



Avista Corp.

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

Via: UTC Web Portal

December 20, 2019

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Docket No. UE-190698 – Comments of Avista Utilities

Dear Mr. Johnson,

Avista Corporation, dba Avista Utilities (Avista or Company), submits the following comments in accordance with the Washington Utilities and Transportation Commission’s (“Commission”) Notice of Opportunity to File Written Comments (“Notice”) issued in Docket UE-190698 on November 7, 2019 regarding the Commission’s “Integrated Resource Planning (“IRP”) Rulemaking” and the matter of Adopting, and Repealing WAC 480-100-238, Relating to Integrated Resource Planning, Docket UE-190698. Pursuant to the Notice, Avista provides comments to the questions posed in the Notice:

Procedural Questions:

1. RCW 19.280.030(1) requires a utility to develop an IRP at least every four years, and, at a minimum, a progress report reflecting changing conditions every two years. The Commission’s rules require that investor-owned utilities file a full plan every two years (WAC 480-100-238(4)). CETA requires a utility to file a CEIP for approval by the Commission, informed by its Clean Energy Action Plan (CEAP) which itself is an output of the IRP, every four years. CETA’s additional requirements will necessitate a lengthier and more time consuming administrative process for all parties. In the discussion draft, Staff is proposing to require utilities to file IRPs every four years, with a limited progress report every two years.

Received
Records Management
12/20/19 14:53
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

- a. Should the Commission only require a full IRP every four years, with a limited IRP progress report every two years? Why or why not?
- b. If the Commission were to require only a progress report every two years, filed two years after the full IRP, which components of an IRP do you think should be updated? Which components do you think only need to be updated every four years?

Avista Response:

- a. Avista believes a full IRP would be more appropriate every four years, with an update, or progress report between the four year plans, rather than a full IRP every two years. This timing would align with the CEAP and eliminate unnecessary additional analysis and process.
 - b. The two year progress report should be both limited in scope and process and should be limited to a ten year time horizon.
 - i. The progress report should include the following:
 - a. an update to the peak and energy load forecast;
 - b. updated current resources;
 - c. an update to the energy efficiency & demand response potential and price/availability changes for resource options;
 - d. The previously filed Preferred Resource Strategy (PRS) should be evaluated and a new PRS developed if there have been significant changes to the input data.
 - e. All other changes should be at the discretion of the utility if they are material.
 - f. The report should be brief and in addition to the documentation above describe changes since the last filing and any action items for the next IRP.
 - g. The analysis should not be required to address scenarios unless pending market forces require it.
 - h. The utility should be required to have one technical meeting to discuss changes and a second to share results. The remaining public process should remain as with the other IRP rules.
 - ii. The full IRP should address all of the items in the final rules.
2. The discussion draft proposes that a utility must file a work plan at least fifteen months prior to the due date of its IRP, and a completed draft IRP four months prior to the due date. Does this proposed schedule allow sufficient time for a thorough IRP with robust public engagement? If not, please provide a preferred timeline.

Avista Response: Avista is not opposed to the fifteen month work plan requirement or any other proposed timeline. Although, Avista prefers time to allow a public draft of the work plan in order to seek feedback from its Technical Advisory Committee (TAC).

Avista believes a four month window of public comment may be too long. Avista's past cycles issued a draft of the IRP at least ten weeks in advancement of the final filing. Avista has received comments in the first four to six weeks of the process. Leaving the Company with ample time to make minor additions or corrections for the final draft of the plan. If the Commission expects substantial changes during the public draft review process for the utility to address, the four month process is too short.

3. Please describe:
 - a. An ideal timeline on when a utility files an IRP and a CEIP;
 - b. The relationship between an IRP and a CEIP; and
 - c. How the CEAP in the IRP will inform the CEIP.

Avista Response:

- a. CETA requires the first Clean Energy Implementation Plan (CEIP) to be filed with the Commission on January 1, 2022, therefore the IRP/CEAP informing this plan should be filed by no later than August 1, 2021 to give the Commission adequate time for acknowledgement and comment for the utility's CEIP filing on January 1, 2022.
 - b. The CEIP should be a summary of specific actions the utility plans to make over the next four years as described in Section 6. The first CEIP should cover years 2022-2025. These actions should be described in the Company's IRP.
 - c. Avista believes the Commission should combine the IRP and the Clean Energy Action Plan (CEAP) into one filing and write rules combining these reports to ease regulatory burden. The CEAP is clearly defined as including the specific items typically covered in an IRP. For utilities with multiple state jurisdictions, the utility may choose the option to file its IRP as a system utility document, but the CEAP should clarify the specific analysis to serve Washington state electric customers only.
4. The discussion draft proposes holding a public hearing on the draft IRP rather than the final IRP, as has been the Commission's historic practice. One benefit of this proposal is that the utility could make changes to its final IRP based on the feedback it receives from its stakeholders and the public.

- a. Should the Commission move the public hearing to a date between the utility's submission of its draft IRP and the final IRP? Is there any other point in time that public comment hearings are most beneficial to public engagement?
- b. Given the integration of the IRP, the CEAP, and the CEIP, is there any other point in time that public comment hearings are most beneficial to public engagement.

Avista Response:

- a. The four month time period between the draft filing and the final filing would not give utilities adequate time to make any significant changes. Assuming the public hearing took place four weeks after the draft filing date and written comments took an additional four weeks. Utilities would have only eight weeks to reconduct analysis, report writing, and internal review if the public provided new information requiring a change to the plan. While this may be enough time, for minor changes, any significant changes be deferred to the next plan. Avista would like clarification on what the Commission's expectation from the public process regarding the IRP and how it expects the utility to respond to the public. The TAC process is the best time to consider changes to the plan in the IRP process.
 - b. Although Avista is indifferent as whether or not to move the public hearing before or after the final filing, we believe the need for a public meeting may be duplicative since the public is invited to all technical advisory committee meetings in order to provide public input on both the draft, and final plan.
5. Draft WAC 480-100-615(2) states that a utility must file a draft of its integrated resource plan four months prior to the due date of the final plan. Are there requirements in WAC 480-100-610 that are not necessary or which reduce a utility's flexibility in their preparation of a draft IRP?

Avista Response:

Sections 13 and 14

The Commission Staff, utilities and interested parties are presently working in a separate process to implement the new PURPA rules. The parties are working to define how avoided costs are defined under the rule. There are some unresolved issues, regarding the language proposed in the IRP rules. Given the complexity and remaining unresolved issues, it seems premature to codify detailed IRP rules for avoided cost filing requirements. Avista encourages the Commission to limit the description of information required in support of PURPA in an IRP by striking sections 13 and 14 from the proposed language in 480-100-600, "Content of an Integrated Resource Plan." Instead, the Commission can benefit from the ongoing PURPA proceedings and use the lessons learned to define what should be published in future IRPs. If Staff, in the end, determines that PURPA rules themselves are not strong enough, this specific aspect of the IRP rule could be updated with the results of the present PURPA process. As an alternative, we suggest you strike the language in Section 13 requiring "...an analysis of and

summary of the avoided cost estimate for each supply- and demand-side resource...” Avista evaluates literally hundreds of supply-side, and thousands of demand-side, resources with locations across the northwest. Providing estimates for each resource simply is not workable at this scale.

Section 16

It is the utility’s responsibility to comply with the IRP/CEAP and as such, public comments do not always address the concerns or benefits of all customers - but rather special interest groups, further the participation of the public is to provide Avista insight into planning concepts the utility may have missed or make it easier for the public to understand the utility’s plan, and to understand specific public concerns. Avista should not be required to address each specific comment or concern. Further with the short window in time between filing the draft and then filing the final plan, there may not be enough time to complete additional work.

6. Historically, the Commission has used an acknowledgment letter with comments to affirm that the utility has met the legal and regulatory requirements for filing an IRP. Given the advent of the CEIP, which is informed by the IRP and approved by the Commission, should the Commission consider a different type of response to an IRP, including but not necessarily limited to a compliance letter, an acknowledgment letter with comments, or Commission approval? Please explain your reasoning.

Avista Response: Avista prefers the Commission staff provide written comments after the draft IRP/CEAP, and the Commission should offer a compliance letter with any specific comments regarding its expectations or changes it sees required for the CEIP to follow. Further, Avista would appreciate any comments the Commission has regarding specific actions for its next IRP.

Equitable Distribution of Benefits

7. Should the requirements for assessments in RCW 19.280.030(1)(k) and the requirements to ensure all customers benefit in RCW 19.405.030(1)(k) be connected in Commission rules? If so, how might this integration work?

Avista Response: Avista looks forward to working with the Commission to help define requirements anticipated by the legislation.

8. What types of information should a utility provide in its IRP to document that the utility is ensuring all customers are benefitting from the transition to clean energy?

Avista Response: All customers’ benefit from a utility plan that meets industry standards related to reliability at the lowest reasonable cost. Further, a plan meeting either the clean

energy percent threshold, or the cost caps ensures all customers are benefiting from the transition. We look forward to working with the Commission to define any further metrics it deems necessary to meet this portion of the law.

9. What level of guidance do utilities need from the Commission to implement the equitable distribution of benefits in the IRPs?
 - a. How should the Commission guide the type of information included in the utility's assessment (e.g. rule, policy statement, or some other method)?
 - b. How should the Commission guide how utilities incorporate the assessment into the IRP (e.g., rule, policy statement, or some other method)?

Avista Response: The Commission should provide a policy statement defining the metrics and methods it believes meets the intent of the law. Absent such direction, it will be difficult to define if an IRP has met the law.

10. RCW 19.280.030(9) prohibits using IRPs as a basis to bring legal action against electric utilities. That is, an IRP cannot be adjudicated before the Commission. Considering this statutory prohibition, where and when should a utility report compliance ensuring all customers are benefitting from the transitions to clean energy?

Avista Response: Since the IRP cannot be adjudicated, the appropriate place for this might be the CEIP.

Content of the IRP

11. In the portfolio analysis and preferred portfolio section of draft WAC 480-100-610(11), should the Commission include criteria in the narrative explanation in addition to those listed in subsections (a) through (f)?

Avista Response: Section "e" and "f" needs more elaboration to make sure the utilities meet the intent of the legislature.

12. Should the Commission provide more specific guidance in these rules on how and where a utility incorporates the social cost of greenhouse gases? *See* draft WAC 480-100-610(6) and WAC 480-100-610(12)(j). Why or why not?

Avista Response: No, the utility should be able to use the social cost of carbon in the manner they believe best fits the modeling of their system and the resource options. The Commission should determine whether or not the utility met the intent of the legislature in its compliance letter. If the Commission feels changes should be made in the next plan (or update), the

Commission staff, in conjunction with the TAC and utilities should either determine the utility's methodology is preferred or reach consensus on a new methodology.

13. The draft rules mirror statutory language requiring utilities to assess resource adequacy metrics and identify a specific metric to be used in the IRP, but the draft does not provide any specific guidance to utilities. See draft WAC 480-100-610(7), (8), and (12)(d).
 - a. Should the Commission address resource adequacy metrics in rule by identifying the scope of allowed metrics or identifying the specific metric utilities should use? Alternatively, should the Commission allow utilities the flexibility to change their resource adequacy requirement to meet current best practices without going through a rulemaking? Please explain why one method is preferred over the other.
 - b. If the Commission does not establish specific guidelines in rule, it is possible different utilities will use different resource adequacy metrics, which may make effective comparisons among utilities more difficult. If not by rule, should the Commission provide more specific guidelines through another process, such as a policy statement?

Avista Response:

- a. No, utilities should have the flexibility to use their specific metrics as long as they use standard utility practices up until a regional or legislative reliability mandate is implemented. Utilities should be permitted to change their metrics as long as it falls into the utility best practices framework. Without this flexibility, the utility may not be able to respond to the best methodologies for resource adequacy analysis. Although, the Commission should be aware of the utility's chosen methodology and hold them accountable to their reliability standards.
 - b. The Commission should not rule on any resource adequacy issue until the region has had an opportunity to develop a plan to address the region's shortfall, although the Commission should determine whether or not it finds utilities are not in compliance with the utility's own metrics.
14. Should the Commission provide additional guidance regarding cost-effective demand response and load management? See WAC 480-100-610(2)(b) and (12)(e).

Avista Response: No, each of the IOUs have a robust demand response potential analysis in their existing IRP analysis.

15. Draft WAC 480-100-610(12) includes a requirement for utilities to identify in the IRP the CEIP's four-year energy efficiency, demand response, and renewable energy goals in the CEAP. This is the only listed requirement of a CEAP that is not in statute. Is it necessary and appropriate for the utility to identify proposed four-year CEIP targets in the CEAP?

Avista Response: Avista sees value in including a draft of the four year CEIP, to allow the Commission an opportunity to provide feedback to the utility prior to submitting the CEIP. The CEIP should be allowed to change depending on circumstances between the completions of the IRP/CEAP because they are likely going to be at least 6 to 12 months stale when filing the CEIP.

Avista appreciates the opportunity to collaborate with the Commission, the Department, and interested stakeholders and we look forward to participating in further discussions on these important topics. Please direct any questions regarding these comments to me at 509-495-2098 or Jennifer.smith@avistacorp.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer S. Smith', with a stylized, cursive script.

Jennifer S. Smith
Manager, Regulatory Policy and Affairs
Avista Utilities