Avista Utilities
2022 All-Source Request for Proposal Summary Report

JUNE 28, 2023

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This report provides a summary of Avista's 2022 All-Source Request for Proposal (RFP) process and the resulting contracts. A table of contents is provided below:

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I. EXECUTIVE SUMMARY

Avista's 2021 Electric Integrated Resource Plan (IRP) identified the need for additional energy, renewable resources, and capacity to meet customer needs and clean energy goals/requirements.[1] As these needs were within a four-year window, in accordance with WAC 480-107-009(2), the Company filed a draft all-source Request For Proposal (RFP) on November 1, 2021[2] to solicit bids for different types of resources that may fill all or part of the characteristics or attributes of Avista's resource need.

The design of the 2022 All-Source RFP was built upon the template developed and refined as part of Avista's past RFPs for energy resources. In 2018, Avista and a third-party consultant developed an evaluation methodology to ensure a fair and transparent selection process. In 2020, the evaluation methodology was slightly modified to include a "Community Impact" component, and further expanded in the 2022 RFP to include additional societal impacts, renamed as "Non-Energy Impacts" and emerging Customer Benefit Indicators (CBIs).

[1] Avista's 2021 Electric Integrated Resource Plan (2021 IRP) and a complete assessment of its avoided costs can be found at https://www.myavista.com/about-us/our-company/integrated-resource-planning.
[2] Docket UE-210832.

In addition, Avista prioritized a procurement process that is accessible and fair for all Bidders. Avista encouraged all Bidders able to meet the 2022 All-Source RFP's requirements to participate, including Bidders representing minority, women, disabled, and veteran-owned businesses. Avista encouraged Bidders interested in partnering with Avista to support supplier diversity through inclusive, competitive procurement processes.

In parallel with initial RFP development Avista conducted an informal Request for Information (RFI) process to evaluate potential Independent Evaluators (IE). In compliance with WAC 480-107-023(1), Avista filed with the Washington Utilities and Transportation Commission (WUTC or Commission) a request for approval of an IE,[3] Sapere Consulting (Sapere), for the purpose of assisting in the design and evaluation of Avista's RFP. On August 12, 2021, by way of Order 01, the Commission approved of Sapere as Avista's IE. Sapere's role for the RFP was to:

- Provide professional assistance to Avista's Wholesale Marketing Power Supply Department to assist in the design and fair evaluation of both third party and Avista Proposals in response to Avista's 2022 All-Source RFP;
- Ensure that the RFP process is conducted according to both Idaho and Washington resource acquisition rules, specifically Washington's Purchase of Resource (POR) rules outlined in WAC 480-107-025;
- Review all third party and Avista Proposals responding to the RFP and evaluate the unique risks, burdens, and benefits of each bid;
- Provide to Avista the IE's minutes of meetings and the full text of written communications between the IE and Avista and any third-party related to the IE's execution of its duties;
- Ensure the RFP process is conducted fairly, transparently, and properly assess whether Avista's process of scoring the bids and selection of the initial and final shortlists is reasonable; and,
- Prepare a final report summarizing the duties performed in the design and evaluation and why Avista's selected Proposal is in the best interest of its customers. The report was to be filed with the commission after reconciling rankings with Avista in accordance with WAC 480-107-035(3).

Subsequent to Avista's November 1st RFP filing, the Commission received comments regarding the draft 2022 RFP from WUTC Staff, Rye Development (on behalf of the companies working to develop the Swan Lake and Goldendale pumped hydro storage projects), and jointly by Renewable Northwest and the Northwest Energy Coalition (NWEC).[4] Avista also received comments directly from the Northwest Region of the Laborers International Union of North America. Avista responded to each comment and provided a summary within the RFP docket to illustrate the consideration given for the comments received. A summary of comments received and Avista's responses have been included to this report in **Exhibit F**. Based on the feedback and comments provided, on January 14, 2022 Avista submitted revisions to its RFP.[5] The final RFP, included as

[3] Docket UE-210545.
[4] Comments were filed in Docket UE-210832.
[5] Along with this update, Avista updated the resource need to account for two additional agreements resulting from the 2020 Renewables RFP.

