

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES

Respondent.

DOCKETS UE-220053, UG-220054, and UE-210854 (Consolidated)

**ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT RLE-6

Avista's Response to Public Counsel Data Request No. 84

July 29, 2022

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/04/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Scott Kinney
REQUESTER:	Public Counsel	RESPONDER:	Scott Kinney
TYPE:	Data Request	DEPT:	Energy Supply
REQUEST NO.:	PC – 084	TELEPHONE:	(509) 495-4494
		EMAIL:	scott.kinney@avistacorp.com

SUBJECT: Power Supply

REQUEST:

Re: Scott Kinney, Response to PC-58, subpart a.

- a) Please answer yes or no. Does Avista contend that updating the E3 EIM study with more recent data would not provide a more accurate estimate of EIM benefits?
- b) If the answer to subpart a is yes, why does Avista rely on a study that is five years old rather than update the study? Please provide a detailed explanation.
- c) If the answer to subpart a is no, why is there a need to update power supply model data 60-day prior to rates going into effect? *See* Clint G. Kalich Exh. CGK-1T, at12:4–6. Please provide a detailed explanation.

RESPONSE:

- a) Yes.
- b) The purpose of the E3 EIM benefit study was to help Avista understand the potential benefit opportunity from market participation to inform the decision to make the necessary investments required to join the EIM. The study provided a high-level indication of benefit opportunity so that the Company could determine if there was an opportunity to offset the estimated costs to join the EIM in a reasonable time frame and provide value to our customers. The results of the study provided the Company some assurance that the overall benefits of participating in the market would offset the costs to join.

As we have experienced in our Power Supply rate case modeling discussions and workshops, the models provide an indication of potential outcomes but can't predict actual results. The model developed and used by E3 in the Avista benefit study was consistently applied and used by a majority of the EIM participants to help inform their decision to join the EIM, but the actual benefits achieved by the current EIM participants has been different than the study projections. There are too many variables that can impact actual EIM benefits and therefore the models can't precisely predict outcomes. As Avista has talked to current EIM participants they indicated the best prediction for EIM benefits is to obtain actual EIM operation experience because there are so many variables that can impact actual results and each EIM participant is different with regards to their specific resource makeup, resource flexibility and transmission connectivity and capacity made available to support market transactions.

The Company does not feel the additional time and costs to redo the E3 EIM study will improve the results because the same model and general assumptions would be used to perform the updated study. E3 evaluated 24 different scenarios to help predict market benefits and account for the different variables that could impact results. The results indicated a range of \$2-12 million of

potential benefits for the Company with a reasonable annual average of \$5.8 million. Avista's EIM benefits are going to vary year to year based on the variables that can impact market operations and results. An updated benefit study will not provide assurance of actual future benefits.

c) N/A