

Agenda Date: August 10, 2017  
Item Number: A4

**Docket:** UE-170694  
**Company:** Pacific Power & Light Company

**Staff:** Kyle Frankiewicz, Regulatory Analyst

### **Recommendation**

Issue an Order in Docket UE-170694 finding:

1. The 2017 renewable energy target for Pacific Power & Light Company is 364,047 megawatt-hours.
2. Pacific Power & Light Company has demonstrated that, by January 1, 2017, it acquired at least 364,047 megawatt-hours of eligible renewable resources, equivalent renewable energy credits, or a combination of them, sufficient to supply at least 9 percent of its load for 2017.
3. Pacific Power & Light Company has complied with the June 1, 2017, reporting requirements pursuant to WAC 480-109-210.
4. In the final compliance report for 2017 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.<sup>1</sup>

### **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 2017 retail load with eligible renewable resources and to file an annual compliance report (RPS Report) by June 1 of each year.<sup>2</sup> 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.

Pacific Power & Light Company (Pacific Power or company) timely filed its Annual RPS Report on June 1, 2017. On August 3, 2017, Pacific Power filed a revised report to correct some details in its initial filing. The 2017 target identified in the report is 364,047 MWh. Commission staff (staff) filed written comments on July 13, 2017, which highlighted issues identified during staff's review of compliance with the rule. These comments are included as an attachment to this memo.

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<sup>1</sup> WAC 480-109-210(2)(d)(i). Each certificate in WREGIS may be retired by Pacific Power 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.

<sup>2</sup> RCW 19.285.040; RCW 19.285.070; WAC 480-109-200(1).

## **Discussion**

Based on the information that Pacific Power provided in its revised report, staff believes that the company correctly calculated its 2017 RPS target and acquired sufficient resources to meet that target.

Table 1 summarizes Pacific Power's 2017 target and the total amount of resources that the company had acquired by January 1, 2017, and illustrates the company's overall compliance position. Pacific Power has purchased and likely will continue to purchase unbundled RECs to meet future RPS compliance obligations.<sup>3</sup>

**Table 1: Pacific Power's 2017 Renewable Resource Target and Compliance Plan**

| <b>2017 Target<br/>(MWh)</b> | <b>Incremental<br/>Hydro<br/>(MWh)</b> | <b>2016<br/>RECs</b> | <b>2017<br/>RECs</b> | <b>Purchased<br/>RECs</b> | <b>Total Compliance<br/>Resources<br/>(MWh)</b> |
|------------------------------|--|----------------------|----------------------|---------------------------|---|
| 364,047                      | 1,832                                  | 71,112               | 138,440              | 152,663                   | 364,047   |

Incremental cost: Pacific Power reported its actual incremental cost for the 2017 compliance plan as \$2,035,312, or 0.6 percent of revenue requirement.<sup>4</sup> The RPS report contained sufficient information to review incremental cost calculations.

Documentation of certificate use: Pacific Power will need to document its use of the company's renewable resources under various renewable energy programs, 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 in the annual report, staff believes it will be more helpful in the final compliance report, and asks the commission to require the company to include the information there. Thus, in the final compliance report for 2017, Pacific Power must list details about program usage, as required by WAC 480-109-210(2)(d)(i).

## **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 (NVEC) on July 14, 2017. Both organizations commended the company for meeting its target without relying on alternative compliance mechanisms.

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<sup>3</sup> These costs are collected through Schedule 95. To review Pacific Power's accounting petitions related to REC purchase costs, see dockets UE-143915 and UE-161067.

<sup>4</sup> WAC 480-109-210(2)(a).

Similar to comments filed in 2016, both organizations expressed concerns about transparency related to Pacific Power's incremental cost assumptions, but overall are pleased that the company met its target, and recommend that the commission approve the report.<sup>5</sup>

### **Conclusion**

Issue an order as described in the recommendations section of this memo.

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<sup>5</sup> Docket UE-160777.