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June 11, 2020

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

Re: Docket No. UE-190698 and UE-191023 – Comments of Avista Utilities

Dear Mr. Johnson,

Avista Corporation, dba Avista Utilities (Avista or Company), submits the comments herein as a follow-up to the Washington Utilities and Transportation Commission's ("Commission") Demand Response (DR) Potential and Target Setting Technical Workshop held in Docket UE-190698 and UE-191023 on June 8, 2020. Commission Staff planned to discuss a number of questions during the workshop, but due to time constraints did not get to all of the questions. Staff asked parties to submit written comments if they had additional feedback to provide. As such, Avista provides the following comments.

**Topic: Identify the potential cost-effective demand response and load management programs that may be acquired in the integrated resource plan.**

1. Which values of demand response are utilities currently incorporating into the IRP to identify cost-effective demand response?

**Response:** Avista's main incorporation for DR in the IRP is the avoided capacity cost associated with generation resources for both winter and summer, depending on the contribution to Avista's peak demand. Additional values Avista will consider for its 2021 IRP include:

- a. The wholesale price and energy difference between the timing of the avoided energy and snapback of the demand. Avista has not previously included this value as it requires specific details on each program; such as, duration, snap back effects, and events per

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- year. In past IRPs, Avista considered this value as neutral and will study these details in its 2021 IRP.
- b. Peak loss savings will be incorporated within part “a”, but as the savings in losses to the system at time of peak (T&D) value.
  - c. Ancillary services (program dependent) will be included in values that may assist the utility with regulation, load following, and reserves. Costs associated with these enhancements will need to be included as well as the benefits.
  - d. Other T&D benefits - locational or system; although locational benefits are best suited for the distribution plan.
2. What additional values need to be included to ensure all utility system costs and symmetrical nonutility impacts are accounted for?

**Response:** See response to #1. The DR assessment should concentrate on the total MW potential of each program considering customer acceptance and availability. The DR assessment should also consider the direct and indirect capital and O&M costs to the utility for such a program. In the event the program adds costs for customer, these costs should be included.

3. Which values can be identified directly within the IRP modeling process and which need to be included in the demand response potential assessment?

**Response:** See response to #1.

4. What type of guidance around demand response potential assessments would be useful?

**Response:** Each utility should provide an analysis of the potential and cost of all commercially available DR and rate making programs within its service territory. The assessment should include all direct and indirect costs of the programs. The utility should evaluate the programs on an equal basis against other resource options considering all benefits of the DR programs. The utility should not be responsible for estimating the amount of DR it may sell to other utilities, unless there is a viable capacity market.

**Topic: Propose specific targets that pursue all cost-effective, reliable, and feasible demand response in the Clean Energy Implementation Plan.**

1. Should DR targets in the CEIP be the same as the potential in the IRP? How should they be different?

**Response:** DR targets in the CEIP should not be the same as the potential in the IRP. The IRP estimates for DR are exactly that, “estimates.” Actual implementation will be different and further rate programs such as Time of Use rates are dependent on customer behavior. The CEIP should be judged on whether or not the programs were effectively put into place. The utility should be responsible to provide results of the program, its cost and effectiveness only. Further, weather or price variances may not require the utility to use an implemented program.

2. How should DR pilots be treated in CEIP targets?

**Response:** DR pilots are useful to inform future CEIP plans but should be excluded from CEIP targets due to the R&D nature of the programs.

3. What type of guidance around setting demand response CEIP targets would be useful?

**Response:** The Commission should outline the expected DR programs in the CEIP and how they contribute to the goals of transitioning to a clean energy future (i.e. peak savings, avoided costs). The plan should include a description of the planned programs, the expected cost, and a timeline of the expected capacity savings.

Please direct any questions regarding these comments to James Gall at 509-495-2189 or me at 509-495-2782 or [shawn.bonfield@avistacorp.com](mailto:shawn.bonfield@avistacorp.com)

Sincerely,

*/s/ Shawn Bonfield*

Shawn Bonfield  
Sr. Manager of Regulatory Policy & Strategy