

Agenda Date: August 9, 2018
Item Number: A3

Docket: UE-180500
Company: Pacific Power & Light Company

Staff: Andrew Rector, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-180500 finding:

1. The 2018 renewable energy target for Pacific Power & Light Company is 369,133 megawatt-hours.
2. Pacific Power & Light Company has demonstrated that by January 1, 2018, it acquired at least 369,133 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 2018.
3. Pacific Power & Light Company has complied with the June 1, 2018, reporting requirements pursuant to WAC 480-109-210.
4. Adams Solar and Elbe Solar are eligible for Renewable Portfolio Standard (RPS) compliance by any utility in Washington; Bear Creek Solar and Bly Solar are eligible for RPS compliance on the condition that the company provides proof of operation; and Pavant Solar and Enterprise Solar are only eligible for Pacific Power's RPS compliance.
5. In the final compliance report for 2018 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.¹

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 2018 retail load with eligible renewable resources and to file an annual compliance report (RPS report) by June 1 of each year.² 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(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.

² RCW 19.285.040; RCW 19.285.070; WAC 480-109-200(1).

Pacific Power & Light Company (Pacific Power or company) filed with the commission its annual RPS report on June 1, 2018. On July 5, 2018, Pacific Power filed a revised report to correct its historical load data. The 2018 target identified in the revised report is 369,133 MWh. Commission staff (staff) filed written comments on July 19, 2018, which highlighted issues identified during staff's review of compliance with the rule.³ These comments are included as an attachment to this memo.

Discussion

Based on the information that Pacific Power provided in its revised report, staff believes that the company correctly calculated its 2018 RPS target in its revised report, and acquired sufficient resources to meet that target.

Table 1 summarizes Pacific Power's 2018 target and the total amount of resources that the company had acquired by January 1, 2018, 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.⁴

Table 1: Pacific Power's 2018 Renewable Resource Target and Compliance Plan⁵

2018 Target (MWh)	Incremental Hydro (MWh)	2017 RECs	2018 RECs	Purchased RECs	Total Compliance Resources (MWh)
369,133 ⁶	*	145,218	*	*	369,133

Facility eligibility: Pacific Power intends to utilize unbundled RECs from six new solar facilities. Four of these are located in Oregon:

- Adams Solar
- Bear Creek Solar
- Bly Solar
- Elbe Solar

³ Commission Staff Comments Regarding Electric Utility Renewable Portfolio Standard Report under the Energy Independence Act, RCW 19.285 and WAC 480-109 (2018 Renewable Portfolio Standard Reports) (July 19, 2018). [https://www.utc.wa.gov/ layouts/15/CasesPublicWebsite/CaseItem.aspx?item=document&id=00007&year=2018&docketNumber=180500](https://www.utc.wa.gov/layouts/15/CasesPublicWebsite/CaseItem.aspx?item=document&id=00007&year=2018&docketNumber=180500).

⁴ 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.

⁵ Pacific Power has marked any information related to current-year generation and REC purchases as confidential.

⁶ The company submitted a revised report on July 5, 2018, to correct its historical load information and 2018 target. As a result of the correction, the 2018 target has increased to 369,133 MWh from the target of 356,074 MWh identified in the company's initial report submitted June 1, 2018.

Adams Solar and Elbe Solar are eligible for use against RPS compliance by any utility in Washington. Bear Creek Solar and Bly Solar are still under construction, but are expected to be completed before the end of 2018. Once they are in operation, they will be eligible for use against RPS compliance by any utility in Washington.

The other two facilities are located in Utah:

- Pavant Solar
- Enterprise Solar

The RPS allows Pacific Power to use resources located in Utah and Wyoming, where it has retail customers, if the company owns or contracts with those resources for electricity; Pacific Power is the only company eligible to use resources in these two states for RPS compliance.⁷

Based on the information provided to date, staff is satisfied that these six solar facilities are or will be eligible renewable resources under WAC 480-109-060(12)(e) and WAC 480-109-060(24).

Incremental cost: Pacific Power reported its actual incremental cost for the 2018 compliance plan as \$2,341,618, or 0.7 percent of revenue requirement.⁸ 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 will also need this information 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 2018 required by WAC 480-109-210(6), Pacific Power must list details about program usage, as described in 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 (NWECC) on July 19, 2018. Both organizations commended the company for meeting its target without relying on alternative compliance mechanisms.

⁷ RCW 19.285.030(12)(e).

⁸ WAC 480-109-210(2)(a).

Similar to comments filed in previous years, 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.⁹

Conclusion

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

⁹ Dockets UE-160777 and UE-170694; see comments filed by RNW and NWECC.