

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

RE: UE-160921, Renewable Northwest's Letter of Support on PSE's Proposed Tariff Revisions to Schedules 135 and 136.

Dear Mr. King,

Renewable Northwest submits this comment letter in support of Puget Sound Energy's ("PSE") proposed revisions to its electric Schedule No. 135, Green Energy Option Purchase Rider, and electric Schedule No. 136, Large Volume Green Energy Purchase Rider. These schedules apply to PSE customers that participate in the company's voluntary renewable energy program via the purchase of renewable energy credits ("RECs"). In response to customer demand, PSE proposes to add a new solar-only REC-based product to Schedule 135. PSE also proposes to reduce the Schedule 135 and 136 rates for customers participating in the green power program. We are pleased that PSE continues to work toward expanded and improved program offerings for its voluntary renewable energy programs. Below, we discuss our recommendations regarding PSE's program goals, procurement process, and the reserve account, as well as our recommendation that the Washington Utilities and Transportation Commission ("UTC") convene a stakeholder conversation on regulated utilities' voluntary green power programs.

1. Renewable Northwest Supports Expanded Program Offerings and Setting a Goal of Program Growth.

Renewable Northwest supports PSE's proposal to expand its green power program by adding a solar-only option. The addition of a solar-only option to the green power program provides customers with an additional choice for being supplied with renewable energy. We are pleased that PSE has responded to growing customer demand for a solar option, but want to ensure that both the new offering and any future offerings result in overall growth of the company's voluntary green power program.

Although PSE has achieved a high national ranking for its voluntary green power program, participation in its program has recently declined. Each year, the Department of Energy's National Renewable Energy Laboratory ("NREL") assesses the nation's leading voluntary green power programs and releases a report that highlights the top ten utility programs in four categories: number of participants; participation rate; MWh sales per year; and sales rate. Renewable Northwest applauds PSE for holding a top ten ranking in every year since 2004 for both the number of green power participants and the MWh sales per year.¹ While the top ten ranking is laudable, the number of green power participants under PSE's green power program decreased for the first time in 2015 by approximately 1300 participants.² As evidenced by the

¹ NREL: Top Ten Utility Green Power Programs
<http://apps3.eere.energy.gov/greenpower/resources/tables/topten.shtml>

² *Ibid.*

growing participation in Portland General Electric's and Pacific Power's similar programs, regional demand for renewable energy continues to grow. Renewable Northwest is concerned that the decline in participation in PSE's program is a result of insufficient efforts to market the program to PSE customers.

Historically, PSE had a goal of growing the number of participants in its green power program. As part of a settlement agreement reached in July 2008, PSE agreed to a goal of the green power program reaching 2% of its annual load or at least 5% of electric customers subscribed within five years of the settlement.³ The company was required to contract with a third-party marketer in order to help achieve that goal. While PSE did not achieve those stated goals, the company did achieve impressive year-over-year growth in the program consistent with trends among similar Northwest programs, resulting in a greater number of participants and a greater number of MWh sales on an annual basis. We encourage the company to adopt a new goal of year-over-year growth regarding the number of green power program participants.

In order to have a thriving green power program, a utility must make customers aware of the products that are available to them through marketing and outreach. Through various stakeholder meetings, PSE has indicated that the percentage of funds spent on marketing the voluntary green power program has declined in recent years. As customers continue to demand more renewable energy options, Renewable Northwest encourages PSE to spend adequate funds on marketing and outreach to ensure that customers are made aware of the options available to them. To this end, we recommend that PSE increase the amount expended on marketing the voluntary green power programs to a level that achieves broad education and awareness of the options and results in a growing number of program participants consistent with other Northwest utilities who are making similar investments.

In addition, we recommend that the UTC direct all regulated utilities to submit the annual reports filed with NREL each year, together with the underlying data, in order for the UTC and interested stakeholders to track participation rates in the green power programs. The ability to track progress on utility green power programs will provide an increased level of transparency for interested stakeholders that are seeking more information on green power programs.

