



Department of Commerce

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January 22, 2013

Energy Independence Act (EIA) **Advisory Opinion**

F.H. Stoltze Land & Lumber Co.
Chuck Roady
P.O. Box 1429
Columbia Falls, MT 59912
croady@stoltzelumber.com

RE: Stoltze Biomass Combined Heat & Power Facility (Flathead County, Montana)

Mr. Roady:

F.H. Stoltze Land & Lumber Co. requested an advisory opinion, pursuant to RCW 19.285.045, as to whether the Stoltze Biomass Combined Heat & Power Facility (the "Facility") would qualify as an "eligible renewable resource" under RCW 19.285.040(2)(a) and whether the Facility would qualify as "distributed generation" under RCW 19.285.040(2)(b). The opinion that follows is limited to the Facility described in the application and Stoltze's response to requests for additional documentation.

Commerce received the application on November 5, 2012 and determined the need for more detail. Stoltze supplemented its application and on December 4, 2012, Commerce confirmed the application was sufficient and initiated the 90-day review period provided for in RCW 19.285.045(2). No comments were received from interested parties during the 30-day public comment period ending January 4, 2012. The attorney general completed legal review on January 14, 2013. Commerce consulted with Washington Utilities and Transportation Commission (UTC) staff in review of the application; however, this does not represent an advisory opinion of the UTC.

Advisory Opinion

Based on the information in the application and Stoltze's subsequent response to information requests, it is the opinion of Commerce that:

1. Electricity generated by the Facility qualifies as an eligible renewable resource for the purposes of RCW 19.285.040(2)(a), so long as, and to the extent that, the Facility is fueled by biomass energy that meets the definition in RCW 19.285.030(3).
2. The eligible renewal resource qualifies as distributed generation for the purposes of RCW 19.285.040(2)(b).

Analysis and Consultation

The application states that the Facility is a 2.5 MW combined heat and power facility located in Columbia Falls, Montana and that the Facility will use biomass energy to generate electricity. The biomass feedstock will be sawmill byproducts.

Qualification as an Eligible Renewable Resource

The Facility qualifies as an eligible renewable resource based on the following representations:

1. The Facility is located in Flathead County, Montana, which is in the Pacific Northwest. RCW 19.285.030(11)(a)(i).
2. The Facility's feedstock of sawmill byproducts consists of "organic by-products of pulping and the wood manufacturing process" which qualify as biomass energy. RCW 19.285.030(3)(a).
3. The Facility's feedstock will not include material excluded from the definition of biomass energy, such as: (i) wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; (ii) wood from old growth forests; or (iii) municipal solid waste. RCW 19.285.030(3)(b).

This conclusion is based and conditioned on the applicant's representation that the Facility will be fueled exclusively by biomass energy and will not use any of the materials listed in RCW 19.285.030(3)(b).

Qualification as Distributed Generation

The Facility qualifies as distributed generation for purposes of RCW 19.285.040(2)(b) based on the following representations:

1. The Facility is an eligible renewable resource.
2. The electrical capacity of the Facility is 2.5 MW, which is less than 5 MW. RCW 19.285.030(10).
3. The Facility is not part of an integrated cluster of generating facilities with an aggregate capacity of more than 5 MW. RCW 19.285.030(10).

An additional necessary condition is that a Washington utility owns or has contracted for the generation and the associated renewable energy credits of the Facility or has contracted to purchase the associated renewable energy credits.

If Stoltze sells renewable energy credits from its biomass project to a Washington State investor owned utility (IOU), the UTC shall determine what documentation is required to support the IOU's claims for eligibility, and may conduct its own additional analysis. If the circumstances of RCW 34.05.240 are met, Stoltze may petition the UTC for a declaratory order determining whether the project is an eligible renewable resource.

Relevant Sections of the Energy Independence Act

RCW 19.285.030

(3)(a) "Biomass energy" includes: (i) Organic by-products of pulping and the wood manufacturing process; (ii) animal manure; (iii) solid organic fuels from wood; (iv) forest or field residues; (v) untreated wooden demolition or construction debris; (vi) food waste and food processing residuals; (vii) liquors derived from algae; (viii) dedicated energy crops; and (ix) yard waste.

(3)(b) "Biomass energy" does not include: (i) Wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; (ii) wood from old growth forests; or (iii) municipal solid waste.

(10) "Distributed generation" means an eligible renewable resource where the generating facility or any integrated cluster of such facilities has a generating capacity of not more than five megawatts.

(11) "Eligible renewable resource" means: (a) Electricity from a generation facility powered by a renewable resource other than freshwater that commences operation after March 31, 1999, where: (i) The facility is located in the Pacific Northwest; or (ii) the electricity from the facility is delivered into Washington state on a real-time basis without shaping, storage, or integration services; (b) Incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, to hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest or to hydroelectric generation in irrigation pipes and canals located in the Pacific Northwest, where the additional generation in either case does not result in new water diversions or impoundments; and (c) Qualified biomass energy.

(20) "Renewable resource" means: (a) Water; (b) wind; (c) solar energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or tidal power; (g) gas from sewage treatment facilities; (h) biodiesel fuel as defined in RCW 82.29A.135 that is not derived from crops raised on land cleared from old growth or first-growth forests where the clearing occurred after December 7, 2006; or (i) biomass energy.

RCW 19.285.040

(2)(b) A qualifying utility may count distributed generation at double the facility's electrical output if the utility: (i) Owns or has contracted for the distributed generation and the associated renewable energy credits; or (ii) has contracted to purchase the associated renewable energy credits.

If you have questions, please contact Meg O'Leary at meg.oleary@commerce.wa.gov or (360) 725-3121.

Regards,



Tony Usibelli, Director, State Energy Office
WASHINGTON STATE DEPARTMENT OF COMMERCE

Blackmon, Glenn (COM)

From: Blackmon, Glenn (COM)
Sent: Tuesday, December 17, 2013 4:46 PM
To: Usibelli, Tony (COM)
Cc: O'Leary, Meg (COM)
Subject: RE: Stoltze Lumber - addition of WA-eligible indicator

<corrected to say the plant is in Montana>

On January 22, 2013 Commerce issued an [advisory opinion](#) that the Stoltze Lumber biomass generating facility in Montana was an eligible renewable resource under the Washington Energy Independence Act.

At that time, Stoltze Lumber has not registered the project as a generating unit in WREGIS, and Commerce was not yet designating projects as Washington-eligible in its role as state administrator for WREGIS.

The Stoltze project is now registered in WREGIS, and I added the Washington indicator to its record in WREGIS. As a result, RECs created from this project will now carry the Washington-eligible tag. The basis for this designation is the original opinion from January. Stoltze did not submit a new application and was not required to pay an additional advisory opinion fee.

Glenn Blackmon
WA Department of Commerce – State Energy Office
Olympia, WA
360 725-3115



APPLICATION | Energy Independence Act (EIA) Advisory Opinion

What is the EIA advisory opinion process? Through this process, Commerce helps determine whether an electric generation project or conservation resource proposed by consumer-owned utilities or individuals qualifies to meet a target under RCW 19.285.040. The final decision regarding whether to adopt the advisory opinion on the eligibility of a project or resource for a qualifying utility is made by the utility's governing board. Investor-owned utilities seeking a formal opinion can petition the Washington Utilities and Transportation Commission (UTC) for a declaratory order. For more details, refer to Senate Bill 6414 and Energy Independence Act Chapter 19.285 RCW.

How long does it take? What will it cost? The 90-day process begins when Commerce receives a completed application. Basic inquiries: Onetime \$1,250 application fee (checks payable to Department of Commerce) covers basic technical and legal consulting services required by the statute and typically results in a signed advisory opinion issued within 90 days of receipt of complete application. Inquiries requiring additional consultation: Onetime \$1,250 application fee plus a variable fee (\$62.50 per hour for Commerce review plus any additional consultant fees) will be charged for applications requiring additional analysis. Commerce will provide a cost estimate. The signed advisory opinion is typically issued within 90 days of receipt of complete application. Commerce will notify applicant if opinion process is anticipated to take more than 90 days and will provide a time estimate for completion.

How do I apply? Applications are accepted on a rolling basis beginning June 7, 2012. Complete this form and include any supporting documentation that will help us understand your proposed project or resource. Obtain a director-level signature and email to EIA@commerce.wa.gov. Direct questions to EIA@commerce.wa.gov.

EIA ADVISORY OPINION APPLICATION FORM - 2012
Table with 2 columns: Field Name and Value. Fields include Application date (October 26, 2012), Project / Activity Name (Stoltze Biomass Combined Heat & Power Facility), Does your inquiry refer to conservation or renewables? (Renewables), Cite specific WAC and RCW related to your inquiry (RCW 19.285.030, Definitions (3), (10), (11) etc.), Organization / Entity Name (F.H. Stoltze Land & Lumber Co.), Contact Name (Chuck Roady), Phone (406-892-7000), Email (croady@stoltzelumber.com), and Mailing Address (P.O. Box 1429 Columbia Falls, MT 59912).



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If your inquiry relates to **Renewables**, complete this section.

Facility County:	Flathead
Facility State:	Montana
Utility to which Facility is interconnected:	Flathead Electric Cooperative
Balancing authority or reporting entity:	Bonneville Power Administration
Date Facility Commenced Operation:	Expected COD 10/1/13
Generator Technology:	Steam turbine-generator
Nameplate Capacity:	2.5MW
Multi-Fuel Generator? (Yes / No)	No
Eligible Renewable Resource Fuel Type:	Biomass
Other Fuels, if applicable:	N/A
Customer Sited Distributed Generation? (Yes / No)	Yes

Describe your question. Provide sufficient detail to ensure an efficient and comprehensive analysis. Add lines or attach supporting documents as necessary. Stoltze Land & Lumber is constructing a 2.5MW nameplate biomass-fueled combined heat & power facility at its sawmill in Columbia Falls, MT, with the entire output sold to Flathead Electric Cooperative(FEC), a BPA customer. Through its agreement with FEC, Stoltze is able to sell the Renewable Energy Credits (REC's) into Washington state as Distributed Generation, allowing the credits to be doubled by the purchasing utility when used for Renewable Energy Standard (RES) compliance. The fuel for the facility is mill byproducts from the sawmill.

Stoltze wishes to have a verification done that the following are all true with respect to its facility:

1. The facility is located in the Pacific Northwest
2. The fuel used allows the facility to be an eligible renewable resource
3. The size of the facility is such that its output qualifies as Distributed Generation
4. The REC's sold from the facility would qualify for doubling when used for RES compliance by a Washington utility

The purpose of this inquiry is to obtain an EIA Advisory Opinion that can be supplied to utilities which may be considering the purchase of REC's from the facility.

What is your interpretation based on the Energy Independence Act? If you believe your project or resource qualifies to meet a target under RCW 19.285.040, explain why.

The Stoltze project is of a size (2.5MW), location (Flathead County, MT), and fuel (biomass from mill byproducts) that allow the project to be an Eligible Renewable Resource and the REC's produced from the facility to count as Distributed Generation when used for compliance with the EIA by a Washington utility.



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Include any other relevant project information necessary to support our efficient analysis.

N/A

I certify that the information provided on this application is accurate and I have the appropriate signature authority to initiate the EIA advisory opinion process on behalf of my organization.

Charles W. Rorady for: F.H. Stolte LUMBER Co.

Print your name here

Charles W. Rorady Vice President

Sign here



F.H. STOLTZE LAND & LUMBER COMPANY

Lumber Manufacturers

Box 1429 Columbia Falls, MT 59912
Phone (406) 892-7005 Fax (406) 892-1612
www.stoltzelumber.com

December 18, 2012

Meg O'Leary and Chuck Murray
State Energy Office
Washington Department of Commerce
1011 Plum St SE
PO Box 42525
Olympia, WA 98504-2525



Dear Ms. O'Leary and Mr. Murray,

Please consider the following as response to your inquiry to confirm the fuel source for the F.H. Stoltze Land & Lumber Co. biomass fired CHP plant is compliant with RCW 19.285.030 renewable resource and qualified biomass definitions:

Bark, sawdust, shavings and wood chips (mill residuals) that are produced in the processing of raw logs into lumber at our Stoltze facility, will be the primary biomass fuel supply. Procurement of sawlogs to supply the Stoltze sawmill is certified to the Sustainable Forestry Initiative® (SFI®) Fiber Sourcing Standards 2010-2014. The SFI program has 14 principles designed to achieve sustainable forestry. Detailed procurement records are maintained as is additional documentation sufficient to meet the rigors of third party certification through SFI. Any additional fuel over and above the mill residuals will be procured under the SFI Fiber Sourcing process already in place for sawlog procurement. Please note, we will not utilize any fuel from wood treated with chemicals or preservatives and/or municipal waste.

Historically, +/- 60% of the sawlogs for the Stoltze mill are sourced from private lands. +/-30% is sourced from US Forest Service and an additional +/-10% from State of Montana Trust lands. In 2011, we purchased a significant percentage of our total sawlog volume from forest land third party certified as sustainable through either the American Tree Farm System (ATFS) or SFI. This includes roughly 20% sourced from Stoltze company lands which are certified through ATFS.

The Stoltze SFI certified procurement system includes specific and documented measures to ensure contractors and landowners receive information on management of Forests of Exceptional Conservation Value (FECV's), forests which could include forest stands with old growth characteristics. Old growth forests are neither defined nor identified on private lands in Montana. Between wide spread stand replacing fire activity in 1910 and 1929 and widespread forest management over the last 100 years, private lands within our sourcing area are generally second growth, younger stands exhibiting few if any old growth characteristics. USFS and



Member Since 1966



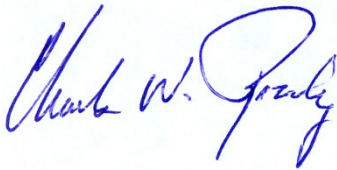
Charter Member

Montana State Trust Lands are specifically managed with objectives to conserve and promote old growth stand characteristics across their landscapes.

Stoltze supports and promotes sustainable forest management on all lands and is committed to responsible fiber sourcing practices through a process of using certified logging professionals, BMP training programs, and educational outreach to landowners and wood suppliers on critical wildlife habitat, threatened and endangered species, FECV's and the importance of biodiversity across the landscape.

Please do not hesitate to contact me with additional questions or request for information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chuck W. Roady". The signature is fluid and cursive, with the first name "Chuck" being the most prominent.

Chuck Roady
Vice President and General Manager



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

July 27, 2018

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: Pacific Power & Light Annual Renewable Portfolio Standard Compliance Report
Docket UE-160777

Dear Mr. Johnson:

In Order 01 of the above mentioned docket, the Commission determined that Pacific Power and Light (Pacific Power or Company) had complied with the 2016 renewable portfolio standard (RPS) target calculation and reporting requirements. The Commission ordered Pacific Power to file a report no later than June 1, 2018, that listed the certificate numbers for every renewable energy credit (REC) that the Company retired in the Western Renewable Energy Generation Information System (WREGIS), along with details about which certificates were used for its voluntary renewable energy programs for 2016.

Staff Analysis of Pacific Power's 2016 Final RPS Compliance Report

In its July 27, 2016, revised filing, Pacific Power correctly calculated its 2016 RPS target of 370,166 MWh, and identified a mix of wind- and incremental hydro-based RECs from 2015 and 2016 that it planned to use to meet this target. Table 1 below displays the mix of resources that Pacific Power planned to deploy to meet the target.

Table 1: Pacific Power's 2016 Renewable Resource Target and Compliance Plan

2016 Target (MWh)	Incremental Hydro (MWh)	2015 Generation and RECs	2016 Generation and RECs	Total Compliance Resources (MWh)
370,166	1,903	215,961	152,302	370,166

On May 29, 2018, Pacific Power filed its final RPS compliance report for 2016. Commission staff (Staff) has reviewed the compliance report and determined that Pacific Power has met its 2016 RPS target. Table 2 below details the resources Pacific Power used to meet the target.

Table 2: Summary of 2016 Pacific Power RCW 19.285.040 Compliance

Facility Name	Facility Type	Vintage Year 2015	Vintage Year 2016	Total
Pavant	Solar	316		316
Goodnoe Hills	Wind	5,383	18,292	23,675
Leaning Juniper I	Wind	15,187	16,552	31,739
Marengo	Wind	24,062	29,087	53,149
Marengo II	Wind	11,102	13,918	25,020
Campbell Hill	Wind	23,680	27,276	50,956
Dunlap I	Wind	27,359	31,741	59,100
Glenrock I	Wind	23,306	11,571	34,877
Rolling Hills	Wind	5,468		5,468
Top of the World	Wind	45,911		45,911
Bennett Creek Wind Farm	Wind	8,656		8,656
Hot Springs Wind Farm	Wind	8,028		8,028
Nine Canyon Wind Project	Wind	2,500		2,500
Lower Snake River – Phalen Gulch	Wind	1,300		1,300
Elkhorn Valley Wind Farm	Wind	4,468		4,468
Fighting Creek LFGTE Plant	Biogas	730		730
Hidden Hollow Energy	Biogas	12,501		12,501
JC Boyle	Incremental Hydro		235	235
Lemolo 1	Incremental Hydro		1,113	1,113
Lemolo 2	Incremental Hydro		95	95
Prospect 2	Incremental Hydro		329	329
TOTAL		219,957	150,209	370,166

As part of its 2016 RPS compliance, Pacific Power has retired unbundled RECs purchased from a variety of plants. A portion of these RECs (20,515) were produced from solar, wind, and biogas facilities located either in the Pacific Northwest or in another state in which Pacific Power serves retail customers: Pavant, Nine Canyon, Fighting Creek, Hidden Hollow, and Elkhorn Valley. The Department of Commerce has determined that three of these facilities (Nine Canyon,

Fighting Creek, and Elkhorn Valley) are eligible renewable resources, and has marked them as eligible in WREGIS. Pavant—a solar facility in Utah—and Hidden Hollow—a biogas plant in Idaho—are registered as renewable resources in WREGIS, though the Department of Commerce has not marked them as eligible to use for RPS compliance in Washington.

Staff has reviewed information on these plants, believes they meet the requirements as eligible renewable resources under the EIA, and recommends the Commission approve Pacific Power's use of RECs acquired from them to fulfill its RPS compliance obligations.

Conclusion

For 2016, Pacific Power has fully complied with the reporting requirements contained in Order 01, entered August 12, 2016. The Commission should approve the eligibility of Pavant, Nine Canyon, Fighting Creek, Hidden Hollow, and Elkhorn Valley and the use of RECs acquired from these resources for RPS compliance.

Sincerely,

Andrew Rector
Regulatory Analyst