

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

|                                  |   |                            |
|----------------------------------|---|----------------------------|
| In the Matter of                 | ) | DOCKET UE-151145           |
|                                  | ) |                            |
| AVISTA CORPORATION’S             | ) | ORDER 01                   |
|                                  | ) |                            |
| Renewable Energy Target Progress | ) | ORDER APPROVING            |
| Report under RCW 19.285.070 and  | ) | COMPLIANCE WITH ELIGIBLE   |
| WAC 480-109-210                  | ) | RENEWABLE ENERGY TARGET    |
|                                  | ) | REPORTING REQUIREMENTS FOR |
| .....                            | ) | 2015                       |

**BACKGROUND**

- 1 The Energy Independence Act (EIA or Act)<sup>1</sup> 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.<sup>2</sup> 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.”<sup>3</sup>
- 2 The Commission has implemented these requirements by establishing a two-step compliance process.<sup>4</sup> Because a utility may comply with its renewable portfolio standards (RPS) obligation by using RECs acquired in the year after the target year, ultimate compliance for 2015, for example, may be demonstrated as late as June 1, 2017. Accordingly, there will be two Commission decisions for each year’s compliance: (1) a determination that the Company has enough resources to meet the 3 percent target; and (2) the retrospective compliance decision. Before the Commission is the initial resource-adequacy filing made by Avista Corporation (Avista or Company) for its 2015 obligation. The Commission will consider Avista’s compliance with its 2015 target when Avista requests such a finding, which the Company must do through a filing in this docket no later than June 1, 2017.

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<sup>1</sup> RCW Chapter 19.285.

<sup>2</sup> RCW 19.285.060(6).

<sup>3</sup> WAC 480-109-210(3)(b).

<sup>4</sup> WAC 480-109-210(1) and (6).

3 On March 13, 2015, the Commission adopted a new rule for implementation and enforcement of the EIA, which is codified at WAC 480-109. The new rule adopts RPS enforcement practices developed by the Commission since the Act was implemented in 2012 – including the two-step compliance process explained above – and created new reporting requirements. The rule made the following key changes to the RPS reporting process:

- Requires registration of all resources used for RPS compliance in WREGIS (WAC 480-109-200(3)).
- Formally incorporates the three methodologies that the Commission has accepted for calculating which portion of the output of upgraded hydropower facilities is eligible, incremental hydropower for RPS compliance (WAC 480-109-200(7)).
- Requires calculation of the incremental cost of RPS compliance according to the Commission’s approved methodology (WAC 480-109-210(2)(a)).
- Requires utilities that operate in more than one state to explain and document how they determined Washington’s allocation of renewable energy credits (RECs) (WAC 480-109-210(2)(e)).
- Requires utilities that sell RECs to report the amount and proceeds of those sales (WAC 480-109-210(2)(f)).

4 On May 29, 2015, Avista filed with the Commission a compliance report under RCW 19.285.070 and WAC 480-109-210 (RPS Report). After Commission staff (Staff) identified deficiencies in the Company’s initial report, Avista filed a revised RPS Report on July 8, 2015, at Staff’s request. Based on the information that the Company provided in its revised report, Staff believes that Avista correctly calculated its 2015 RPS target, and that it has acquired sufficient resources to meet that target. Table 1, below, summarizes Avista’s 2015 target and the total amount of resources that the Company had acquired by January 1, 2015:

**Table 1: Avista’s 2015 Renewable Resource Target and Compliance Plan<sup>5</sup>**

| <b>2015 Target (MWh)</b> | <b>Incremental Hydro (MWh)</b> | <b>2014 RECs</b> | <b>2015 RECs</b> | <b>Purchased RECs</b> | <b>Total Resources (MWh)</b> |
|--------------------------|--------------------------------|------------------|------------------|-----------------------|------------------------------|
| 170,472                  | 170,089                        | 25,934           | 469,671          | N/A                   | 665,694                      |

<sup>5</sup> Table 1 includes the Company’s excess RECs from 2014, which could be applied to its 2015 target, and the Company’s projected 2015 generation from its hydro and wind facilities. While Avista sold its excess 2014 RECs, Table 1 illustrates the Company’s overall compliance before any sales were made.

5 Avista seeks an order from the Commission confirming that the Company 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 2015.

6 On June 4, 2015, the Commission issued a Notice inviting interested persons to file written comments on Avista's RPS Report. During the comment period, the Commission received written comments from Staff and joint written comments from Renewable Northwest and NW Energy Coalition (RNW/NWEC). RNW/NWEC expressed concern about the confusing presentation of Avista's initial report, but praised the Company for meeting its target without relying on alternative compliance mechanisms, and doing so at a negative incremental cost. RNW/NWEC recommend that the Commission approve the RPS Report, but clarify that the initial report due each June 1 should report the Company's target and compliance plan for that year.

7 Staff believes that Avista correctly calculated its 2015 RPS target, and that the Company has acquired sufficient resources to meet that target.

8 Staff recommends that the Commission issue an order in this docket determining: (1) The 2015 renewable energy target for Avista is 170,472 megawatt-hours; (2) Avista has complied with the June 1, 2015, reporting requirements; (3) Avista has demonstrated that, by January 1, 2015, the Company acquired at least 170,472 megawatt-hours of eligible renewable resources for its use in 2015; and (4) Avista must file a second report in this docket no later than June 1, 2017, that lists the certificate numbers in WREGIS for every megawatt-hour and renewable energy credit that Avista retired to meet the January 1, 2015, target.

### DISCUSSION

9 The Commission accepts Avista's calculation of 170,472 megawatt-hours as the Company's renewable energy target for 2015 and determines that Avista has identified sufficient resources to be able to meet that target. The Commission will make its final determination on whether Avista has met its 2015 target when the Company requests such a finding, which Avista must make in this docket no later than June 1, 2017.

### FINDINGS AND CONCLUSIONS

10 (1) The Washington Utilities and Transportation 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) Avista is an electrical company and a public service company subject to Commission jurisdiction.
- 12 (3) Avista 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) Avista has properly calculated its renewable energy target for 2015 to be 170,472 megawatt-hours.
- 14 (5) By January 1, 2015, Avista had acquired sufficient eligible renewable resources to supply at least 3 percent of its load for the remainder of 2015.
- 15 (6) Avista has met the reporting requirements of RCW 19.285.070 and WAC 480-109-210. These reporting requirements include Avista’s plan for meeting its RPS obligation for the remainder of 2015.
- 16 (7) Pursuant to WAC 480-109-210(4), Avista must provide a summary of its RPS Report to its customers, by bill insert or other suitable method, within ninety days of the date of this Order.
- 17 (8) Pursuant to WAC 480-109-210(6), Avista must file a report no later than June 1, 2017, that lists the certificate numbers in WREGIS for every megawatt-hour and renewable energy credit that Avista retired to meet the January 1, 2015, target.

**ORDER**

**THE COMMISSION ORDERS:**

- 18 (1) The Commission accepts the calculation of 170,472 megawatt-hours as the 2015 renewable energy target for Avista Corporation.
- 19 (2) Avista Corporation has identified eligible renewable resources sufficient to supply at least 3 percent of its load for 2015.
- 20 (3) Avista Corporation has complied with the June 1, 2015, reporting requirements pursuant to WAC 480-109-210.

- 21 (4) Avista Corporation must file a second report no later than June 1, 2017, that provides the information necessary to determine whether Avista Corporation met the 2015 renewable energy target of 170,472 megawatt-hours.
- 22 (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 July 30, 2015.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner