

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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| In the Matter of | DOCKET UE-151164 |
| PUGET SOUND ENERGY’S | ORDER 02 |
| Final 2015 Renewable Compliance Report under RCW 19.285.070 and WAC 480-109-210 | ORDER ACKNOWLEDGING COMPLIANCE WITH 2015 RENEWABLE ENERGY TARGET |

BACKGROUND

A. The Energy Independence Act

1 Revised Code of Washington (RCW) 19.285, the Energy Independence Act (EIA), includes a renewable portfolio standard (RPS), which requires electric utilities with 25,000 or more customers to obtain certain percentages of their electricity from new renewable resources beginning in 2012. RCW 19.285.060(6) authorizes the Washington Utilities and Transportation Commission (Commission) to enforce the EIA with respect to investor-owned utilities.¹

2 RCW 19.285.030(20) authorized the Washington State Department of Commerce (Commerce) to select a tracking body to verify the certificates representing eligible generation that utilities use for compliance with the EIA. Commerce selected the Western Renewable Energy Generation Information System (WREGIS) to perform this function. WAC 480-109-200(3) requires that all eligible renewable generation used by investor-owned utilities for EIA compliance be registered and retired in WREGIS.

B. Company Filings

3 On June 1, 2015, Puget Sound Energy (PSE or Company) initiated this docket by filing with the Commission a Renewable Portfolio Standard Report (RPS Report) pursuant to RCW 19.285.070 and WAC 480-109-210. On July 30, 2015, the Commission issued Order 01 in this docket approving PSE’s calculation of its 2015 renewable energy target as 626,663 megawatt-hours (MWh).

¹ RCW 19.285.030(11) defines “investor-owned utility” by reference to RCW 19.29A.010. RCW 19.29A.010(19) provides: “‘Investor-owned utility’ means a company owned by investors that meets the definition of RCW 80.040.010 and is engaged in distributing electricity to more than one retail customer in the state.”

- 4 WAC 480-109-210(6) requires a utility to submit a final RPS compliance report within two years of the initial report documenting the certificates it retired in WREGIS to comply with its target and requesting a compliance determination from the Commission. PSE filed its final RPS report on May 5, 2017, which identifies the following 626,663 MWh that the Company generated or acquired for 2015 RPS compliance:

| WREGIS ID | Facility Name (Location) | Resource Type | Vintage | Amount (MWh) | Multiplier (MWh) | Total |
|-----------|---|-------------------|---------|--------------|------------------|----------------|
| W2669 | Lower Snake River – Dodge Junction | Wind | 2014 | 269,945 | 53,989 | 323,934 |
| W2670 | Lower Snake River – Phalen Gulch | Wind | 2014 | 171,073 | 34,215 | 205,288 |
| | Subtotal, WREGIS resources: | | | | | 529,222 |
| | Lower Baker River | Incremental Hydro | 2015 | 87,337 | N/A | 87,337 |
| | Snoqualmie Falls | Incremental Hydro | 2015 | 10,104 | N/A | 10,104 |
| | Subtotal, non-WREGIS resources: | | | | | 97,441 |
| | Total eligible certificates retired: | | | | | 626,663 |

- 5 The Company met its 2015 RPS target using a combination of wind and incremental hydropower resources. All of the wind resources identified in PSE’s compliance report are eligible for the 1.2 multiplier for using apprentice labor in their construction. PSE provided a letter from the Washington State Apprenticeship and Training Council (WSATC), dated April 25, 2012, approving the projects for the multiplier.

- 6 WAC 480-109-200(7) lists three methods from which a utility may choose to calculate the portion of an upgraded hydropower facility’s output that constitutes eligible renewable generation (incremental hydropower) per RCW 19.285.030(12)(b). On July 30, 2015, the Commission issued Order 01 in this docket, which authorized PSE to use Method 2 to calculate its incremental hydropower production and approved certain incremental hydropower ratios for the Lower Baker and Snoqualmie Falls facilities.

C. Petition

- 7 Also on May 5, 2017, PSE filed a Petition for Waiver of Commission Rule and to Amend Order (Petition) requesting the Commission grant a one-time waiver of WAC 480-109-200(3), which requires that all eligible renewable generation used for RPS compliance by

investor-owned utilities be registered in WREGIS. PSE explains in its Petition that it is unable to comply with the WREGIS registration requirement due to its inability to register its use of incremental hydropower from its Lower Baker and Snoqualmie Falls facilities. PSE further requests the Commission amend Paragraph 25 of Order 01 to allow the Company to use eligible hydropower generation resources that are not yet registered in WREGIS towards compliance with the Company's 2015 renewable resource target.

8 Staff reviewed the Company's RPS report and Petition. On June 6, 2016, the Company was able to register the Lower Baker and Snoqualmie Falls facilities with WREGIS. In conjunction with that order, 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 2016.² Accordingly, Staff recommends the Commission issue an order 1) granting PSE's Petition to waive WAC 480-109-200(3) and amend Order 01, 2) finding that PSE complied with the final renewable portfolio standard reporting requirements in WAC 480-109-210(6), and 3) finding that PSE met its 2015 renewable portfolio standard target of 626,663 megawatt-hours and retired corresponding certificates, where applicable, in WREGIS.

DISCUSSION

9 We approve PSE's Petition to waive WAC 480-109-200(3) and amend Order 01. Absent the waiver, PSE would be required to replace over 97,000 MWh of eligible RPS generation with certificates from its wind resources, which will otherwise be saved for future-year compliance or sold to other parties to generate offsetting revenue. Accordingly, we find that granting the waiver and amending Order 01 is in the public interest.

10 We also find that PSE has complied with the final renewable portfolio standard reporting requirements in WAC 480-109-210(6) and met its 2015 renewable portfolio standard target of 626,663 megawatt-hours.

FINDINGS AND CONCLUSIONS

11 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts,

² Docket UE-160757 Order 01 ¶¶ 8 (5) (August 4, 2016)

securities, transfers of property and affiliated interests of public service companies, including electrical companies.

- 12 (2) PSE is an electric company and a public service company subject to Commission jurisdiction and is an “investor-owned utility” under RCW 19.285.030(11).
- 13 (3) PSE serves more than 25,000 customers within the State of Washington, and it is a “qualifying utility” within the meaning of RCW 19.285.030(19).
- 14 (4) Under RCW 19.285.040(2)(a)(i) and WAC 480-109-020(1)(a), PSE’s renewable energy target for 2015 was 626,663 megawatt-hours.
- 15 (5) In PSE’s Final Renewable Compliance Report, filed on May 5, 2017, the Company demonstrated that it had acquired 626,663 megawatt-hours of eligible generation.
- 16 (6) PSE retired 441,018 certificates in WREGIS, equivalent to 529,222 certificates after the application of the 1.2 multiplier.
- 17 (7) PSE acquired 97,441 megawatt-hours of incremental hydro generation from its Lower Baker River and Snoqualmie Falls facilities.
- 18 (8) PSE filed a Petition requesting a waiver of WAC 480-109-200(3), which would allow it to apply its Lower Baker River and Snoqualmie Falls generation toward its 2015 RPS target. The Petition also requests the Commission amend Order 01 to reflect approval of the waiver, if granted.
- 19 (9) PSE has complied with all reporting and filing requirements set out in Order 01.

ORDER

THE COMMISSION ORDERS:

- 20 (1) Puget Sound Energy complied with the final renewable portfolio standard reporting requirements in WAC 480-109-210(6).
- 21 (2) Puget Sound Energy’s Petition to waive WAC 480-109-200(3) and amend Order 01 is granted, and the 97,441 megawatt-hours of incremental hydro generation from its Lower Baker River and Snoqualmie Falls facilities are applied toward its 2015 RPS target.

- 22 (3) Paragraph 25 of Order 01 is amended to no longer require Puget Sound Energy to register in the Western Renewable Energy Generation Information System all Company-owned incremental hydropower facilities on which the Company intends to rely for compliance with 2015 renewable portfolio standard requirements.
- 23 (4) Puget Sound Energy has generated or acquired 626,663 megawatt-hours of RECs and eligible generation for the purpose of 2015 RPS compliance, and retired corresponding certificates for all resources that are registered in the Western Renewable Energy Generation Information System.
- 24 (5) Puget Sound Energy has complied with its 2015 RPS target as required by RCW 19.285.040(2)(a)(i).

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective June 29, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary