

Agenda Date: May 29, 2014
Item Number: A1

Docket: UE-120791
Company: Avista Corporation

Staff: Jeremy Twitchell, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-120791 finding:

- (1) Avista Corporation has complied with the two-step reporting process identified by the commission in Order 01 of this docket.
- (2) Avista Corporation has generated or acquired 180,681 megawatt-hours of eligible generation for the purpose of 2012 RPS compliance, and retired corresponding certificates for all resources that are registered in WREGIS.
- (3) Avista Corporation has complied with its 2012 RPS target as required by RCW 19.285.040(2)(a)(i).

Background

The commission issued Order 01 in this docket on Sept. 13, 2012, which approved Avista Corporation's (Avista or company) calculation of its 2012 renewable energy target as 166,047 megawatt-hours. In that order, the commission also adopted a "two-step" process for determining compliance with the renewable portfolio standard (RPS) requirements within the Energy Independence Act (EIA).

Under the two-step process, each utility is expected to file an initial report each year to calculate its renewable energy target for that year and demonstrate that it has acquired or contracted to acquire enough renewable energy credits (RECs) or eligible generation to meet that target. Then no later than June 1 two years after the target year, the utility must file a report with the commission that shows the specific resources that it used for compliance and the quantity of RECs or eligible generation from each resource.

Pursuant to RCW 19.285.030(20), the Washington State Department of Commerce has selected the Western Renewable Energy Generation Information System (WREGIS) as the tracking body that verifies the RECs and eligible generation that qualifying utilities under the EIA use for compliance. To comply with the RPS requirements of the EIA, a utility must retire WREGIS certificates for the eligible resources that it claimed in its final compliance report.

Discussion

On April 25, 2014, Avista filed its Request for Compliance Determination for the 2012 target. At the time of filing the request, Avista had not yet retired its WREGIS certificates, as the company preferred to be ordered to do so by the commission. Staff, however, believes that retiring

certificates is a necessary component of demonstrating compliance, and requested that Avista retire the WREGIS certificates before the open meeting.

Staff's opinion is based on Order 01 in this docket, which required Avista to "file a second report no later 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."¹ Meeting the target, in staff's opinion, requires a utility to retire the WREGIS certificates for the generation and RECs that are being used for compliance, because that is the point at which the resources are committed to the target and can no longer be sold or held for another year. Although the initial order was not explicit about the retirement of WREGIS certificates, it would have described an additional compliance filing after the certificates were retired if that were the desired approach. Retiring the certificates before requesting a determination of final compliance simplifies the compliance process, preventing additional, unnecessary work of the company and staff.

Staff expressed this view to Avista, and the company agreed to retire its RECs before the open meeting. On May 20, 2014, Avista filed supplemental information in this docket that included a printout of the company's WREGIS account showing that it had retired 163,209 certificates for compliance with the company's 2012 Washington renewable energy target. Avista also acquired 17,472 megawatt-hours of eligible hydro generation from the Wanapum Dam, for a total of 180,681 megawatt-hours of eligible renewable resource generation for 2012.

Grant County PUD, which operates Wanapum, has not registered that facility in WREGIS, so Avista was unable to retire certificates that corresponded to its share of Wanapum's eligible generation. Staff recommends that in approving Avista's use of Wanapum generation, the commission state that the approval applies for the 2012 target year only, to allow for further investigation of whether utilities should be allowed to claim eligible resources that cannot be tracked in WREGIS. This is consistent with the commission's approval of Method 3 for calculating Avista's 2012 incremental hydro generation.² Staff also believes it should be made clear that methodologies employed by PUDs in determining their incremental hydro production will be evaluated on a case-by-case basis.

Conclusion

Staff recommends that the commission issue an order in Docket UE-120791 as described in the recommendation section above.

¹ Avista Corporation's Renewable Renewable Energy Target Progress Report, Docket UE-120791, Order 01, ¶ 54.

² Avista Corporation's Renewable Renewable Energy Target Progress Report, Docket UE-120791, Order 01, ¶ 36.