

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY’S

Final 2012 Renewable Compliance
Report under RCW 19.285.070 and
WAC 480-109-040

DOCKET UE-120802

ORDER 02

ORDER ACKNOWLEDGING
COMPLIANCE WITH 2012
RENEWABLE ENERGY TARGET

I. BACKGROUND

A. The Energy Independence Act

- 1 Washington voters approved Initiative 937, the Energy Independence Act (EIA), in the 2006 general election. Now codified in Chapter 19.285 of the Revised Code of Washington, the EIA 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.

B. Company Filings

- 3 On June 1, 2012, Puget Sound Energy (PSE or Company) initiated this docket by filing with the Commission a Renewable Report under RCW 19.285.070 and WAC 480-109-040 (RPS Report). Based on its average annual load for 2010 and 2011, PSE reported that its 2012 renewable energy target was 635,958 megawatt-hours.

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 In Order 01 in this docket, dated Sept. 13, 2012, the Commission accepted PSE’s calculation of its 2012 target. The Commission also adopted a two-step compliance process and ordered:

Puget Sound Energy, Inc. must file a second report no later than June 1, 2014, that provides the information necessary to determine whether Puget Sound Energy, Inc. met the January 1, 2012, target, including the specific megawatt-hours and/or renewable energy credits used to meet the target.²

5 On May 30, 2014, PSE filed a final compliance report for the 2012 target as part of its 2014 renewable report in Docket UE-140800. This filing did not follow the Commission’s process for determining renewable target compliance, which prescribes that final compliance reports be filed in the docket that corresponds to that year’s target; that is, PSE’s final compliance report with the 2012 target should have been filed in this docket. At the request of Commission Staff (Staff), PSE filed the final compliance report in this docket, with no changes, on July 9, 2014. On July 17, 2014, PSE filed a revised cover sheet to reflect a minor change in the resource mix that the Company used to meet the 2012 target. PSE’s revised compliance report identified the following 635,958 megawatt-hours of renewable energy used to meet its 2012 target:

Facility Name	Resource Type	Vintage	Amount (MWh/ RECs)	Facility On-Line Date	Ownership/ Contract
Hopkins Ridge	Wind	2011	4,410 RECs	12/2005	PSE-owned
Lower Snake River – Dodge Junction	Wind	2012	488,190 ³ RECs	02/2012	PSE-owned
Lower Snake River – Phalen Gulch	Wind	2012	138,392 ⁴ RECs	02/2012	PSE-owned
Subtotal, WREGIS resources:					630,992
Wanapum Fish Bypass	Water (Incremental Hydro)	2012	4,966 MWh	Upgrade 2008	Contract w/ Grant Cnty PUD
Subtotal, non-WREGIS resources:					4,966
Total MWh + RECs Acquired:					635,958
2012 Target (MWh):					635,958

² Order Regarding 2012 Renewable Energy Target, Docket UE-120802, Order 01 (Sept. 13, 2012) ¶ 50.

³ Total reflects the 1.2 credit multiplier for using apprenticeship labor under RCW 19.285.040(2)(h).

⁴ Total reflects the 1.2 credit multiplier for using apprenticeship labor under RCW 19.285.040(2)(h).

6 For Wanapum Dam’s production, PSE relied on Grant County PUD’s calculation of
incremental hydropower efficiency gains. Grant County PUD is required to use the
method in WAC 194-37-130.

C. Retirement of WREGIS Certificates

7 Staff asserts that retiring the Company’s certificates in WREGIS is a necessary
component of demonstrating compliance with Order 01. Staff interprets Order 01’s
requirement that the final compliance report include “the specific megawatt-hours and/or
renewable energy credits used to meet the target” to mean the Company must actually use
the identified credits by retiring the associated certificates, making those resources
unavailable to be sold or held for another use.

8 In its report filed on July 9, 2014, PSE requested that the Commission direct it to retire
the certificates it had identified for meeting the 2012 target. Staff argued that the
language of Order 01, which refers to the megawatt-hours and credits that were “used” to
meet the target, meant that the certificates for those resources should have been retired
before PSE made its final compliance report. Staff believes that PSE’s request that the
Commission order the Company to retire the certificates would add an additional,
unnecessary compliance filing to show that the certificates were retired. At the request of
Staff, PSE retired the corresponding WREGIS certificates for the resources the Company
used to meet its 2012 target on July 17, 2014, and provided Staff with documentation that
the certificates had been retired.

9 One of PSE’s eligible resources, the Wanapum Fish Bypass, is owned by Grant County
PUD and is not registered in WREGIS. As such, PSE was not provided with certificates
corresponding to its share of Wanapum’s eligible generation and the Company was
therefore unable to retire any WREGIS certificates for this resource. Staff acknowledges
that the Wanapum hydro generation does not have any associated certificates to retire.

10 Staff recommends that the Commission find PSE in compliance with Order 01.

II. DISCUSSION

11 We agree with Staff that a utility must retire any WREGIS certificates associated with the
RECs and generation being used for compliance. Retirement of the certificates means the
corresponding credits are no longer available for use. We further agree that retirement
should be done before a utility files its final compliance report. We recognize that a

utility may want assurance that it is retiring the correct certificates before it retires them, since that action cannot be undone. We therefore request that Staff conduct an informal review of a utility's planned certificate retirements before they are retired, if asked to do so by the utility.

12 PSE appropriately retired 630,992 WREGIS certificates.

13 For purposes of 2012 RPS compliance only, the Commission will accept Grant County PUD's calculation of eligible generation from Wanapum and PSE's use of 678 megawatt-hours of eligible hydro generation from Wanapum Fish Bypass without use of corresponding WREGIS certificates for this hydro generation.⁵

III. FINDINGS AND CONCLUSIONS

14 (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, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electrical companies.

15 (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).

16 (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).

17 (4) Under RCW 19.285.040(2)(a)(i) and WAC 480-109-020(1)(a), PSE's renewable energy target for 2012 was 119,857 megawatt-hours.

18 (5) In PSE's Final Renewable Compliance Report, filed on July 17, 2014, the Company demonstrated that it had acquired 119,858 megawatt-hours of eligible generation.

19 (6) On July 17, 2014, PSE retired 630,992 certificates for the resources that are registered in WREGIS.

⁵ The Commission expresses no opinion on whether Grant County Public Utility District has complied with the EIA. Nothing herein shall be used as evidence of Grant County PUD's compliance or lack thereof.

- 20 (7) PSE acquired 4,966 eligible hydro generation megawatt-hours from Wanapum Fish Bypass.
- 21 (8) PSE provided a summary of its initial RPS report to its customers by bill insert or other suitable method within 90 days of Order 01 in this docket, as required by WAC 480-109-040(5).
- 22 (9) PSE has complied with all reporting and filing requirements set out in Order 01.

IV. ORDER

THE COMMISSION ORDERS:

- 23 (1) Puget Sound Energy has complied with the two-step reporting process identified by the Commission in Order 01 of this docket.
- 24 (2) Puget Sound Energy has generated or acquired 635,958 megawatt-hours of RECs and eligible generation for the purpose of 2012 RPS compliance, and retired corresponding certificates for all resources that are registered in WREGIS.
- 25 (3) Puget Sound Energy has complied with its 2012 RPS target as required by RCW 19.285.040(2)(a)(i).

DATED at Olympia, Washington, and effective July 24, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner