

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION'S

Renewable Energy Target Progress
Report under RCW 19.285.070 and
WAC 480-109-210

DOCKET UE-190445

ORDER 01

ORDER APPROVING
COMPLIANCE WITH ELIGIBLE
RENEWABLE ENERGY TARGET
REPORTING REQUIREMENTS FOR
2019

BACKGROUND

- 1* The Energy Independence Act (EIA or Act)¹ 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.² 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.”³
- 2* The Commission has implemented these requirements by establishing a two-step compliance process.⁴ Because a utility may comply with its renewable portfolio standards (RPS) obligation by using renewable energy credits (RECs) acquired in the year after the target year, ultimate compliance for 2019, for example, may be demonstrated as late as June 1, 2021. Accordingly, there will be two Commission decisions for each year’s compliance: (1) a determination that the Company has enough resources to meet the 9 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 2019 obligation. The Commission will consider Avista’s compliance with its 2019

¹ Chapter 19.285 RCW.

² RCW 19.285.060(6).

³ WAC 480-109-210(3)(b).

⁴ WAC 480-109-210(1) and (6).

target when Avista requests such a finding, which the Company must do through a filing in this docket no later than June 1, 2021.

- 3 On May 30, 2019, Avista filed with the Commission its 2019 RPS Report, which identified a 2019 target of 514,144 megawatt-hours (MWh). On June 21, 2019, Avista filed a revised report unredacting its incremental cost information and correcting work paper inconsistencies. Table 1, below, summarizes Avista’s 2019 target and the total amount of resources that the Company had acquired by January 1, 2019:

Table 1: Avista’s 2019 Renewable Resource Target and Compliance Plan

| 2019 Target (MWh) | Incremental Hydro (MWh) | 2018 RECs | 2019 RECs | Purchased RECs (unbundled) | Total Resources in 2019 (MWh) |
|--------------------------|--------------------------------|------------------|------------------|-----------------------------------|--------------------------------------|
| 514,144 | 157,657 | 0 ⁵ | 653,192 | 0 | 810,849 |

- 4 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 2019.
- 5 On June 10, 2019, 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 Commission staff (Staff) and written comments from the NW Energy Coalition (NWECC). NWECC commended the Company for meeting its RPS target without relying on alternative compliance methods. NWECC also expressed reservation regarding Avista’s long-held assumption that using a combined cycle combustion turbine (CCCT) was adequate for calculating noneligible resource costs, which NWECC maintains should include the social cost of carbon. Overall, NWECC was pleased that the Company met its target and recommends that the Commission approve the report.
- 6 Based on the information that the Company provided in its RPS Report and supplemental filing, Staff believes that Avista correctly calculated its 2019 RPS target, and that it has acquired sufficient resources to meet that target. Although Commission rules require the Company to document its use of renewable resources under various renewable energy programs in its annual report, Staff requests the Commission require Avista to include

⁵ Avista has no excess Renewable Energy Credits (RECs) from 2018 that could be used toward its 2019 target.

that information in its final compliance report, which will allow Staff to determine whether its resources meet EIA requirements.

- 7 Staff recommends that the Commission issue an order in this docket determining that: (1) the 2019 renewable energy target for Avista is 514,144 MWh; (2) Avista has demonstrated that, by January 1, 2019, the Company acquired at least 514,144 MWh of eligible renewable resources, equivalent RECs, or a combination of the two, sufficient to supply at least 9 percent of its load for 2019; (3) Avista has complied with the June 1, 2019, reporting requirements pursuant to WAC 480-109-210; (4) Avista has performed its required five-year incremental hydropower method three evaluation and may now switch to method one to calculate its incremental hydropower contribution starting in 2019; (5) Avista will switch to method one to calculate its incremental hydropower contribution in 2019 and subsequent years to more accurately estimate yearly generation at eligible hydropower facilities; and (6) in its final compliance report for 2019 required by WAC 480-109-210(6), Avista must provide details about which certificates were used for its various renewable energy programs.

DISCUSSION

- 8 The Commission accepts Avista's calculation of 514,144 megawatt-hours as the Company's renewable energy target for 2019 and determines that Avista has identified sufficient resources to be able to meet that target. The Commission will make its final determination about whether Avista has met its 2019 target when the Company requests such a finding, no later than June 1, 2021.
- 9 Avista has completed its required five-year incremental hydropower method three evaluation, and now requests permission to switch to method one to calculate its incremental hydropower contribution starting in 2019. We grant Avista's request. Switching to method one to calculate its incremental hydropower contribution starting in 2019 and continuing in subsequent years will more accurately estimate yearly generation at eligible hydropower facilities.
- 10 To assist Staff with determining whether Avista's resources meet EIA eligibility requirements, Avista must provide details about which certificates were used for its various renewable energy programs, as required by WAC 480-109-210(2)(d)(i), in its final compliance report for 2019.

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, regulations, practices, and accounts of public service companies, including electric companies.
- 12 (2) Avista is an electrical company and a public service company subject to Commission jurisdiction.
- 13 (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).
- 14 (4) Avista has properly calculated its renewable energy target for 2019 to be 514,144 megawatt-hours.
- 15 (5) By January 1, 2019, Avista had acquired sufficient eligible renewable resources to supply at least 9 percent of its load for the remainder of 2019.
- 16 (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 2019.
- 17 (7) Avista has performed its required five-year incremental hydropower method three evaluation and its request to switch to method one to calculate its incremental hydropower contribution starting in 2019 should be granted.
- 18 (8) Avista must switch to method one to calculate its incremental hydropower contribution in 2019 and in subsequent years.
- 19 (9) 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 30 days of the date of this Order.
- 20 (10) Pursuant to WAC 480-109-200(3), Avista must register in Western Renewable Energy Generation Information System (WREGIS) all Company-owned incremental hydropower facilities on which the Company intends to rely for compliance with RPS requirements.
- 21 (11) Pursuant to WAC 480-109-210(6), Avista must file a report no later than June 1, 2021, that lists the certificate numbers in WREGIS the for every megawatt-hour

and renewable energy credit that Avista retired to meet the January 1, 2019, target.

ORDER

THE COMMISSION ORDERS:

- 22 (1) The Commission accepts the calculation of 514,144 megawatt-hours as the 2019
renewable energy target for Avista Corporation.
- 23 (2) Avista Corporation has identified eligible renewable resources sufficient to supply
at least 9 percent of its load for 2019.
- 24 (3) Avista Corporation has complied with the June 1, 2019, reporting requirements
pursuant to WAC 480-109-210.
- 25 (4) Avista Corporation has performed its required five-year incremental hydropower
method three evaluation and its request to switch to method one to calculate its
incremental hydropower contribution starting in 2019 is granted.
- 26 (5) Avista Corporation must switch to method one to calculate its incremental
hydropower contribution in 2019 and in subsequent years.
- 27 (6) Avista Corporation's final compliance report must list certificate numbers for
every renewable energy credit that Avista Corporation retired in the Western
Renewable Energy Generation Information System and details about which
certificates were used for its voluntary renewable energy programs in 2019.
- 28 (7) 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 August 8, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner