

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of)	DOCKET UE-151164
)	
PUGET SOUND ENERGY'S)	ORDER 01
)	
Renewable Energy Target Progress)	ORDER APPROVING
Report under RCW 19.285.070 and)	COMPLIANCE WITH ELIGIBLE
WAC 480-109-210)	RENEWABLE ENERGY TARGET
.....)	REPORTING REQUIREMENTS FOR
)	2015

BACKGROUND

- 1* The Energy Independence Act (EIA or Act)¹ requires qualifying electric utilities to obtain certain percentages of their electricity from eligible renewable resources. The Washington Utilities and Transportation Commission (Commission) enforces compliance with the EIA by investor-owned utilities.² Ultimately, the Commission must determine “whether the utility has generated, acquired or arranged to acquire enough renewable energy credits or qualifying generation to comply with its renewable resource target.”³
- 2* The Commission has implemented these requirements by establishing a two-step compliance process.⁴ Because a utility may comply with its renewable portfolio standards (RPS) obligation by using RECs acquired in the year after the target year, ultimate compliance for 2015, for example, may be demonstrated as late as June 1, 2017. Accordingly, there will be two Commission decisions for each year’s compliance: (1) a determination that the Company has enough resources to meet the 3 percent target; and (2) the retrospective compliance decision. Before the Commission is the initial resource-adequacy filing made by Puget Sound Energy (PSE or Company) for its 2015 obligation. The Commission will consider PSE’s compliance with its 2015 target when PSE requests such a finding, which the Company must do through a filing in this docket no later than June 1, 2017.

¹ RCW Chapter 19.285.
² RCW 19.285.060(6).
³ WAC 480-109-210(3)(b).
⁴ WAC 480-109-210(1) and (6).

3 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 adopts RPS enforcement practices developed by the Commission since the Act was implemented in 2012 – including the two-step compliance process explained above – and created new reporting requirements. The rule made the following key changes to the RPS reporting process:

- Requires registration of all resources used for RPS compliance in WREGIS (WAC 480-109-200(3)).
- Formally incorporates the three methodologies that the Commission has accepted for calculating which portion of the output of upgraded hydropower facilities is eligible, incremental hydropower for RPS compliance (WAC 480-109-200(7)).
- Requires calculation of the incremental cost of RPS compliance according to the Commission’s approved methodology (WAC 480-109-210(2)(a)).
- Requires utilities that operate in more than one state to explain and document how they determined Washington’s allocation of renewable energy credits (RECs) (WAC 480-109-210(2)(e)).
- Requires utilities that sell RECs to report the amount and proceeds of those sales (WAC 480-109-210(2)(f)).

4 On June 1, 2015, PSE filed with the Commission a compliance report under RCW 19.285.070 and WAC 480-109-210 (RPS Report). PSE indicated in its RPS Report that it plans to use Method 2 to calculate the incremental output of its upgraded dams at Snoqualmie Falls and Lower Baker. In previous reports, the Company indicated that it planned to use Method 3 to make the calculation. Both methods use a historical period of water flow data, and then use that data to model the dam’s output under the pre-upgrade condition and the post-upgrade condition. Method 3 then subtracts the average of the pre-upgrade generation from the average of the post-upgrade. The resulting quantity is then reported in perpetuity as the facility’s annual incremental hydropower generation, regardless of actual water conditions or generation. Method 2 divides the average of the post-upgrade generation by the average of the pre-upgrade generation, and the resulting ratio is applied to the facility’s actual generation each year to determine what portion of it was incremental.

5 Given the concerns that Commission staff (Staff) and the Commission have expressed regarding Method 3,⁵ Staff supports PSE’s change to Method 2, which is tied to actual water conditions each year. Method 2 will likely prove more a more accurate

⁵ See Docket UE-131723, General Order R-578 (March 13, 2015) ¶ 100.

measurement of incremental hydropower as water flows vary over time. Staff has reviewed the Company's documentation for the ratios it is using for Snoqualmie Falls and Lower Baker and believes that the ratios have been correctly calculated.

- 6 PSE's RPS Report included all items required by WAC 480-109-210 and RCW 19.285.070(1). PSE reported an average load in 2013 and 2014 of 20,888,779 MWh, yielding a 2015 target of 626,663 MWh. Table 1 summarizes PSE's 2015 compliance report:

Table 1: PSE's 2015 Renewable Resource Target and Compliance Plan

2015 Target (MWh)	Incremental Hydro (MWh)	2014 RECs	2015 RECs	Purchased RECs	Total Resources (MWh)
626,663	122,269	878,888	2,090,291 ⁶	N/A	3,091,448

- 7 The Company seeks an order from the Commission confirming that PSE has complied with the Commission's EIA reporting requirements and accepting the Company's calculations and eligibility of the renewable resources identified in the RPS Report for 2015.
- 8 On June 4, 2015, the Commission issued a Notice inviting interested persons to file written comments on PSE's Initial RPS Report. During the comment period, the Commission received written comments from Commission Staff and joint written comments from Renewable Northwest and NW Energy Coalition (RNW/NWEC). RNW/NWEC praised PSE for the clarity of its report and for meeting the target rather than relying on an alternative compliance method. Although RNW/NWEC expressed doubt regarding PSE's use of market price forecasts in its incremental cost calculation, they were pleased that the Company met its target at a low incremental cost, and recommended that the Commission approve the RPS Report.
- 9 Staff believes that PSE correctly calculated its target for supplying 3 percent of its retail load in 2015 with renewable resources, and that the Company has acquired sufficient resources to meet that target.
- 10 Staff recommends that the Commission issue an order in this docket determining: (1) The 2015 renewable energy target for PSE is 626,663 megawatt-hours; (2) PSE has complied with the June 1, 2015, reporting requirements, and these reporting requirements include Puget Sound Energy's plan for meeting its RPS obligation in 2015; (3) PSE has

⁶ Average of all eligible generation from Company resources in 2014 and 2015.

demonstrated that, by January 1, 2015, the Company acquired at least 626,663 megawatt-hours of eligible renewable resources for its use in 2015; (4) PSE must file a second report in this docket no later than June 1, 2017, that lists the certificate numbers in WREGIS for every megawatt-hour and renewable energy credit that PSE retired to meet the January 1, 2015, target.

DISCUSSION

11 The Commission accepts PSE's calculation of 626,663 megawatt-hours as the Company's renewable energy target for 2015 and determines that PSE has identified sufficient resources to be able to meet that target. The Commission will make its final determination about whether PSE has met its 2015 target when the Company requests such a finding, which PSE must make in this docket no later than June 1, 2017.

FINDINGS AND CONCLUSIONS

- 12 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, regulations, practices, and accounts of public service companies, including electric companies.
- 13 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 14 (3) PSE serves more than 25,000 customers within the State of Washington and is a "qualifying utility" within the meaning of RCW 19.285.030(18).
- 15 (4) PSE has properly calculated its renewable energy target for 2015 to be 626,663 megawatt-hours.
- 16 (5) By January 1, 2015, PSE had acquired sufficient eligible renewable resources to supply at least three percent of its load for the remainder of 2015.
- 17 (6) PSE has met the reporting requirements of RCW 19.285.070 and WAC 480-109-210. These reporting requirements include PSE's plan for meeting its RPS obligation for the remainder of 2015.
- 18 (7) Pursuant to WAC 480-109-210(4), PSE must provide a summary of its RPS Report to its customers, by bill insert or other suitable method, within ninety days of the date of this Order.

- 19 (8) Pursuant to WAC 480-109-200(3), PSE must register in WREGIS all Company-owned incremental hydropower facilities on which the Company intends to rely for compliance with RPS requirements.
- 20 (9) Pursuant to WAC 480-109-210(6), PSE must file a report no later than June 1, 2017, that lists the certificate numbers in WREGIS for every megawatt-hour and renewable energy credit that PSE retired to meet the January 1, 2015, target.

ORDER

THE COMMISSION ORDERS:

- 21 (1) The Commission accepts the calculation of 626,663 megawatt-hours as the 2015 renewable energy target for Puget Sound Energy.
- 22 (2) Puget Sound Energy has identified eligible renewable resources sufficient to supply at least three percent of its load for 2015.
- 23 (3) Puget Sound Energy has complied with the June 1, 2015, reporting requirements pursuant to WAC 480-109-210.
- 24 (4) Puget Sound Energy must file a second report no later than June 1, 2017, that provides the information necessary to determine whether Puget Sound Energy met the 2015 renewable energy target of 626,663 megawatt-hours.
- 25 (5) Puget Sound Energy must register in the Western Renewable Energy Generation Information System all Company-owned incremental hydropower facilities on which the Company intends to rely for compliance with renewable portfolio standard requirements.
- 26 (6) Puget Sound Energy must file a 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 Puget Sound Energy retired to meet the January 1, 2015, target.
- 27 (7) The Commission Secretary is authorized to accept or approve a filing that complies with the requirements of this Order.

DATED at Olympia, Washington, and effective July 30, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner