

Agenda Date: September 10, 2020
Item Number: E6

Docket: UE-200504
Company: Puget Sound Energy

Staff: Jim Woodward, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-200504 finding:

1. The 2020 renewable energy target for Puget Sound Energy is 3,114,782 megawatt-hours.
2. Puget Sound Energy has demonstrated that, by January 1, 2020, it acquired at least 3,114,782 megawatt-hours of eligible renewable resources sufficient to supply at least 15 percent of its load for 2020.
3. Puget Sound Energy has complied with the June 1, 2020, reporting requirements pursuant to WAC 480-109-210.
4. Camp Reed Wind Park, Golden Valley Wind Park, Meadow Creek Wind Farm – Five Pine Project, Meadow Creek Wind Farm – North Point Wind Farm, Nine Canyon Phase 3, Oregon Trail Wind Park, PaTu Wind Farm, Roseburg LFG, Salmon Falls Wind Park, Sawtooth Wind Project, Thousand Springs Wind Park, Tuana Gulch Wind Park, and White Creek Wind 1 – White Creek are eligible renewable facilities for RPS compliance.
5. In the final compliance report for 2020 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

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 15 percent of their 2020 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.

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 voluntary renewable energy 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).

Puget Sound Energy (PSE or company) filed its annual RPS report on June 1, 2020. On July 22, PSE filed a revised RPS report and supporting workpapers that included additional documentation for the facilities the company is requesting the commission approve as eligible. Commission staff (staff) filed written comments on August 6, 2020, which highlighted issues identified during staff's review of compliance with the rule. These comments are included as an attachment to this memo.³

Discussion

Based on the information that PSE provided in its report, staff believes that the company correctly calculated its 2020 RPS target and has acquired sufficient resources to meet that target.

Table 1 summarizes Puget Sound Energy's 2020 target and the total amount of resources that the company had acquired by January 1, 2020, and illustrates the company's overall compliance position:

Table 1: PSE's 2020 Renewable Resource Target and Compliance Plan

2020 Target (MWh)	Incremental Hydro (MWh)	Wind (MWh)	Purchased RECs (unbundled)	Total Resources in 2020 (MWh)
3,114,782	88,091	3,694,729	229,704	4,012,524

Facility eligibility: Ahead of the 2020 plan year, PSE executed contracts for unbundled renewable energy credits (RECs), the majority of which came from 13 facilities that have not been used previously for RPS compliance. All of these facilities are located in the Pacific Northwest and are eligible for use against RPS compliance by any utility in Washington:⁴

1. Camp Reed Wind Park.
2. Golden Valley Wind Park.
3. Meadow Creek Wind Farm – Five Pine Project.
4. Meadow Creek Wind Farm – North Point Wind Farm.
5. Nine Canyon Wind Project – Nine Canyon Phase 3.
6. Oregon Trail Wind Park, LLC – Oregon Trail Wind Park.
7. PaTu Wind Farm.
8. Roseburg LFG.
9. Salmon Falls Wind Park, LLC.
10. Sawtooth Wind Project.
11. Thousand Springs Wind Park, LLC – Thousand Springs Wind Park.
12. Tuana Gulch Wind Park, LLC – Tuana Gulch Wind Park.
13. White Creek Wind 1 – White Creek.

³ Commission Staff Comments Regarding Electric Utility 2020 Renewable Portfolio Standard Reports under the Energy Independence Act, RCW 19.285, and WAC 480-109 (August 6, 2020).

⁴ RCW 19.285.030(12)(a) and (20).

Based on the information provided to date, staff is satisfied that these thirteen facilities are renewable resources under WAC 480-109-060(12)(a) and WAC 480-109-060(24).

Incremental cost: PSE reported its actual incremental cost for the 2020 compliance plan as \$29.0 million or 1.4 percent of revenue requirement.⁵ As detailed in staff's comments, PSE's incremental costs *decreased* slightly between 2019 and 2020 as the company undertook a REC optimization strategy ahead of the 2020 RPS plan year to reduce costs to customers. The RPS report contained sufficient information to review incremental cost calculations, including a completed version of the template developed by staff during the 2016 RPS process.

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 voluntary renewable energy programs in RCW 19.29A.090, the commission requires the companies to include information about the usage of the certificates in the annual report pursuant to WAC 480-109-210(2)(d)(i).⁶ This information needs to be updated for final compliance, and staff asks the commission to require PSE to do so, listing details about program usage in the final 2020 compliance report.

Public Comments

The Northwest Energy Coalition (NWECC) filed public comments regarding PSE's report on August 7, 2020. NWECC's primary criticism concerned the level of redactions associated with the unbundled REC contracts PSE supplied as workpapers to its 2020 RPS report. Specifically, the degree of redactions prevented NWECC from mapping eligible facilities to the relevant contracts and verifying said contracts were signed by January 1, 2020.⁷

Staff resolved NWECC's concerns with PSE's 2020 RPS report by subsequently following up with the company. In future RPS plan reports, PSE agreed to more fully disclose REC contract documentation enabling stakeholders to independently verify when relevant contracts were signed and to map eligible facilities to the relevant contracts.⁸

Conclusion

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

⁵ See Docket UE-200504, Annual 2020 Target Year Estimate. PSE workpaper Attachment 5.

⁶ WAC 480-109-210(2)(d)(i) requires each resource's WREGIS registration status and use of certificates, whether it be for annual target compliance, a voluntary renewable energy program as provided for in RCW 19.29A.090, or owned by the customer.

⁷ WAC 480-109-200(2).

⁸ Email to staff from Chris Schaefer, PSE, August 20, 2020.