2. PSE Should Use the Reserve Account to Facilitate New Renewable Energy Development.

PSE should allocate a portion of the reserve account toward investments in new renewable energy projects. The reserve account associated with PSE's green power program has a current balance of \$4.7 million. As discussed in a stakeholder workshop on September 1, 2016, there is a goal of reducing that balance to \$2.5 million by 2022. Given that the funds in the reserve account have been collected from customers wishing to invest in renewable energy, Renewable Northwest recommends that the funds be used in a way that facilitates new renewable energy development and brings new projects into the green power program supply. In order to

³ *In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy For an Order Authorizing Proposed Transaction*, Docket No. U-072375, Order 08, Approving and Adopting Settlement Stipulation (Dec. 30 2008).

attract projects that can best leverage reserve account funds, we recommend that PSE issue a request for proposals and award a portion of the reserve account funds to the winning bidder(s).

Additionally, Renewable Northwest recommends that a portion of the reserve account be used for marketing the existing and new product offerings under the voluntary green power program. As previously discussed, the number of participants in PSE's voluntary green power program declined from 2014 to 2015. As the number of participants declines and funds for marketing decrease, Renewable Northwest recommends that PSE use funds in the reserve account in an effort to maintain and grow the program.

3. We Support Continued Green-e Certification of the Program Offerings.

Renewable Northwest is pleased that PSE continues to supply customers with RECs that are Green-e certified. Because the U.S. does not administer a national registry of RECs, for the past 20 years, the Center for Resource Solutions has administered a voluntary certification program called "Green-e."⁴ Green-e is now the nation's leading certification program for RECs. Green-e certification helps to protect customers by ensuring the authenticity of the REC supply, maintaining transparency and accountability, and guarding against double-counting of the environmental attributes associated with renewable energy generation. PSE's green power program offerings are currently Green-e certified and we support continued Green-e certification.

4. PSE Should Pursue a Robust Procurement Strategy for its Voluntary Green Power Programs.

A robust and transparent competitive procurement process is important in ensuring that customers are offered the most valuable REC-based options under PSE's voluntary green power program. Competition in procurement helps provide the company with more resource options and increases the likelihood that customers are receiving the lowest reasonable cost for the product they are purchasing. We recommend that PSE outline and file in this docket on a going-forward basis a competitive procurement process for future procurement. We encourage PSE to pursue a REC procurement strategy that seeks to strengthen the regional renewable energy market and leads to development of new renewable energy facilities.

5. We Recommend That the UTC Hold a Stakeholder Workshop on Utilities' Voluntary Green Power Programs.

Renewable Northwest recommends that the UTC hold one or more stakeholder workshops on regulated utilities' voluntary green power programs to discuss program goals and how the utilities plan to sufficiently meet growing customer demand for renewable energy. We welcome guidance from the UTC on how to best define the goals of the voluntary green power programs and how to best measure and track any identified goals.

Renewable Northwest would also welcome a stakeholder discussion to examine voluntary green power program interactions with existing and future clean energy policies, programs, and regulations. With higher renewable portfolio standards now being implemented

⁴ http://www.green-e.org/getcert_re_cert.shtml

in California and Oregon (as well as Washington's own renewable portfolio standard), the advent of the Clean Air Rule in Washington, and potential federal regulations under the Clean Power Plan, it is important to analyze and monitor the interactions various policies have on one another as they are implemented.

6. Conclusion

We appreciate the opportunity to comment on PSE's proposed revisions to its electric Schedule No. 135, Green Energy Option Purchase Rider and electric Schedule No. 136, Large Volume Green Energy Purchase Rider. We support PSE's efforts to offer its customers more options under the voluntary green power program and encourage the company to continue efforts to grow the program. We encourage PSE to set a new goal of growing customer participation, increase its marketing expenditures to meet this goal, and allocate reserve account funds toward new renewable energy projects. We also look forward to working with the company, the UTC, and other stakeholders on monitoring the interactions of the program with other policies, regulation, and programs.

Sincerely,

/s/ Dina Dubson Kelley
Chief Counsel, Renewable Northwest

/s/ Kelly Hall
Washington Policy Manager, Renewable Northwest