

Agenda Date: July 30, 2015
Item Number: A5

Docket: UE-151162
Company: Pacific Power & Light Company

Staff: Jeremy Twitchell, Regulatory Analyst

Recommendation

Take no action at this time, allowing commission staff additional time to better understand Pacific Power & Light Company's renewable energy credit allocation practices.

Background

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Now codified in RCW 19.285, the EIA created a renewable portfolio standard (RPS) that requires electric utilities with more than 25,000 customers to serve an increasing percentage of their retail load with eligible renewable resources and to file an annual compliance report (RPS report) by June 1 of each year.¹

Discussion

Pacific Power & Light Company (Pacific Power or company) filed its RPS report on June 1, 2015. While the company appeared to have correctly calculated its 2015 RPS target and acquired sufficient resources to meet it, staff felt that the report was incomplete because it did not explain how the company, which operates in six states, determines Washington's share of Pacific Power's renewable energy generation, as required by WAC 480-109-210(2)(e).

At staff's request, the company filed a replacement report on July 10, 2015, that included an explanation of how renewable energy generation is allocated. Staff reviewed this language and determined that it did not fully capture the complex process by which the company arrives at Washington's renewable energy allocation. Based on internal discussions and discussions with external stakeholders, staff felt that all parties would benefit from having the process clearly and concisely explained in the company's report. Staff provided the company with a suggested draft of such language, and the company is reviewing that draft.

During its review of the company's replacement report, staff identified an additional concern with the amount of renewable generation that the company indicated it had allocated to Washington. The report indicated that Pacific Power allocated exactly enough renewable generation to Washington ratepayers to meet the company's RPS target of 3 percent of load. By staff's estimate, Washington's share of the company's renewable generation should be significantly higher than the statutory target.

¹ RCW 19.285.070.

In discussions with the company, staff was informed that in previous years, the company has sold the excess RECs on behalf of its Washington customers and returned the proceeds through the company's REC tracking account. Now that Pacific Power's RPS target in Washington will increase to 9 percent in 2016, the company said that excess renewable generation from 2015 will be banked for 2016 compliance.

Staff believes that the company's annual report should declare all of the renewable generation that is allocated to Washington, regardless of what is done with the excess. The commission, staff, stakeholders, and ratepayers all rely on these reports to understand Pacific Power's overall RPS compliance position, and the report should provide that information. Including the full allocation in the report will help those reviewing to understand the company's future needs and when additional resources will need to be required. It is also necessary so that staff can verify that the company has prudently decided how to use, bank, or sell its resources.

Conclusion

The commission should take no action on this item at this time, to allow staff to investigate the issues identified above. Staff anticipates bringing this filing back before the commission within the next month.