

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION'S

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

DOCKET UE-120791

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, Avista Corporation (Avista 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, Avista reported that its 2012 renewable energy target was 166,047 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 Avista’s calculation of its 2012 target. The Commission also adopted a two-step compliance process and ordered:

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

5 On April 25, 2014, Avista filed its Request for Compliance Determination for the 2012 target. Avista revised its request on May 28, 2014. Avista’s request identified the following 191,205 megawatt-hours of renewable energy used to meet its 2012 target:

Facility Name (Location)	Resource Type	Vintage	Amount (MWh)	Facility On-Line Date	Ownership/ Contract
Long Lake #3 (Spokane River, WA)	Water (Incremental Hydro)	2012	14,197 MWh	10/29/1999	Avista- owned
Little Falls #4 (Spokane River, WA)	Water (Incremental Hydro)	2012	4,862 MWh	11/14/2001	Avista- owned
Cabinet Gorge #2 (Clark Fork R., ID)	Water (Incremental Hydro)	2012	29,008 MWh	3/19/2004	Avista- owned
Cabinet Gorge #3 (Clark Fork R., ID)	Water (Incremental Hydro)	2012	45,808 MWh	3/27/2001	Avista- owned
Cabinet Gorge #4 (Clark Fork R., ID)	Water (Incremental Hydro)	2012	20,517 MWh	4/5/2007	Avista- owned
Noxon Rapids #1 (Clark Fork R., MT)	Water (Incremental Hydro)	2012	21,435 MWh	5/21/2009	Avista- owned
Noxon Rapids #2 (Clark Fork R., MT)	Water (Incremental Hydro)	2012	7,709 MWh	5/6/2001	Avista- owned
Noxon Rapids #3 (Clark Fork R., MT)	Water (Incremental Hydro)	2012	14,529 MWh	6/11/2010	Avista- owned
Noxon Rapids #4	Water (Incremental	2012	10,934	2012	Avista-

² Order Regarding 2012 Renewable Energy Target, Docket UE-120791, Order 01 (Sept. 13, 2012) at paragraph 60.

Facility Name (Location)	Resource Type	Vintage	Amount (MWh)	Facility On-Line Date	Ownership/ Contract
(Clark Fork R., MT)	Hydro)		MWh		owned
Subtotal, WREGIS resources:			168,999		
Wanapum Fish Bypass (Columbia R., WA)	Water (Incremental Hydro)	2012	22,206 MWh	4/2008	Contract w/ Grant Cnty PUD
Subtotal, non-WREGIS resources:			22,206		
Total eligible MWh + RECs acquired:			191,205		
2012 Target (MWh):			166,047		

6 To calculate the amount of eligible generation from company-owned, upgraded hydropower facilities, Avista used Method 3 developed by the RPS Workgroup. For Wanapum Dam, Avista relied on Grant County PUD’s calculation of incremental hydropower efficiency gains. Grant County PUD is required to use the method set out in WAC 194-37-130.

C. Retirement of WREGIS Certificates

7 At the time of filing its April 25, 2014, request, Avista had not yet retired the WREGIS certificates corresponding to the megawatt-hours identified in the table above. Avista explained that it preferred to wait for a Commission order directing the Company to retire any applicable WREGIS certificates. Additionally, one of Avista’s eligible resources, the Wanapum Fish Bypass, is owned by Grant County PUD and is not registered in WREGIS. As such, Avista was not provided with certificates corresponding to its share of Wanapum’s eligible generation and the Company is therefore unable to retire any WREGIS certificates for this resource.

8 Staff asserts that retiring the Company’s certificates is a necessary component of demonstrating compliance with Order 01. Staff’s interprets Order 01’s requirement to 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. Staff asked that Avista retire its WREGIS certificates prior to the Commission’s Open Meeting on May 29, 2014, and acknowledges that the Wanapum hydro generation does not have any associated certificates to retire.

9 Avista agreed with Staff and agreed to retire its RECs prior to the May 29, 2014, Open Meeting. On May 20, 2014, Avista filed supplemental information, which it revised on May 28, 2014, in this docket verifying that it had retired 168,999 WREGIS certificates in order to comply with Order 01.

10 Staff now recommends that the Commission find Avista 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. When a Company actually retires the WREGIS certificates, those corresponding credits are no longer available for use. In this case, Avista's April 25, 2014, filing indicated which credits and certificates the Company intended to use for compliance with Order 01, but Avista had not achieved actual compliance until it retired the 168,999 WREGIS certificates on May 20 and May 28, 2014.

12 For purposes of 2012 RPS compliance only, the Commission will accept Grant County PUD's calculation of eligible generation from Wanapum and Avista's use of 22,206 megawatt-hours of eligible hydro generation from Wanapum Fish Bypass without use of corresponding WREGIS certificates for this hydro generation.³

III. FINDINGS AND CONCLUSIONS

13 (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.

14 (2) Avista is an electrical company and a public service company subject to Commission jurisdiction and is an "investor-owned utility" under RCW 19.285.030(11).

15 (3) Avista 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).

³ 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.

- 16 (4) Under RCW 19.285.040(2)(a)(i) and WAC 480-109-020(1)(a), Avista's renewable energy target for 2012 was 166,047 megawatt-hours.
- 17 (5) In Avista's Final Renewable Compliance Report, filed on April 25, 2014, and revised on May 28, 2014, the Company demonstrated that it had acquired 191,205 megawatt-hours of eligible generation.
- 18 (6) On May 20 and May 28, 2014, Avista retired a total of 168,999 certificates for the resources that are registered in WREGIS.
- 19 (7) Avista committed 22,206 eligible hydro generation megawatt-hours from Wanapum Fish Bypass.
- 20 (8) Avista 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).
- 21 (9) Avista has complied with all reporting and filing requirements set out in Order 01.

IV. ORDER

THE COMMISSION ORDERS:

- 22 (1) Avista Corporation complied with the two-step reporting process identified by the Commission in Order 01 of this docket.
- 23 (2) Avista Corporation has generated or acquired 191,205 megawatt-hours of renewable energy credits and eligible generation for the purpose of 2012 compliance, and retired corresponding certificates for all resources that are registered in WREGIS.
- 24 (3) Avista Corporation has complied with its 2012 renewable energy target as required by RCW 19.285.040(2)(a)(i).

DATED at Olympia, Washington, and effective May 29, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner