

Agenda Date: August 4, 2015
Item Number: A2

Docket: UE-160757
Company: Puget Sound Energy

Staff: Kathi Scanlan, Regulatory Analyst
Brad Cebulko, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-160757 finding:

1. The 2016 renewable energy target for Puget Sound Energy is 1,848,542 megawatt-hours.
2. Puget Sound Energy has demonstrated that, by January 1, 2016, Puget Sound Energy has acquired at least 1,848,542 megawatt-hours of eligible renewable resources, equivalent renewable energy credits, or a combination of them, sufficient to supply at least 9 percent of its load for 2016.
3. Puget Sound Energy has complied with the June 1, 2016, reporting requirements pursuant to WAC 480-109-210.
4. In the final compliance report for 2016 required by WAC 480-109-210(6), Puget Sound Energy must provide details about which certificates were used for its various renewable energy programs.¹
5. Puget Sound Energy must request a waiver of the WREGIS registration requirement in WAC 480-109-200(3) for its incremental hydro production from Lower Baker and Snoqualmie Falls facilities for any generation prior to the second quarter of 2016.

Background

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Codified in RCW 19.285 and Chapter 480-109 WAC, the EIA created a renewable portfolio standard (RPS) that requires electric utilities with more than 25,000 customers to serve 9 percent of their 2016 retail load with eligible renewable resources and to file an annual compliance report (RPS Report) by June 1 of each year.² The Washington Utilities and Transportation Commission's (commission) rules further require a final compliance report, filed no later than two years after the initial report.

Puget Sound Energy (PSE or company) timely filed its Annual RPS Report on May 31, 2016. Commission staff (staff) filed written comments on July 14, 2016, that analyzed and summarized it.

¹ WAC 480-109-210(2)(d)(i). Each certificate in WREGIS may be retired by PSE for only one purpose. Retirement may be under the Green Power program authorized by RCW 19.29A.090, or it may be retired for RPS compliance, but not both. If PSE reports on certificates that have not yet been retired, they could also be characterized as owned by the customer.

² RCW 19.285.040; RCW 19.285.070; WAC 480-109-200(1).

Discussion

Based on the information that PSE provided in its report and subsequent follow-up with staff, staff believes that the company correctly calculated its 2016 RPS target and acquired sufficient resources to meet that target.

Table 1 summarizes Puget Sound Energy's 2016 target and the total amount of resources that the company had acquired by January 1, 2016. It includes the company's excess Renewable Energy Credits (RECs) from 2015 that could be used toward its 2016 target and the company's projected 2016 generation, which is shown as zero in Table 1 because the company has sufficient 2015 RECs banked to meet its 2016 Compliance Plan. Table 1 illustrates the company's overall compliance position:

Table 1: PSE's 2016 Renewable Resource Target and Compliance Plan

2016 Target (MWh)	Incremental Hydro (MWh)	2015 RECs	2016 RECs	Purchased RECs	Total Compliance Resources (MWh)
1,848,542	121,712	1,814,305	0	N/A	1,936,017

Incremental cost: PSE properly reported its actual incremental cost in 2016 as 1.0 percent and 0.4 percent in 2015.³ Though the RPS Report contained sufficient information to review incremental cost calculations, the presentation of those elements was confusing, and staff hopes the company will use the template developed during this process for its next report. Staff recognizes the concerns about the risks of continued use of the Mid-C spot market price as the basis for incremental cost calculations and will continue to work with stakeholders to develop a solution.

Incremental hydropower registration: PSE obtained official registration for its incremental hydro production from Lower Baker and Snoqualmie Falls facilities with the Western Renewable Energy Generation Information System (WREGIS) on June 6, 2016. Before PSE can request a finding of final compliance for both the 2015 and 2016 reports, PSE will need to request a waiver of the WREGIS registration requirement in WAC 480-109-200(3) for these two facilities in the respective dockets.

Documentation of certificate use: PSE will need to document its use of the company's renewable resources under various renewable energy programs, which will allow staff to review the eligibility of the resources for meeting the EIA requirement. Because the statute explicitly disallows any resources used for Green Power programs in RCW 19.29A.090, the commission requires the companies to include some information about the usage of the certificates. While the rule requires this information in the annual report, staff believes it will be more helpful in the final compliance report, and asks the commission to require the company to include the

³ WAC 480-109-210(2)(a).

information there. Thus, in the final compliance report for 2016, PSE must list details about program usage, as required by WAC 480-109-210(2)(d)(i).

Public Comments

The commission received one set of public comments regarding Puget Sound Energy's report, which were filed jointly by Renewable Northwest (RNW) and the Northwest Energy Coalition (NWECC). Both organizations praised the company for meeting its target without relying on alternative compliance mechanisms. The parties noted a lack of transparency with Puget Sound Energy's incremental cost calculations and expressed concern with the continued use of the Mid-Columbia spot market as the non-renewable substitute resource that forms the baseline of the incremental cost calculation. RNW and NWECC were pleased that the company met its target and recommended that the commission approve the report.

Conclusion

Issue an order as described in the recommendations section of this memo.