

Agenda Date: August 10, 2017
Item Number: A3

Docket: UE-170682
Company: Avista Corporation

Staff: Kathi Scanlan, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-170682 finding:

1. The 2017 renewable energy target for Avista Corporation is 504,050 megawatt-hours.
2. Avista Corporation has demonstrated that, by January 1, 2017, it acquired at least 504,050 megawatt-hours of eligible renewable resources, equivalent renewable energy credits, or a combination of them, sufficient to supply at least 9 percent of its load for 2017.
3. Avista Corporation has complied with the June 1, 2017, reporting requirements pursuant to WAC 480-109-210.
4. In the final compliance report for 2017 required by WAC 480-109-210(6), Avista Corporation must provide details about which certificates were used for its various renewable energy programs.¹

Background

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Codified in RCW 19.285 and Chapter 480-109 WAC, the EIA created a renewable portfolio standard (RPS) that requires electric utilities with more than 25,000 customers to serve 9 percent of their 2017 retail load with eligible renewable resources and to file an annual compliance report (RPS Report) by June 1 of each year.² The Washington Utilities and Transportation Commission's (commission) rules further require a final compliance report, filed no later than two years after the initial report.

Avista Corporation (Avista or company) timely filed its Annual RPS Report on June 1, 2017. On July 11, 2017, Avista filed a revised report to correct its historical load information. The 2017 target was reduced to 504,050 MWh from the target of 506,400 MWh identified in the original report. Commission staff (staff) filed written comments on July 13, 2017, which highlighted issues identified during staff's review of compliance with the rule, and is included as an attachment to this memo.

¹ WAC 480-109-210(2)(d)(i). Each certificate in WREGIS may be retired by Avista for only one purpose. Retirement may be under the Green Power program authorized by RCW 19.29A.090, or it may be retired for RPS compliance, but not both. If Avista reports on certificates that have not yet been retired, they could also be characterized as owned by the customer.

² RCW 19.285.040; RCW 19.285.070; WAC 480-109-200(1).

Discussion

Based on the information that Avista provided in its revised report submitted July 11, 2017, staff believes that the company correctly calculated its 2017 RPS target and acquired sufficient resources to meet that target.

Table 1 summarizes Avista's 2017 target and the total amount of resources that the company had acquired by January 1, 2017, and illustrates the company's overall compliance position. It appears Avista will not need to acquire additional resources for RPS compliance until 2030. However, depending how the company complies with the Clean Air Rule, that date may change.

Table 1: AVISTA's 2017 Renewable Resource Target and Compliance Plan

2017 Target (MWh)	Incremental Hydro (MWh)	2016 RECs	2017 RECs	Purchased RECs	Total Compliance Resources (MWh)
504,050	192,039	0 ³	314,361	N/A	506,400 ⁴

Incremental cost: Avista reported its actual incremental cost for the 2017 compliance plan as -\$743,216, or -0.2 percent of revenue requirement.⁵ The RPS Report contained sufficient information to review incremental cost calculations, including a completed version of the template developed by staff during this process in 2016.

Documentation of certificate use: Avista will need to document its use of the company's renewable resources under various renewable energy programs, which will allow staff to review the eligibility of the resources for meeting the EIA requirement. Because the statute explicitly disallows any resources used for Green Power programs in RCW 19.29A.090, the commission requires the companies to include some information about the usage of the certificates. While the rule requires this information in the annual report, staff believes it will be more helpful in the final compliance report, and asks the commission to require the company to include the information there. Thus, in the final compliance report for 2017, Avista must list details about program usage, as required by WAC 480-109-210(2)(d)(i).

Public Comments

The commission received one set of public comments regarding Avista's report, which were filed jointly by Renewable Northwest (RNW) and the Northwest Energy Coalition (NWECC) on July 14, 2017. Both organizations commended the company for meeting its target without relying on alternative compliance mechanisms.

³ Avista has no excess Renewable Energy Credits (RECs) from 2016 that could be used toward its 2017 target.

⁴ In the company's revised report submitted on July 11, 2017, Table 4, identifies 506,400 MWh renewable energy available for compliance (net REC sales).

⁵ WAC 480-109-210(2)(a).

Similar to comments filed in 2016, both organizations expressed concerns about transparency related to Avista's incremental cost assumptions.⁶ Avista filed supplementary information regarding the incremental cost calculations in Appendix B, but the data remains part of its confidential filing. RNW and NWEC note this concern, but overall are pleased that the company met its target, and recommend that the commission approve the report.

Conclusion

Issue an order as described in the recommendations section of this memo.

⁶ Docket UE-160779.