

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	DOCKET UE-180479
PUGET SOUND ENERGY'S	ORDER 01
Renewable Energy Target Progress Report under RCW 19.285.070 and WAC 480-109-210	ORDER APPROVING COMPLIANCE WITH ELIGIBLE RENEWABLE ENERGY TARGET REPORTING REQUIREMENTS FOR 2018

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 2018, for example, may be demonstrated as late as June 1, 2020. Accordingly, there will be two Commission decisions for each year’s compliance: (1) a determination that a 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 2018 obligation. The Commission will consider PSE’s compliance with its 2018 target when PSE requests such a finding, which the Company must do through a filing in this docket no later than June 1, 2020.

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, 2018, PSE filed with the Commission a compliance report pursuant to RCW
19.285.070 and WAC 480-109-210 (RPS Report). The RPS Report identifies PSE's 2018
target as 1,879,417 megawatt-hours (MWh).

4 Table 1 summarizes PSE's 2018 target and the total amount of resources that the
Company acquired by January 1, 2018. It includes the Company's excess RECs from
2017 that can be applied to its 2018 target. Table 1 illustrates the Company's overall
compliance position:

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 ⁵	N/A	2,343,413

5 PSE seeks an order from the Commission confirming that it has complied with the
Commission's EIA reporting requirements and accepting the Company's calculations and
eligibility of the renewable resources identified in its RPS Report for 2018.

6 On June 7, 2018, 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. The parties 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.⁶ RNW/NWEC were pleased that the Company met its
target and recommended that the Commission approve the report.

7 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.

⁵ 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.

⁶ Dockets UE-160757 and UE-170515; See comments from RNW and NWEC.

8 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.⁷ Each of the facilities has obtained the Washington-specific eligibility indicator in WREGIS.

9 PSE reported its actual incremental cost for the 2018 compliance plan as \$27.8 million or 1.5 percent of revenue requirement.⁸ 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.

10 Although Commission rules require the Company to document its use of renewable resources under various renewable energy programs in its annual report, Staff requests the Commission require PSE to include that information in its final compliance report, which will allow Staff to determine whether its resources meet EIA requirements.

11 Staff recommends that the Commission issue an order in this docket determining: (1) the 2018 renewable energy target for PSE is 1,879,417 megawatt-hours (MWh); (2) PSE has demonstrated that, by January 1, 2018, the Company acquired at least 1,879,417 MWh of eligible renewable resources, equivalent RECs, or a combination of the two, sufficient to supply at least 9 percent of its load for 2018; (3) PSE has complied with the June 1, 2018, reporting requirement 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; and (5) in the final compliance report for 2018 required by WAC 480-109-

⁷ RCW 19.285.030(12); WAC 480-109-060(12).

⁸ WAC 480-109-210(2)(a).

210(6), PSE must provide details about which certificates were used for its various renewable energy programs.

DISCUSSION

12 The Commission accepts PSE's calculation of 1,879,417 MWh as the Company's renewable energy target for 2018 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 2018 target when the Company requests such a finding, which PSE must make in this docket no later than June 1, 2020. To assist Staff with determining whether PSE's resources meet EIA eligibility requirements, PSE must provide details about which certificates were used for its various renewable energy programs, as required by WAC 480-109-210(2)(d)(i), in its final compliance report for 2018.

FINDINGS AND CONCLUSIONS

- 13 (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.
- 14 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 15 (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).
- 16 (4) PSE has properly calculated its renewable energy target for 2018 as 1,879,417 megawatt-hours.
- 17 (5) By January 1, 2018, PSE had acquired sufficient eligible renewable resources to supply at least 9 percent of its load for the remainder of 2018.
- 18 (6) 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.
- 19 (7) 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 2018.

- 20 (8) 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 30 days of the date of this Order.
- 21 (9) Pursuant to WAC 480-109-210(6), PSE must file a report no later than June 1, 2020, that lists the certificate numbers in the WREGIS for every megawatt-hour and renewable energy credit that PSE retired to meet the January 1, 2018, target.

ORDER

THE COMMISSION ORDERS:

- 22 (1) The Commission accepts the calculation of 1,879,417 megawatt-hours as the 2018 renewable energy target for Puget Sound Energy.
- 23 (2) Puget Sound Energy has identified eligible renewable resources sufficient to supply at least 9 percent of its load for 2018.
- 24 (3) 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.
- 25 (4) Puget Sound Energy has complied with the June 1, 2018, reporting requirements pursuant to WAC 480-109-210.
- 26 (5) 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 2018.
- 27 (6) 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 9, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner