



Office of the Washington State Auditor
Pat McCarthy

Report on Compliance with the Energy Independence Act

City of Tacoma, Tacoma Public Utilities – Tacoma Power

For the period January 1, 2023 through December 31, 2023

Published January 21, 2025

Report No. 1036499



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**Office of the Washington State Auditor
Pat McCarthy**

January 21, 2025

The Chair and Members of the Public Utility Board
City of Tacoma, Tacoma Public Utilities – Tacoma Power
Tacoma, Washington

Report on Compliance with the Energy Independence Act

In November 2006, Washington voters approved Initiative 937, referred to as the Energy Independence Act. The Act requires electric utilities with more than 25,000 customers to meet renewable energy and energy conservation targets.

Our Office is required to examine municipal electric utilities' and public utility districts' compliance with these requirements. As of this reporting period, our Office was required to examine 13 such electric utilities with more than 25,000 customers operating in Washington State. The City of Tacoma, Tacoma Public Utilities – Tacoma Power is one of those utilities.

Please find attached our report on the Utility's compliance with the Act.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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INDEPENDENT ACCOUNTANT’S REPORT

City of Tacoma, Tacoma Public Utilities – Tacoma Power January 1, 2023 through December 31, 2023

The Chair and Members of the Public Utility Board
City of Tacoma, Tacoma Public Utilities – Tacoma Power
Tacoma, Washington

We have examined the City of Tacoma, Tacoma Public Utilities – Tacoma Power’s compliance with the following requirements of the Energy Independence Act codified in the Revised Code of Washington (RCW) 19.285.040 (the specified requirements). Specifically, we examined whether the Utility:

- Complied with its renewable energy target of 708,265 megawatt-hours (MWh), developed as a percentage of the Utility’s average retail load, in accordance with the Act’s requirements. The target compliance period was January 1, 2023 through December 31, 2023.

Management of the Utility is responsible for the Utility’s compliance with the specified requirements. Our responsibility is to express an opinion on the Utility’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Utility complied, in all material respects, with the specified requirements referenced above.

An examination involves performing procedures to obtain evidence about whether the Utility complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. In making an assessment of the risks of material noncompliance, we considered and obtained an understanding of internal control relevant to compliance in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. We believe that the evidence we obtained as summarized in Attachment A, is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Utility and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our engagement.

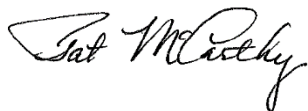
Our examination does not provide a legal determination on the Utility's compliance with specified requirements.

In our opinion, the City of Tacoma, Tacoma Public Utilities – Tacoma Power complied, in all material respects, with the aforementioned requirements as of the annual renewable energy compliance period ended December 31, 2023.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; and fraud or noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on compliance with the specified requirements of the Act. We are also required to obtain and report the views of management concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over compliance and other matters; accordingly, we express no such opinions.

Our examination disclosed no issues that are required to be reported under *Government Auditing Standards*.



Pat McCarthy, State Auditor

Olympia, WA

January 13, 2025

Attachment A: City of Tacoma, Tacoma Public Utilities – Tacoma Power Schedule of Claimed Renewable Energy Resources

Attachment A: City of Tacoma, Tacoma Public Utilities – Tacoma Power Schedule of Claimed Renewable Energy Resources

This list is not intended to be a complete representation of all eligible renewable resource energy and/or RECs the Utility had available as of January 1 of the compliance period.

		Energy Production Year 2022			Energy Production Year 2023		
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)	Incremental Hydropower RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
BPA Tier I							
Bonneville Dam – Generating Unit 1	W3996	--	--	--	2,474	--	--
Chief Joseph Dam – Generating Unit 1	W4395	--	--	--	732	--	--
Chief Joseph Dam – Generating Unit 2	W4396	--	--	--	731	--	--
Chief Joseph Dam – Generating Unit 3	W4397	--	--	--	736	--	--
Chief Joseph Dam – Generating Unit 4	W4398	--	--	--	732	--	--
Chief Joseph Dam – Generating Unit 5	W4399	--	--	--	1,030	--	--
Chief Joseph Dam – Generating Unit 6	W4400	--	--	--	1,026	--	--
Chief Joseph Dam – Generating Unit 7	W4401	--	--	--	1,024	--	--
Chief Joseph Dam – Generating Unit 8	W4402	--	--	--	1,028	--	--
Chief Joseph Dam – Generating Unit 9	W4403	--	--	--	1,029	--	--
Chief Joseph Dam – Generating Unit 10	W4404	--	--	--	1,026	--	--
Chief Joseph Dam – Generating Unit 11	W4405	--	--	--	1,029	--	--
Chief Joseph Dam – Generating Unit 12	W4406	--	--	--	1,028	--	--

		Energy Production Year 2022			Energy Production Year 2023		
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)	Incremental Hydropower RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
Chief Joseph Dam – Generating Unit 13	W4407	--	--	--	1,028	--	--
Chief Joseph Dam – Generating Unit 14	W4408	--	--	--	1,024	--	--
Chief Joseph Dam – Generating Unit 15	W4409	--	--	--	728	--	--
Chief Joseph Dam – Generating Unit 16	W4410	--	--	--	728	--	--
Condon Wind Power Project	W774	--	--	1,423	--	--	--
Condon Wind Power Project – Phase II	W833	--	--	1,463	--	--	--
Cougar Dam – Generating Unit 2	W4422	--	--	--	110	--	--
Grand Coulee Dam – Generating Unit 3	W3802	--	--	--	23,551	--	--
Hills Creek Dam – Generating Unit 1	W10805	--	--	--	206	--	--
Lookout Point Dam – Generating Unit 3	W5088	--	--	--	356	--	--
Palisades Dam – Generating Unit 3	W7663	--	--	--	1,946	--	--
Stateline (WA)	W248	--	--	9,402	--	--	--
Benson Creek Windfarm (Burnt River)	W5265	--	--	28,582	--	--	--
Burley Butte Wind Park	W1864	--	--	56,530	--	--	49,480
Cosmo Specialty Fibers – Cos 1	W2233	1,019	--	--	--	--	--
Cosmo Specialty Fibers – Cos 2	W2242	831	--	--	--	--	--
Cushman No. 2 – Northfork Powerhouse, Unit 34	W10171	--	--	--	13,396^	--	--
Cushman No. 2 – Northfork Powerhouse, Unit 35	W10173	--	--	--	9,192^	--	--

		Energy Production Year 2022			Energy Production Year 2023		
Facility Name	WREGIS Generating Unit ID	Biomass RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)	Incremental Hydropower RECs (MWh)	Solar RECs (MWh)	Wind RECs (MWh)
Durbin Creek Windfarm (Burnt River)	W5260	--	--	24,646	--	--	11,493
Elkhorn Valley Wind Farm	W186	--	--	--	--	--	12,173
ID Solar 1	W5076	--	3,507	--	--	45,610	--
Jett Creek Windfarm (Burnt River)	W5264	--	--	26,370	--	--	--
Milner Dam Wind Park	W1863	--	--	51,350	--	--	46,644
Mossyrock – Mossyrock Rebuild	W10174	--	--	--	43,869^	--	--
Mt Home Solar 1	W5616	--	6,000	--	--	--	--
Payne’s Ferry Wind Park	W1866	--	--	59,447	--	--	--
Pilgrim State Station Wind Park	W1884	--	--	31,352	--	--	--
Priest Rapids Dam – Unit 2	W7513	--	--	--	1,418	--	--
Priest Rapids Dam – Unit 3	W7511	--	--	--	892	--	--
Prospector Windfarm (Burnt River)	W5261	--	--	26,674	--	--	--
Sierra Pacific Industries (SPI) Cogeneration facility – Burlington, WA (Onsite load)	W2042	14	--	--	--	--	--
Tacoma Community Solar Project	W10175	--	--	--	--	642*	--
Wanapum Dam – Unit 3A	W7453	--	--	--	884	--	--
Wanapum Dam – Unit 5A	W7500	--	--	--	1,158	--	--
Wanapum Dam – Unit 6A	W7501	--	--	--	159	--	--
Wanapum Dam – Unit 7A	W7503	--	--	--	81	--	--
White Creek Wind 1	W360	--	--	27,334	--	--	18,172
Willow Spring Windfarm (Burnt River)	W5266	--	--	28,880	--	--	--
Yahoo Creek Wind Park	W1874	--	--	--	--	--	24,876
Totals (MWh):		1,864	9,507	373,453	114,351	46,252	162,838
Total RECs for 2023 compliance (in MWh)		708,265					

The City of Tacoma, Tacoma Public Utilities – Tacoma Power used Renewable Energy Credits (RECs), renewable resource energy it purchased, and eligible renewable resource energy it

generated from facilities it owns of a value of 708,265 MWhs to meet its renewable energy target. The Utility's renewable energy target for 2023 was 708,265 MWhs, which is 15% of its 4,721,769 MWh average retail load sold during the previous two years.

The Act (RCW 19.285.030 (20)) defines a Renewable Energy Credit as a tradable certificate of proof of at least 1 megawatt-hour (MWh) of electricity produced from an eligible renewable resource. In general, a REC represents the environmentally related characteristics, or "non-power" attributes, associated with the 1 MWh of energy produced from a renewable resource.

To be eligible for use toward the Utility's renewable energy target, all RECs claimed from power producing facilities, called "generating units", must be recorded and tracked in the Western Renewable Energy Generation Information System (WREGIS). WREGIS is an independent, renewable energy tracking system maintained by the Western Electricity Coordinating Council (WECC). The Utility uses WREGIS to track all of its RECs.

WREGIS identifies each generating unit using a unique identification number, or WREGIS Generating Unit ID. Each REC is registered in the Utility's own account with a unique serial number. When the Utility uses a REC toward compliance, it labels the REC as having been used to meet the Act's requirements to ensure it is removed from further sale, transfer or use.

The Act classifies the eligible renewable resource energy produced by a facility with a generating capacity of no more than 5 megawatts to be classified as "Distributed Generation." The Act permits the Utility to count each REC associated with Distributed Generation at two times its MWh value towards its renewable energy target. We indicated MWh values associated with Distributed Generation using an asterisk (*) in the above schedule.

The Act permits the Utility to count each REC at 1.2 times its MWh value towards its renewable energy target if the generating facility was built using apprenticeship programs used by the Washington State Apprenticeship and Training Council within the state Department of Labor and Industries. We indicate the MWh values where the Utility applied 20% apprentice-labor credit using a caret (^).

Provided certain requirements are met, RECs created from the utility's share of the electricity resulting from improvements to hydroelectric projects are eligible under the Act. This resource became eligible for compliance periods starting January 1, 2020. The Utility purchased a portion of the incremental amount of "bundled renewable energy" produced from Priest Rapids Project, owned by Public Utility District No. 2 of Grant County. The Utility also claimed a portion of the incremental amount of bundled renewable energy produced as a result of efficiency improvements it made to its Cushman and Mossyrock dams.

The Act recognizes as eligible RECs from the qualifying utility's share of the incremental amount of electricity output from efficiency improvements to hydroelectric projects whose energy output is marketed by the Bonneville Power Administration, provided certain requirements are met. This resource became eligible for compliance periods starting January 1, 2020.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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