

Agenda Date: August 12, 2016
Item Number: D6

Docket: UE-160777
Company: Pacific Power & Light Company

Staff: Kathi Scanlan, Regulatory Analyst
Jennifer Snyder, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-160777 finding:

1. The 2016 renewable energy target for Pacific Power & Light Company is 370,166 megawatt-hours.
2. Pacific Power & Light Company has demonstrated that, by January 1, 2016, Pacific Power & Light Company acquired at least 370,166 megawatt-hours of eligible renewable resources, equivalent renewable energy credits, or a combination of the two, sufficient to supply at least 9 percent of its load for 2016.
3. Pacific Power & Light Company has complied with the June 1, 2016, reporting requirements pursuant to WAC 480-109-210.
4. Fifteen days before Pacific Power & Light Company makes its 2016 renewable portfolio standard report available to the public and its customers, according to the requirements in rule and statute, the company must file that same report with the commission in this docket.¹
5. In the final compliance report for 2016 required by WAC 480-109-210(6), Pacific Power & Light Company must provide details about which certificates were used for its various renewable energy programs.²

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 2016 retail load with eligible renewable resources and to file an annual compliance report (RPS Report) by June 1 of each year.³ 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.

¹ WAC 480-109-210(4) and (5); RCW 19.285.070.

² WAC 480-109-210(2)(d)(i). Each certificate in WREGIS may be retired by Pacific Power & Light Company 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 Pacific Power reports on certificates that have not yet been retired, they could also be characterized as owned by the customer.

Pacific Power & Light Company (Pacific Power or company) filed its Annual RPS Report on June 1, 2016. Commission staff (staff) filed written comments on July 14, 2016, that analyzed and summarized it.

Discussion

Based on the information that Pacific Power provided in its report and subsequent follow-up with staff, staff believes that the company correctly calculated its 2016 RPS target and acquired sufficient resources to meet that target.

Table 1 summarizes Pacific Power's 2016 target and the total amount of resources that the company had acquired by January 1, 2016. It includes the company's excess Renewable Energy Credits (RECs) from 2015 that could be used toward its 2016 target and the company's projected 2016 generation. Pacific Power's portfolio includes hydro facilities and wind facilities. The purpose of Table 1 is to illustrate the company's overall compliance position, as reported to the public:

Table 1: Pacific Power's 2016 Renewable Resource Target and Compliance Plan

2016 Target (MWh)	Incremental Hydro (MWh)	2015 Generation and RECs	2016 Generation and RECs	Total Compliance (MWh)
370,166	1,903	215,961	152,302	370,166

Confidentiality: Staff continues to have ongoing concerns that Pacific Power is marking an increasing amount of information as confidential, and appears to be overlooking the spirit of the reporting requirements set forth in the statute and rule.⁴ The company's initial filing on June 1, 2016, was largely unredacted, like every other company that submitted a report. Since then, the company has resubmitted its report 4 times, with varying amounts of confidential redactions. On June 16, 2016, a revised, heavily redacted version was filed by the company, requesting confidential treatment in accordance with WAC 480-07-160. At the request of staff, the company filed a revision on July 6, 2016, containing only slightly fewer redactions and including aggregate numbers. As a result, the commission extended the public comment period by two weeks.

On July 14, 2016, Pacific Power responded to a data request from commission staff and claimed the redacted information qualifies as a "trade secret" and "valuable commercial information."⁵ No other company has redacted such a large portion of the RPS report it filed with the commission, and of the 17 utilities submitting EIA reports to the Washington Department of Commerce this year, only Pacific Power marked any portion of its report as confidential. Staff remains uncertain of any justification why the 2016 generation by facility and amount of RECs

⁴ WAC 480-109-210; RCW 19.285.070.

⁵ In accordance with RCW 42.56.070(1), 42.56.330(1), and 80.04.095.

acquired should continue to be confidential. Staff encourages the company to disclose more information to its customers and interested parties, in line with other utilities, and in line with the spirit of the public disclosure requirements in the EIA.⁶

Staff remains optimistic about continuing to work with Pacific Power to increase the transparency in its 2017 report, but is concerned by the company's reluctance to readily provide the same level of transparency in its RPS reports as all other companies. As explained later, the public comments illustrated that staff is not the only entity with concerns about the company's transparency in its report. Staff strongly encourages the company, again,⁷ to reconsider its decision to mark information in its report confidential.

Public disclosure documentation: While staff was ultimately able to work with the company, staff has concerns going forward that the company may not intend to make the appropriate information available to the public and may not meet the EIA's reporting and public disclosure requirements in the future. To ensure that the company appropriately notifies its customers and the public, staff should review the information that the company intends to provide. Before disclosure to the public or customers, staff believes that Pacific Power should file with the commission in this docket, the same 2016 renewable portfolio standard report that the company will make available to the public and its customers (such disclosure to its customers is required by WAC 480-109-210(4) and (5), and RCW 19.285.070).

Documentation of certificate use: Pacific Power will need to document the company's renewable resources, 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 to be included in the annual report, staff believes it will be more helpful in the final compliance report. Staff requests that the commission require the company to include the information in its final compliance report. Thus, in the final compliance report for 2016, Pacific Power must list details about program usage, as required by WAC 480-109-210(2)(d)(i).

Incremental cost: Pacific Power properly reported its incremental costs as 0.8 percent in 2016 and 0.3 percent in 2015. Staff noted a change from last year in the company's multi-state allocation calculation. The total West Control Area (WCA) Projected Eligible Generation number included only WCA wind resources, whereas in 2015 both wind and incremental hydro generation were used. The company has corrected this oversight in its July 27, 2016, amended report and appropriately allocated additional RECs to Washington.

⁶ WAC 480-07-160 allows parties to challenge the confidentiality claim, and the company bears the burden to show that part or all of a document should be protected from disclosure.

⁷ Staff raised these same concerns and made these same recommendations to the company last year. Docket UE-151162, Staff's Open Meeting Memo for the August 27, 2015, Open Meeting, p. 2-3.

Public Comments

The commission received one set of public comments regarding Pacific Power's report, which were filed jointly by Renewable Northwest (RNW) and the Northwest Energy Coalition (NWECC). Both organizations praised the company for meeting its target without relying on alternative compliance mechanisms. The parties noted a lack of transparency with Pacific Power's renewable resource costs and expressed concern with the clarity of its incremental cost calculation. RNW and NWECC were 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.