Staff interprets RCW 19.285.040(2)(a) to mean that a company is in compliance by January 1, 2012, if it has acquired the eligible renewable resources or contracts for eligible resources or RECs by January 1, 2012. NVEC and RNP agree and none of the companies oppose this interpretation.² The commission should make a finding about this in its initial orders.

¹ Dockets UE-100170, UE 100-176, UE-100177 UE-120791, UE-120802 and UE-120813, Northwest Energy Coalition and Renewable Northwest Project Joint Comments, August 2, 2012, pp.8.

² Dockets UE-100170, UE 100-176, UE-100177 UE-120791, UE-120802 and UE-120813, Northwest Energy Coalition and Renewable Northwest Project Joint Comments, August 2, 2012, pp.8.; Docket UE-120791, Avista Comments, August 2, 2012; Docket UE-120802, PSE Comments, August 2, 2012; Docket UE-120813, PacifiCorp Comments, August 2, 2012.

Although staff believes that the companies have acquired sufficient eligible renewable resources to have met the January 1, 2012, target, staff did not have adequate time to thoroughly review the incremental hydroelectric models for compliance with RCW 19.285. For the purposes of this initial determination of compliance with RCW 19.285, staff accepts the output of the incremental hydroelectric models as filed. Staff recommends the companies work with staff to review the incremental hydroelectric models, and update the models, if necessary, for compliance in future years.

For the purposes of this initial determination of compliance with RCW 19.285, staff accepts that the companies included incremental cost calculations as part of their reports, as required by RCW 19.285.070(1). However Staff does not consider the incremental cost calculations provided by any of the companies to be consistent with the definition of incremental cost in RCW 19.285.050(1)(b). Staff strongly recommends that the companies work with interested parties to develop the incremental cost methods, and update them in their final compliance filings. This issue will be addressed for all future filings, where each company must calculate the incremental cost in accordance with the statute.

Issues specific to Puget Sound Energy

Staff proposes that PSE file a revised RPS report to include the language described in Attachment A.

Although the staff comments submitted July 16, 2012 recommend that the commission find PSE in compliance with the reporting requirements of 19.285.070, after further consideration of the report, statute, and written comments staff believes that the RPS report submitted June 1, 2012, and revised pages filed July 12, 2012, do not meet the reporting requirements of the statute.

Staff believes the statute, the rule and Commission Order R-546 are firm in requiring the June 1, 2012, report to describe how the company met the target by January 1, 2012.³

As described in Section 4 of PSE's report, the company effectively asserts that there are no requirements for 2011 and does not need to report on steps taken in 2011 toward meeting the 2012 target. Staff agrees with PSE that the company was not under any EIA target for the year 2011. Staff also reads the statute and rule as clear: the company needs to report on actions taken during the preceding year, 2011, toward meeting the January 1, 2012, target. Therefore, the description in Section 4 is irrelevant to and insufficient for the reporting requirements at issue in this filing.

³ Beginning June 1, 2012, each company is required to file a report, per WAC 480-109-040(1)(b), that includes information on "the amount...and cost of each type of eligible renewable resource used" to meet the target for that year. RCW 19.285.070 states that each qualifying utility shall report "on its progress in the preceding year in meeting the targets established in RCW 19.285.040..."

Similarly, staff found Section 6 of PSE's report to be deficient. Section 6 of PSE's report describes PSE's progress in acquiring resources in 2012 to meet the 2012 target. However, current year progress should not involve acquiring resources to meet the previous annual target, because those resources should have already been acquired by January 1.

Staff believes that PSE's report lacks detail on the actions the company took in 2011 to meet its January 1, 2012, target. In order to bring PSE's report into compliance, staff proposes that PSE file a revised RPS report to include the language described in Attachment A.

Conclusion

Issue orders as described in the recommendations section of this memo.