

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY'S

Renewable Energy Target Progress
Report under RCW 19.285.070 and WAC
480-109-210

DOCKET UE-160757

ORDER 01

ORDER APPROVING
COMPLIANCE WITH ELIGIBLE
RENEWABLE ENERGY TARGET
REPORTING REQUIREMENTS
FOR 2016

BACKGROUND

- 1* The Energy Independence Act (EIA or Act)¹ requires qualifying electric utilities to obtain certain percentages of their electricity from eligible renewable resources. The Washington Utilities and Transportation Commission (Commission) enforces compliance with the EIA by investor-owned utilities.² Ultimately, the Commission must determine “whether the utility has generated, acquired or arranged to acquire enough renewable energy credits or qualifying generation to comply with its renewable resource target.”³
- 2* The Commission has implemented these requirements by establishing a two-step compliance process.⁴ Because a utility may comply with its renewable portfolio standards (RPS) obligation by using renewable energy credits (RECs) acquired in the year after the target year, ultimate compliance for 2016, for example, may be demonstrated as late as June 1, 2018. Accordingly, there will be two Commission decisions for each year’s compliance: (1) a determination that the Company has enough resources to meet the statutory target; and (2) the retrospective compliance decision. Before the Commission is the initial resource-adequacy filing made by Puget Sound Energy (PSE or Company) for its 2016 obligation. The Commission will consider PSE’s compliance with its 2016 target when PSE requests such a finding, which the Company must do through a filing in this docket no later than June 1, 2018.

¹ RCW Chapter 19.285.

² RCW 19.285.060(6).

³ WAC 480-109-210(3)(b).

⁴ WAC 480-109-210(1) and (6).

3 On May 31, 2016, PSE filed with the Commission a compliance report under RCW 19.285.070 and WAC 480-109-210 (RPS Report). PSE’s report identified a mix of wind-based RECs that the Company banked in 2015 and incremental hydropower generation from 2016 that it will use to meet the 2016 target. PSE uses Method 2 to calculate the incremental output of its upgraded dams at Snoqualmie Falls and Lower Baker. Method 2 uses a historical period of water flow data to model the dam’s output under the pre-upgrade condition and the post-upgrade condition, then divides the average of the post-upgrade generation by the average of the pre-upgrade generation. The resulting ratio is applied to the facility’s actual generation each year to determine what portion of it was incremental. The Commission has previously reviewed and approved PSE’s use of Method 2. PSE registered Lower Baker and Snoqualmie Falls in the Western Renewable Energy Generation Information System (WREGIS), as required by WAC 480-109-200(3), on June 6, 2016.

4 PSE’s RPS Report included all items required by WAC 480-109-210 and RCW 19.285.070(1). PSE reported an average load in 2014 and 2015 of 20,539,357 MWh, yielding a 2016 target of 1,848,542 MWh. Table 1 summarizes PSE’s 2016 compliance report:

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

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

5 The Company seeks an order from the Commission confirming that PSE has complied with the Commission’s EIA reporting requirements and accepting the Company’s calculations and eligibility of the renewable resources identified in the RPS Report for 2016.

6 On June 3, 2016, the Commission issued a Notice inviting interested persons to file written comments on PSE’s Initial RPS Report. During the comment period, the Commission received written comments from Commission Staff (Staff) and joint written comments from Renewable Northwest and Northwest Energy Coalition (RNW/NWEC). RNW/NWEC praised PSE for meeting its RPS target without relying on alternative compliance methods, but expressed concern over the use of market price forecasts and lack of transparency in the Company’s incremental cost calculation. Despite these concerns, RNW/NWEC were pleased that the Company met its target at a low incremental cost and recommended that the Commission approve the RPS Report.

- 7 Staff recognizes RNW/NWEC's concern regarding the use of market price forecasts in the incremental cost calculation and shares its concern with the general lack of clarity in how the calculation was presented, but believes that the calculation ultimately complies with WAC 480-109-210. Staff also determined that PSE correctly calculated its target for supplying 9 percent of its retail load in 2016 with renewable resources, and that the Company has acquired sufficient resources to meet that target. Staff expressed a concern with how PSE has been documenting its use of certificates in WREGIS and the lack of clear reporting of which certificates are used for RPS compliance and which certificates are used for the Company's voluntary Green Power program under RCW 19.29A.090.
- 8 Staff recommends that the Commission issue an order in this docket determining: (1) The 2016 renewable energy target for PSE is 1,848,542 megawatt-hours (MWh); (2) PSE has demonstrated that, by January 1, 2016, the Company acquired at least 1,848,542 MWh of eligible renewable resources for its use in 2016; (3) PSE has complied with the June 1, 2016, reporting requirement 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; and (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.

DISCUSSION

- 9 The Commission accepts PSE's calculation of 1,848,542 MWh as the Company's renewable energy target for 2016 and determines that PSE has identified sufficient resources to meet that target. The Commission will make its final determination about whether PSE has met its 2016 target when the Company requests such a finding, which PSE must make in this docket no later than June 1, 2018.

FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, regulations, practices, and accounts of public service companies, including electric companies.
- 11 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 12 (3) PSE serves more than 25,000 customers within the State of Washington and is a "qualifying utility" within the meaning of RCW 19.285.030(18).

- 13 (4) PSE has properly calculated its renewable energy target for 2016 as 1,848,542 megawatt-hours.
- 14 (5) By January 1, 2016, PSE had acquired sufficient eligible renewable resources to supply at least 9 percent of its load for the remainder of 2016.
- 15 (6) PSE has met the reporting requirements of RCW 19.285.070 and WAC 480-109-210. These reporting requirements include PSE's plan for meeting its RPS obligation for the remainder of 2016.
- 16 (7) Pursuant to WAC 480-109-210(4), PSE must provide a summary of its RPS Report to its customers, by bill insert or other suitable method, within 90 days of the date of this Order.
- 17 (8) Pursuant to WAC 480-109-200(3), PSE must register in WREGIS all Company-owned incremental hydropower facilities on which the Company intends to rely for compliance with RPS requirements.
- 18 (9) Pursuant to WAC 480-109-210(6), PSE must file a report no later than June 1, 2018, that lists the certificate numbers in WREGIS for every megawatt-hour and renewable energy credit that PSE retired to meet the January 1, 2016, target.

ORDER

THE COMMISSION ORDERS:

- 19 (1) The Commission accepts the calculation of 1,848,542 megawatt-hours as the 2016 renewable energy target for Puget Sound Energy.
- 20 (2) Puget Sound Energy has identified eligible renewable resources sufficient to supply at least nine percent of its load for 2016.
- 21 (3) Puget Sound Energy has complied with the June 1, 2016, reporting requirements pursuant to WAC 480-109-210.
- 22 (4) Puget Sound Energy's final compliance report must list certificate numbers for every renewable energy credit that Puget Sound Energy retired in the Western Renewable Energy Generation Information System and details about which certificates were used for its voluntary renewable energy programs in 2016.
- 23 (5) The Commission Secretary is authorized to accept or approve a filing that complies with the requirements of this Order.

DATED at Olympia, Washington, and effective August 4, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner