



# MEMORANDUM

TO: Kathie Barnard, Paul Wetherbee and Chris Smith

FROM: Tricia Fischer and Chris Schaefer

DATE: December 13, 2017

SUBJECT: Requirements of Chapter 480-109-200 WAC

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## Background

Chapter 480-109-200 WAC Renewable portfolio standard states:

(1) **Renewable resource target.** Each utility must meet the following annual targets.

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(b) By January 1st of each year beginning in 2016 and continuing through 2019, each utility must use sufficient eligible renewable resources, acquire equivalent renewable energy credits, or a combination of both, to supply at least nine percent of its two-year average load for the remainder of each target year.

...

(2) **Credit eligibility.** Renewable energy credits produced during the target year, the preceding year or the subsequent year may be used to comply with this annual renewable resource requirement provided that they were acquired by January 1st of the target year.

(3) **WREGIS registration.** All eligible hydropower generation and all renewable energy credits used for utility compliance with the renewable resource target must be registered in WREGIS, regardless of facility ownership. Any megawatt-hour of eligible hydropower or renewable energy credit that a utility uses for compliance must have a corresponding certificate retired in the utility's WREGIS account.

...

(5) **Target calculation.** In meeting the annual targets of this section, a utility must calculate its annual target based on the average of the utility's load for the previous two years.

(6) **Integration services.** A renewable resource within the Pacific Northwest may receive integration, shaping, storage or other services from sources outside of the Pacific Northwest and remain eligible to count towards a utility's renewable resource target.

## Summary

Pursuant to the requirements of Chapter 480-109-200 WAC, we have prepared this Memorandum to document that Puget Sound Energy ("PSE") has acquired sufficient eligible renewable resources in its portfolio, by January 1, 2018, to supply at least nine percent of its 2016-2017 average load for the 2018 target year. This is consistent with the information

provided to the WUTC on November 14, 2017 in PSE's compliance filing in Docket UE-160918, PSE's 2017 Integrated Resource Plan ("IRP"). The Executive Summary of the IRP stated that, "... PSE has acquired enough eligible renewable resources and RECs to meet the requirements of the law until 2022."

The following provides detail of PSE's eligible renewable resources, load and renewable energy target.

### **Eligible Renewable Resources**

Eligible renewable resources that PSE may elect to use in whole or in part to meet its 2018 target include (but are not limited to):

- Hopkins Ridge Wind Project;
- Wild Horse Wind Project;
- Wild Horse Expansion Wind Project (including extra apprenticeship credits);
- Lower Snake River Wind Project (including extra apprenticeship credits);
- Klondike III Wind Project (e.g. the output PSE purchases from Iberdrola);
- Snoqualmie Falls Hydroelectric Efficiency Upgrades;
- Lower Baker River Hydroelectric Efficiency Upgrades;
- Allocation of Hydroelectric Efficiency Upgrades that may be (now or in the future) a part of PSE's Mid-C Contracts;
- Customer-Generator owned facilities taking service from PSE under PSE electric rate Schedule 91; and
- Any other eligible renewable resources that may become available in 2018 or 2019.

Total 2016 generation from Hopkins Ridge, Wild Horse, Wild Horse Expansion, Lower Snake River and Klondike III Wind Projects was approximately 2,086,524 megawatt-hours (not inclusive of the extra apprenticeship credits); similar generation may be achieved for 2017 and 2018.

These eligible renewable resources may be impacted by events beyond PSE's reasonable control, which could not be reasonably anticipated, that could prevent PSE from meeting the renewable energy target. Such events may include weather-related damage, mechanical failure, strikes, lockouts, or actions of a governmental authority that adversely affect the generation, transmission, or distribution of an eligible renewable resource owned by or under contract to PSE.

PSE does not currently intend to utilize one of the alternative compliance mechanisms provided for in RCW 19.285.040(2)(d) or RCW 19.285.050(1) and WAC 480-109-220 for meeting its 2018 renewable resource target. However, there may be events beyond PSE's control during calendar year 2018 which could prompt PSE to utilize one of the above mentioned alternative compliance mechanisms. Such determination will be made when PSE reports on its final 2018 compliance in the 2019 or 2020 report.

**Load**

As defined in the rule, "Load" means the amount of kilowatt-hours of electricity delivered in the most recently completed year by a qualifying utility to its Washington retail customers. Load does not include off-system sales or electricity delivered to transmission-only customers. PSE's actual 2016 delivered load was 20,448,423,000 kilowatt-hours (20,448,423 megawatt-hours) and the 2017 forecast load is 21,118,903,000 kilowatt-hours (21,118,903 megawatt-hours).

Consistent with WAC 480-109-210(2), based on the average of PSE's load in 2016 and 2017 and as reflected above, PSE's estimated load for purposes of meeting its 2018 target is 20,783,663 megawatt-hours.

**2018 Renewable Resource Target**

Pursuant to Chapter 480-109-200(1)(b) WAC, PSE's renewable resource target shall be nine percent of its 2016-2017 average load. Therefore, PSE's estimated renewable energy target for 2018 is approximately 1,870,530 megawatt-hours (nine percent of 20,783,663 megawatt-hours.) PSE expects to generate eligible renewable energy in excess of its 2018 requirement (not including any renewable energy credits generated in 2017 that PSE may elect to use for its 2018 requirement). PSE may choose to purchase out of state eligible RECs to meet annual compliance targets and use PSE-owned and Washington located resources for other purposes such as compliance under the Clean Air Rule.

PSE will report on the specific renewable energy credits produced and to be retired for final compliance with the 2018 target in either its 2019 or 2020 annual report, and reserves the right to submit renewable energy credits from the resources reported here or to substitute with renewable energy credits produced from 2017 to 2019 by other eligible renewable resources or with 2018 generation from eligible renewable resources that have not been converted to renewable energy credits.

**Conclusion**

PSE has acquired enough eligible renewable resources or renewable energy credits to meet the estimated renewable energy target for 2018.

PSE's expected 2018 eligible renewable resource generation of 2,224,490 megawatt-hours, not including extra apprenticeship credits, exceeds its 2018 renewable resource target of 1,870,530 megawatt-hours.