

Agenda Date: March 12, 2020
Item Number: A1

Docket: UE-190663
Company: Avista Corporation d/b/a Avista Utilities

Staff: Kyle Frankiewicz, Regulatory Analyst

Recommendation

Staff recommends the commission issue an order allowing Avista Corporation's Schedule 62 to go into effect, and requiring the company to refile standard power purchase agreements as attachments to this tariff by May 29, 2020. Staff further recommends that the commission waive WAC 480-106-040(1)(b)(i) to allow Avista Corporation to calculate capacity contribution values for various fuel types based on the company's 2019 integrated resource plan.

Background

On June 12, 2019, the Washington Utilities and Transportation Commission (commission) concluded its rulemaking under Docket U-161024 with an order amending, adopting, and repealing parts of the Washington Administrative Code (WAC) revamping the implementation of the Public Utility Regulatory Policies Act (PURPA), which requires utilities to purchase energy and capacity from small power producers, also called qualifying facilities (QFs). The three electric investor owned utilities regulated by the commission filed tariff revisions updating their tariffs to implement the requirements of the new rules on August 9, 2019. Commission staff (staff) brought these tariff revisions to the open meeting on September 12, 2019, for commission discussion and stakeholder input.

During and after the September 12 open meeting, Avista Corporation d/b/a Avista Utilities (Avista), the other two electric utilities, interested stakeholders and staff agreed to participate in an informal workshop and build a record for the many moving pieces of these tariff revisions implementing the new rule. Avista and other stakeholders have continued to work together and hone the company's filing. This docket was most recently discussed at the January 23, 2020, open meeting. The commission requested that the company extend the effective date of this filing and revise its schedule consistent with the commission's direction. Staff understood that the commission's direction aligned with staff's recommended changes as represented in the January 23 open meeting memo.

Discussion

Remaining changes to tariff

In the January 23 open meeting memo, staff recommended that the commission require Avista to adopt six specific changes to the company's tariff. Based on the commission's direction at the open meeting, staff and Avista have worked together to implement these recommendations. Staff commends Avista for the company's willingness to engage in productive collaboration, and

believes the resulting product is a tariff that fully and fairly implements the letter and intent of the commission's new PURPA rules.

Waiver to use 2019 IRP

In the January 23 memo, Staff recommended that the commission grant a waiver for use of data from the company's 2019 integrated resource plan (IRP).¹ WAC 480-106-040(1)(b)(i) requires capacity calculations based on Avista's most recently acknowledged IRP, which is the 2017 IRP. Previous commission action pushed back the company's 2019 IRP deadline into 2020, then waived the acknowledgement process.² In staff's view, WAC 480-106-040(1)(b)(i) is based on the premise that IRPs get regularly filed and expediently acknowledged. Neither of those assumptions apply for this particular cycle. Also, to staff's knowledge, no parties have voiced objection to this request. Staff therefore believes it is in the public interest to use the capacity contribution values as presented in the company's recently-filed 2019 IRP.

Additional time for standard power purchase agreements (PPAs) in tariff

Though Avista's form PPA was filed over half a year ago, staff understands that the company and interested stakeholders have not yet started negotiations over the PPA terms and conditions. At the September 12, 2019, open meeting, representatives from the Northwest and Intermountain Power Producers Coalition (NIPPC) and the Renewable Energy Coalition (REC) proposed addressing avoided costs and tariff language first, then negotiating and finalizing the PPA later. NIPPC/REC have included this request in most of their subsequent joint comments.³ Staff concurs that more time, and a specific window to focus solely on PPA issues, will lead to a more polished standard PPA.

Staff recommends that the commission order Avista to file finalized, negotiated standard PPAs as attachments to the tariff by May 29, 2020. This will allow time for discussion of terms, and for drafting a form PPA that can be flexible enough to handle almost all QF types – a concern raised by NIPPC/REC in their request for more and clearer contract options.⁴ Staff is recommending similar treatment for PPAs attached to Pacific Power & Light Company's PURPA tariff.^{5, 6}

¹ Previous staff discussion of this issue cited the 2019 draft IRP. On February 28, 2020, Avista filed its completed 2019 IRP to Docket UE-180738, so the "draft" label is no longer applicable.

² Docket UE-180738 Order 02, November 7, 2019.

³ Docket UE-190663, Comments on behalf of NIPPC and REC, November 15, 2019, page 12; December 9, 2019, page 18; January 6, 2020, page 4.

⁴ Docket UE-190663, Comments on behalf of NIPPC and REC, December 9, 2019, page 15.

⁵ Docket UE-190666.

⁶ Docket UE-190665; PSE's attachments to the company's small QF tariff, Schedule 91, went into effect on December 7, 2019. PSE and interested stakeholders were able to find agreement with PSE's PPAs, so staff had no reason to propose an alternative.

Stakeholder comments

The January 23 memo contains a synopsis of stakeholder comments filed as of that date. Since then, no new comments have been filed to the docket. Staff does not know whether Avista engaged with representatives from NIPPC and REC to ensure consensus with the final changes.

Conclusion

Staff recommends that the commission issue an order allowing Avista Corporation's Schedule 62 to go into effect, waiving WAC 480-106-040(1)(b)(i) and allowing Avista Corporation to use capacity contribution values as calculated in the company's 2019 IRP. Staff also recommends that the commission order the company to submit finalized standard power purchase agreements as an attachment to this tariff by May 29, 2020.