

Agenda Date: August 9, 2018
Item Number: A2

Docket: UE-180479
Company: Puget Sound Energy

Staff: Andrew Rector, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-180479 finding:

1. The 2018 renewable energy target for Puget Sound Energy is 1,879,417 megawatt-hours.
2. Puget Sound Energy has demonstrated that, by January 1, 2018, Puget Sound Energy has acquired at least 1,879,417 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 2018.
3. Puget Sound Energy has complied with the June 1, 2018, reporting requirements pursuant to WAC 480-109-210.
4. Klondike I, Stateline WA Wind, Horse Butte Wind, Grandview 5 East, Grandview 2 West, ID Solar 1, Condon Wind Power, and Condon Wind Power Phase II are eligible renewable facilities for RPS compliance.
5. In the final compliance report for 2018 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 9 percent of their 2018 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) filed with the commission its annual RPS report on May 31, 2018. Commission staff (staff) filed written comments on July 19, 2018, which highlighted

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).

issues identified during staff's review of compliance with the rule, and is 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 2018 RPS target and acquired sufficient resources to meet that target.

Table 1 summarizes Puget Sound Energy's 2018 target and the total amount of resources that the company had acquired by January 1, 2018. It includes the company's excess renewable energy credits (RECs) from 2017 that could be used toward its 2018 target:

Table 1: PSE's 2018 Renewable Resource Target and Compliance Plan

2018 Target (MWh)	Incremental Hydro (MWh)	2017 RECs	2018 RECs	Purchased RECs	Total Compliance Resources (MWh)
1,879,417	120,648	1,947,234	231,231 ⁴	44,300	2,343,413

Facility eligibility: As a result of wind curtailment due to negative power prices, PSE purchased 44,300 vintage 2017 RECs to use as part of its 2018 RPS compliance plan. The vintage 2017 unbundled RECs are from the following facilities, all located in Washington, Oregon, and Idaho:

- Klondike I (wind)
- Stateline WA Wind
- Horse Butte Wind
- Grandview 5 East (solar)
- Grandview 2 West (solar)
- ID Solar 1
- Condon Wind Power
- Condon Wind Power Phase II

The commission has not yet explicitly approved use of these eight facilities. Staff recommends that the commission approve the eligibility of the facilities listed above because the facilities meet the statutory eligibility requirements.⁵ All eight facilities have obtained the Washington-specific eligibility indicator in WREGIS.

³ Commission Staff Comments Regarding Electric Utility Renewable Portfolio Standard Report under the Energy Independence Act, RCW 19.285 and WAC 480-109 (2018 Renewable Portfolio Standard Reports) (July 19, 2018). https://www.utc.wa.gov/_layouts/15/CasesPublicWebsite/CaseItem.aspx?item=document&id=00004&year=2018&docketNumber=180479.

⁴ PSE has sufficient 2017 RECs banked to meet its 2018 compliance plan, in combination with anticipated incremental hydro resources, and has not included full year estimates of renewable generation for 2018.

⁵ RCW 19.285.030(12); WAC 480-109-060(12).

Incremental cost: PSE reported its actual incremental cost for the 2018 compliance plan as \$27.8 million or 1.5 percent of revenue requirement.⁶ This figure includes \$144,000 in net power cost savings the company realized through its REC purchase. The RPS report contained sufficient information to review incremental cost calculations. Staff thanks the company for providing a completed version of the template developed by staff during this process in 2016.

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 will also need this information in the final compliance report, and asks the commission to require the company to include the information there. Thus, in the final compliance report for 2018 required under WAC 480-109-210(6), PSE must list details about program usage, as described in 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 (NWEC) on July 19, 2018. Both organizations praised the company for meeting its target without relying on alternative compliance mechanisms. The parties expressed continuing concern with the use of the Mid-Columbia spot market as the non-renewable substitute resource that forms the baseline of the incremental cost calculation.⁷ However, RNW and NWEC 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.

⁶ WAC 480-109-210(2)(a).

⁷ Dockets UE-160757 and UE-170515; See comments from RNW and NWEC.