Exhibit B, was approved by the Commission through Order No. 02 on February 10, 2022 and released on February 18, 2022.

Initial bids in response to the RFP were due by March 25, 2022. 56 projects including 23 wind projects, 9 storage projects, 13 solar projects, and 11 other projects of varying technology types, for a total of over 8,200 MW, were bid into the RFP. In accordance with WAC 480-107-035(5), Avista made these bids available to the public by posting a summary report to its website, as shown in Table 1 below.[6]

Table 1: Summary of Bids Received by Technology Type

Resource	Type	# of Proposals	Total Capacity (MW)[7]
Wind	Wind	12	1804.7
	Wind + Storage	6	856.2
	Wind + Solar	1	404
	Wind + Solar + Storage	4	2159.8
Solar	Solar	6	749.9
	Solar + Storage	7	660
Storage	Battery	6	643
	Pumped Storage Hydro	3	393.3
Other	Biomass	2	226
	Waste Heat	1	9.9
	Geothermal	1	8
	Hydro	1	38.7
	Demand Response	3	25.84
	Natural Gas	3	282

Of the 56 individual bids received, two (2) projects included options for total purchase or share in the ownership of the proposed facilities. All other proposals were Purchase Power Agreements (PPA) (51 in total) or Demand Response (3 in total). Included in these bids was an Avista self-build option related to the Kettle Falls biomass project.

As noted above, Sapere was selected as the IE for this RFP to perform a separate, independent evaluation to ensure no preferential treatment was given to self-build projects. Avista and Sapere worked separately to evaluate all bids, ultimately reaching consensus on the top three bids, two of which proceeded to negotiation. Avista's self-build proposal did not require a PPA but similarly proceeded to negotiations for supporting agreements with the carbon reduction facility that would provide additional steam to Kettle Falls. Sapere's final evaluation report is included as **Exhibit E**.

Avista also evaluated a proposal for the Columbia Basin Hydro Project (CBHP) in conjunction with the above RFP bids. In late 2021, CBHP filed a Request for Offer for non-binding offers from

[6] https://www.myavista.com/about-us/integrated-resource-planning/2022-all-source-rfp
[7] Some Bidders provided multiple bids or capacity options within each type; only includes initial option's capacity.

for one or multiple existing hydropower facilities located on the Columbia Basin Irrigation Project. Avista was the winning bidder for these projects. While outside of the formal RFP process, Avista utilized the same scoring system and financial evaluation to ensure all areas within the evaluation matrix were given a competitive evaluation. The evaluation methodology is included with this report in **Exhibits A**.

In late 2022, a PPA was executed with Columbia Basin Hydro LLC, followed by a PPA for NextEra's Clearwater wind farm, and a PPA to extend Avista's existing PPA for Tyr's Lancaster natural gas Combined Cycle Combustion Turbine (CCCT), each of which was executed in early 2023. The Kettle Falls upgrade project did not include a formal power supply contract but will require agreements with the gasifier that is a significant component of the upgrade. A summary of these selections is provided in Table 2 below.

Table 2: Power Purchase Agreement Selections

Counterparty	Description	MW / aMW	Timeline
Columbia Basin Hydro, LLC.	Various Seasonal Hydroelectric	146	March 2023 – December 2045
Tyr Energy	Lancaster Natural Gas CCCT	282	October 2026 – October 2036
NextEra	Clearwater Wind	97.5	January 1, 2026[8] – December 2046
Avista Corp.	Kettle Falls Upgrade	11.2	July 2026 – December 2046

II. RESOURCE NEED

As previously noted, Avista's 2021 IRP identified a need for resources to meet its capacity, energy, and renewables requirements between 2026 and 2030. The IRP identified 196 MW of winter capacity and 190 MW of summer capacity by 2030 for reliability purposes. The objective of the RFP was to secure energy and capacity resource(s) under terms and conditions that are economical and favorable to Avista's customers, while also meeting state energy requirements, including the Washington Clean Energy Transformation Act (CETA) and Purchase of Resource (PoR)[9] rules.

Table 3 below outlines the identified seasonal requirements for winter and summer capacity to satisfy both Idaho and Washington's resource adequacy requirements.[10] Table 4 outlines the monthly system energy Avista planned to acquire through this RFP or through future market purchases to meet the energy demand (average megawatts) of its customers in Idaho and Washington. Table 5 outlines the anticipated renewable energy required to meet Washington's 2030 CETA requirement.

[8] Early delivery option beginning September 1, 2024 at a reduced delivery price.
[9] WAC Chapter 480-107.
[10] Includes 2020 RFP resource acquisitions at the time of updated 2021 IRP.

Table 3: Avista Resource Adequacy Shortfall (MW)

Year	Winter Capacity (MW)	Summer Capacity (MW)
2022/23	-	-
2023/24	-	-
2024/25	-	-
2025/26	-	-
2026/27	162	127
2027/28	167	139
2028/29	190	177
2029/30	196	190

Table 4: Monthly Average Energy Shortfall (aMW)

Month	2026	2027	2028	2029	2030
Jan	-	227	232	241	244
Feb	-	250	261	263	266
Mar	-	128	131	140	143
Apr	-	-	-	-	-
May	-	-	-	-	-
Jun	-	-	-	-	-
Jul	-	38	42	57	64
Aug	-	212	215	228	235
Sep	-	95	98	109	112
Oct	52	55	65	67	68
Nov	91	96	110	113	115
Dec	148	154	166	169	172

Table 5: 2030 Monthly Renewable Energy Shortfall (aMW)

Month	2030
Jan	86
Feb	131
Mar	5
Apr	-
May	-
Jun	-
Jul	-
Aug	94
Sep	120
Oct	32
Nov	9

Month	2030
Dec	35

For its RFP, Avista's intent was to secure resources to satisfy its identified needs through one or a combination of PPAs, ownership (or future option to purchase) opportunities, self-build options, or Demand Response projects. The project(s) should fulfill the identified amount and meet delivery period needs with flexible pricing and ownership options to allow for optimal combination to meet established separate or combined goals.

In addition, recognizing attributes beyond timing and price, the RFP required bidders to provide information on non-energy impacts (NEIs), environmental impacts, resiliency and security impacts, and other information required to fully evaluate proposals. Note at the time of the RFP filing, the Company's Clean Energy Implementation Plan (CEIP) was not approved by the WUTC; however, the RFP included preliminary CBIs where applicable. Avista anticipated bids would include a wide delivery period to allow for different types of products and similar pricing that may include one or several resource needs.

As specified in the RFP, Avista sought proposals from the following resources, whether through one or multiple proposals.

- Wind
- Solar
- Biomass
- Hydroelectric
- Other clean energy (see eligible renewable resource definition in RCW 19.405.020)
- Natural gas generation
- Energy storage
- Demand Response e.g., customer Direct Load Control programs
- Customer thermal energy storage
- Other energy/capacity related service meeting Avista's needs

Hybrid Proposals or projects that consisted of combinations of clean energy, capacity, and/or storage associated with any of the above listed energy resources were allowed to be bid into the RFP. Also, Bidders could submit more than one proposal or proposals with multiple developments and projects could be new or existing resources including wind, solar, geothermal, biomass, hydroelectric, or other resources. Avista also considered proposals that included standalone storage.[11]

III. SOLICITATION PROCESS

The solicitation process for the RFP is detailed in Table No. 6 below.

[11] E.g., battery storage (lithium-ion, flow, etc.), pumped hydro, etc.

Table 6: 2022 All-Source RFP Schedule

Date	Milestone
February 18, 2022	Avista publishes the final 2022 All-Source RFP on its website www.myavista.com/AllSourceRFP
Feb/Mar 2022	Avista hosts Bidders' conference
March 25, 2022	RFP Proposals due to Avista
April 25, 2022	Avista posts a compliance report consistent with the requirements of WAC 480-107-035(5) to the 2022 All-Source RFP web site
June 10, 2022	Avista selects and notifies Short Listed Bidders
July 18, 2022	Detailed Proposals due from Short Listed Bidders
September 2, 2022	Final price refresh request
September 29, 2022	Avista selects Proposal(s) for Negotiations List
January 20, 2023 **March 31, 2023**	Executed contract with NextEra (Clearwater Wind) Executed contract with Rathdrum Power LLC (Lancaster)
2/17/23 NextEra **4/21/23 Lancaster**	Within thirty days after executing an agreement for acquisition of a resource, Avista must file the executed agreement and supporting documents with the commission[12]
By 6/29/23	This report meets the requirements of WAC 480-107-145(2) with the Commission

IV. SELECTION PROCESS

Evaluation Methodology

The evaluation methodology utilized in the RFP, including categories and weightings, built upon the template developed and refined as part of the Company's prior RFPs for energy resources. In 2018, the RFP evaluation methodology was developed with the help of a third-party consultant, Black & Veatch, to gain an outside perspective and to ensure a fair and transparent process. In the Company's 2020 Renewable RFP, the evaluation methodology was further refined to include additional NEIs. The evaluation methodology for the 2022 All-Source RFP continued to benefit from modifications to incorporate factors such as the addition of Highly Impacted Communities and Vulnerable Populations, and draft customer benefit indicators from Avista's 2021 CEIP.

[12] The Commission will review as appropriate, a utility's finding pursuant to WAC 480-107-035(9).

Sapere provided independent review of the preparation of Avista's RFP materials, monitored the process of issuing and communicating with the interested parties, reviewed the proposal materials submitted to Avista, and independently scored the proposals according to the scoring criteria established by Avista.[13] The IE process proved to be effective for the resource selection process as Avista and Sapere did not agree on all scoring quantities, but both resulted in similar rankings of projects. Where needed, Avista and Sapere worked together to resolve any variations in scoring. The result of this negotiation was a short list of Bids and, while both parties did not arrive at identical scores, the same resources were ultimately selected. Sapere's IE report is included in **Exhibit E**.

The general qualifications for each proposal were evaluated and weighted on six characteristics which are listed in Table No. 7 below. The weightings for each characteristic were determined based on their importance towards the Company meeting its resource development goals stated in its 2021 IRP. Within each characteristic, points could be subtracted or added to the initial 100 points based on responses to the RFP and Avista's interpretation of the submitted data. Avista reserved the right to modify the scoring criteria if proposals were received that contained circumstances not considered in the original methodology. No such circumstances arose, and no modifications were made. The evaluation methodology and associated weighting is provided in **Exhibit A.**

Table 7: Evaluation Criteria and Weightings

Characteristic	Weighting (%)
Risk Management	20
Customer Energy Impact	40
Price Risk	5
Electric Factors	20
Environmental	10
Non-Energy Impacts	5
Total	**100**

Two-Step RFP Bid Review Process

Avista utilized a two-step bid process for reviewing and ranking bids received, as illustrated in Figure 1 below. The two-step approach considers each bid independently and also gauges its strength against other bids received. This approach was well-received with 21 developers submitting 56 responses to the RFP with projects in excess of 13,000 MW proposed.[14] The bids are further summarized in Table 8 below.

[13] See WAC 480-107-023 for a full list of the IE's responsibilities.

[14] 13,000 MW represents the sum of all bids received independently. Several bids contained the same resource but combined with other options such as combinations of solar, wind, and storage. The total resources available when considering those that were mutually exclusive was approximately 8,200 MW.

The *first step* included evaluating and ranking projects based on preliminary information by allowing developers to submit a condensed initial. The evaluation and ranking of the preliminary information focused on conformance of each bidder's submittal with the requirements of the RFP and the proposed net price, among other factors. The initial evaluation and ranking, performed in a fair and consistent manner, produced a short list of bids. Once the short list was compiled, short-listed bidders submitted detailed proposals.

The *second step* in the bid process was to evaluate each short-listed bidder's detailed proposal against each other's proposals to determine the overall strength of the bid and ability to meet the Company's resource needs. This additional step provided an additional layer of analysis to ensure that the resource selection was well diversified and met the Company goals.

Figure 1: Two-Step RFP Review Process

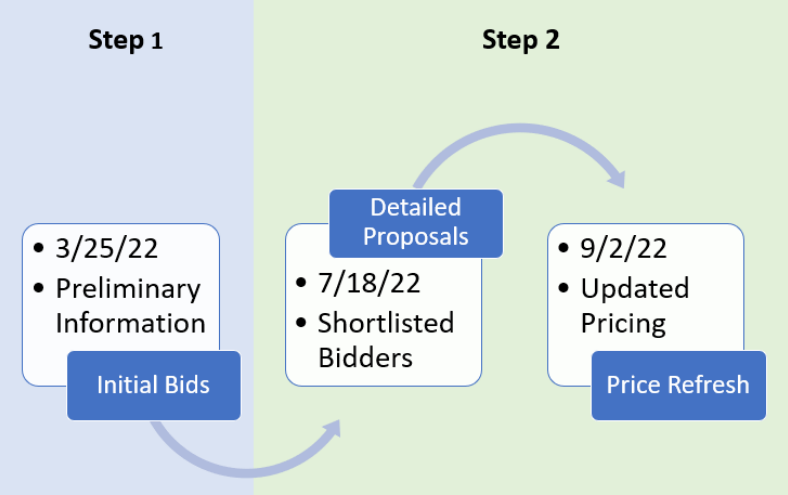


Table 8: 2022 RFP Bids Received

#	General Location	Resource Type	Operating Status	Project COD	Term (Years)	Structure (PPA/Own)	Total Capacity (MW)
1	Eastern WA	Solar	New	12/1/2025	20	PPA	150
2	Eastern WA	Solar, BESS	New	12/1/2025	20	PPA	525
3	Eastern WA	Solar, BESS	New	12/1/2025	20	PPA	900
4	Eastern WA	Biomass	Existing	7/1/2026	n/a	Own	11
5	Northern ID	Solar, BESS	New	10/30/2025	n/a	Own	20
6	Central MT	Wind, Solar, BESS	New	10/31/2025	20	PPA	1,176
7	Central MT	Wind, Solar, BESS	New	10/31/2025	20	PPA	1,176
8	Central MT	Wind	New	2026	25	PPA	418
9	Central MT	Wind, BESS	New	2026	25	PPA	922

#	General Location	Resource Type	Operating Status	Project COD	Term (Years)	Structure (PPA/Own)	Total Capacity (MW)
10	Central MT	Wind, BESS	New	2026	25	PPA	1,216
11	Central MT	Wind	New	2026	25	PPA	214
12	Central MT	Wind, BESS	New	2026	25	PPA	689
13	Central MT	Wind	New	2026	25	PPA	241
14	Central MT	Wind, PSH	New	2026-2027	25	PPA	689
15	Central MT	Wind	New	2026	25	PPA	632
16	Central MT	Wind	New	2026	25	PPA	632
17	Eastern WA	Solar	New	2026	25	PPA	200
18	Eastern WA	Solar, BESS	New	2026	25	PPA	800
19	Eastern WA	BESS	New	2026	25	PPA	1,400
20	Eastern WA	Wind	New	2025	25	PPA	136
21	Eastern WA	Wind, BESS	New	2025	25	PPA	736
22	Eastern WA	BESS	New	2025	25	PPA	1,168
23	Eastern WA	Wind, Solar, BESS	New	2025	25	PPA	1,004
24	Eastern WA	Wind, BESS	New	2025	25	PPA	804
25	Eastern WA	Wind, Solar	New	2025	25	PPA	404
26	Northern ID	Solar, BESS	New	12/31/2025	20	PPA	350
27	Northern ID	Solar, BESS	New	12/31/2025	20	PPA	600
28	Central OR	Wind	Existing	1/1/2024	15	PPA	103
29	Eastern WA	Wind	New	12/31/2025	20	PPA	120
30	Western WA	Biomass	New	10/1/2026	30	PPA	215
31	Central WA	Solar	New	12/1/2024	20	PPA	100
32	Eastern WA	Wind	New	12/31/2025	20	PPA	120
33	Eastern WA	Solar	New	12/31/2025	20	PPA	100
34	Northern ID	Waste Heat	New	6/1/2024	20	PPA	10
35	Eastern MT	Wind	New	12/31/2023	30	PPA	98
36	Eastern MT	Wind	New	1/1/2026	30	PPA	98
37	Eastern WA	Solar	New	6/1/12026	20	PPA	350
38	Northern ID	BESS	New	6/30/2026	20	PPA	500
39	Eastern WA/	BESS	New	6/30/2026	20	PPA	500
	Northern ID						-
40	Southern ID	Geo-thermal	New	1/1/2026	20	PPA	8
41	Eastern WA	BESS	New	5/11/2026	15	PPA	200
42	Eastern WA	BESS	New	5/11/2026	15	PPA	400
43	Central WA	Solar	New	6/312/26	20	PPA	200
44	Central WA	Solar, BESS	New	6/31/26	20	PPA	700
45	Southern OR	Pumped Storage Hydro	New	Sep-27	30	PPA	3,949
46	Southern OR	Pumped Storage Hydro	New	Sep-27	30	PPA	393
47	Southern OR	Pumped Storage Hydro	New	Sep-27	30	PPA	393
48	Eastern WA	Wind, Solar, BESS	New	12/31/2025	20	PPA	1,600
49	Central MT	Wind	New	10/31/2026	20	PPA	498

#	General Location	Resource Type	Operating Status	Project COD	Term (Years)	Structure (PPA/Own)	Total Capacity (MW)
50	Avista ID/WA Service Territory	DR - BESS	New	2029	20	PPA	3
51	Avista ID/WA Service Territory	DR - Load Curtailment	New	2029	20	PPA	13
52	Northern ID	Hydro	Existing	Feb-23	20	PPA	39
53	Northern ID	NG CCCT	Existing	Jan-24	10	PPA	282
54	Northern ID	NG CCCT	Existing	Jan-24	15	PPA	282
55	Northern ID	NG CCCT	Existing	Dec-23		Own	282
56	Avista ID/WA Service Territory	DR – Solar, BESS	New	6/1/2026	20	PPA	10

V. EVALUATION PROCESS

First Step - Evaluation of Preliminary Information (Round 1)
The initial screening evaluated all bids to determine which bids met all minimum RFP requirements. The goal of this initial screen was to eliminate proposals from further consideration which failed to meet the minimum RFP requirements. Projects were evaluated both quantitatively and qualitatively based on the predetermined criteria and weightings, as discussed above.

Preliminary information was reviewed for all projects and an initial break point was established based on project site control and other issues. Most projects had either executed a binding option to lease the project site or executed lease agreement(s) with landowner(s) and a few projects were from existing generation resources. The full evaluation matrix for all proposals, and associating ranking is found in **Confidential Exhibit C.1**. A summary of all bidders, components of their bid and initial financial analysis is provided in **Confidential Exhibit C.2**.

Second Step - Evaluation of Detailed Proposals (Round 2)
Of the top ten ranked projects, three (3) were wind, three (3) were solar, and four (4) projects were classified as "other" which includes demand response, biomass, storage, and natural gas.

Following the Initial Screening shortlist, Avista notified the RFP respondents of the decisions and the status of their proposals. Avista asked that all shortlisted proposals be updated with a more detailed proposal consistent with the process that had been laid out in the RFP.

Detailed proposals were delivered to Avista on July 18, 2022. The short-listed bidders were further evaluated, and additional due diligence was performed on each offering. On August 9, 2022, Avista requested a price refresh from all of the shortlisted respondents with a deadline for submittal of September 2, 2022. The complete evaluation matrix of the short-listed projects after the price refresh is provided in **Confidential Exhibit D.1** and the financial analysis including re-pricing is provided in **Confidential Exhibit D.2**.

Based on the financial and full evaluation matrix analysis, three (3) projects were selected to fulfill Avista's resource needs, in additional to CBHP that was selected outside of the RFP. Table 9 illustrates the final resource selections, including CBHP, which totaled over 500 MWs.

Table 9: Power Purchase Agreement Selections

Counterparty	Description	MW / aMW	Timeline
Columbia Basin Hydro, LLC.	Hydroelectric	146	March 2023 – December 2045
Tyr Energy	Lancaster Natural Gas CCCT	282	November 2026 – December 2041
NextEra	Clearwater Wind	97.5	January 1, 2026[15] – December 2056
Avista Corp.	Kettle Falls Upgrade	11.2	July 2026 – June 2046

VI. ADDITIONAL BID CONSIDERATIONS

Of the 56 bids received, 18 individual proposals were within an area designated as a Highly Impacted Community. The majority of these communities were located within Avista's service territory; however, some projects exist in Highly Impacted Communities outside of Avista's territory. Moreover, a total of 13 individual bids received were from promotors or developers that are considered women, minority, disabled, or veteran-owned businesses. Table 10 below summarizes the bids received by location and designation.

Table 10: Project Location and Designation

State	Number of Projects	Highly Impacted Community	Woman, Minority, Disabled or Veteran Owned
Washington	29	18	6
Oregon	4	0	1
Idaho	10	0	6
Montana	13	0	0
Grand Total	56	18	13

WAC 480-107-145(2)(h) appears to request that bidders demonstrate their past performance in utilizing diverse business and their intent to comply with such diverse labor standards. These standards, as identified in RCW 82.08.962 and RCW 82.12.962 relate to procuring resources from contracts with

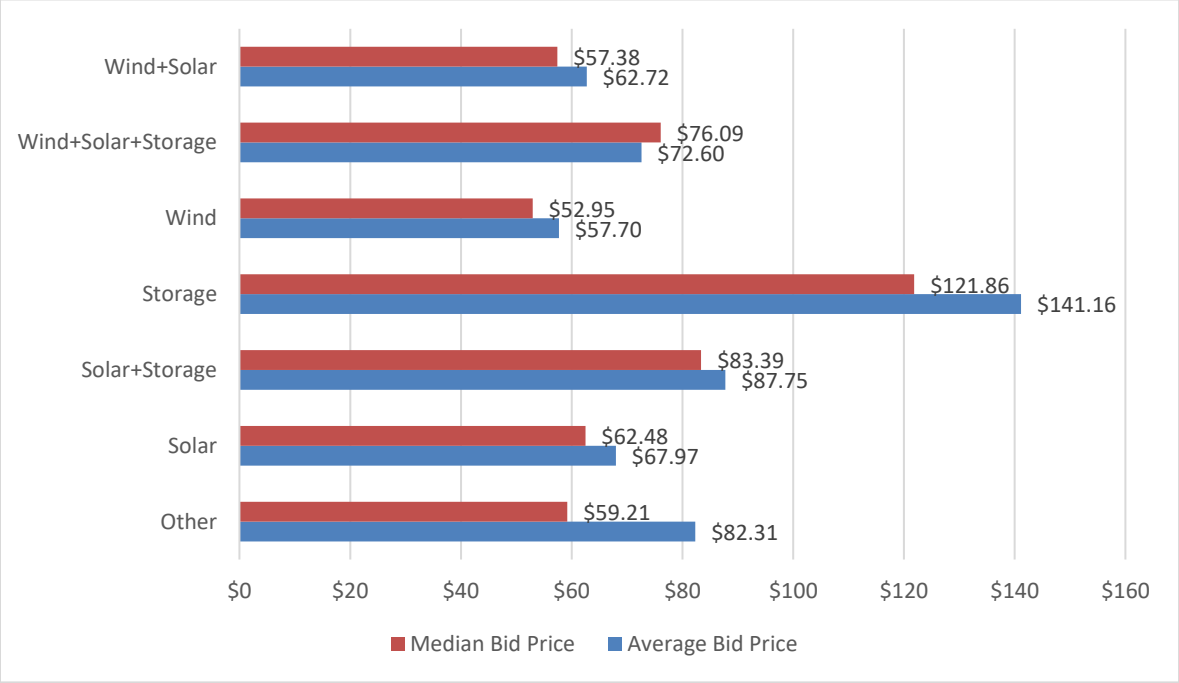
[15] Early delivery option beginning September 1, 2024 at a reduced delivery price.

women, minority, or veteran-owned business; procurement from and contracts with entities that have a history of complying with federal and state wage and hour laws and regulations apprenticeship utilization; and, preferred entry for workers living in the area where the project is being constructed.

As part of its RFP, Avista presented the opportunity for each bidder to indicate its community involvement, how the project might utilize women, minority, disabled, and/or veteran-owned businesses along with a supplier diversity plan and/or DEI policy. These elements were considered within the selection criteria for initial and final resource selections. Of the Washington submitters that participated in the RFP, 6 of the 29 bids indicated diversity elements as identified in RCW 82.12.962 by including diversity attributes in their bid.

The average price per project varied across the multiple technology types; however, projects from biomass, wind, and solar (including combined resources including wind and/or solar) represented the lowest overall and average bid prices. Figure 2 below illustrates the average and median bid price by the technology type of the initial bids received.

Figure 2: Average and Median Bid Price (Initial Bids)[16]

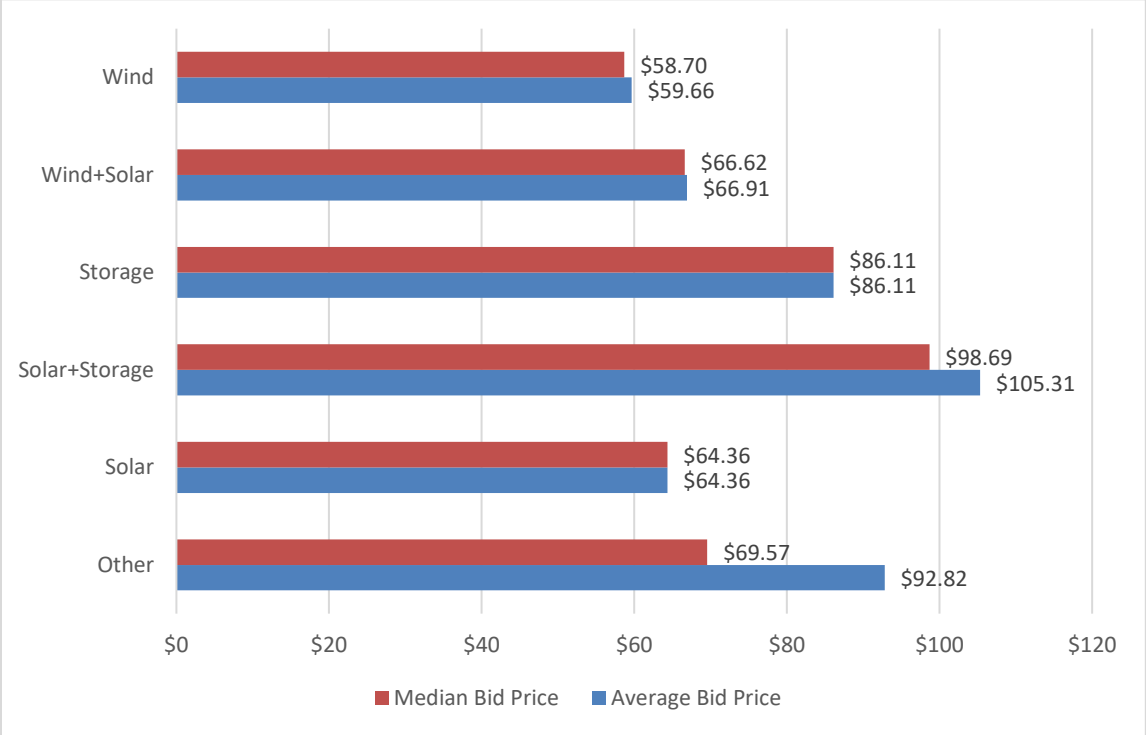


As part of Avista's two-step RFP bid review process, Avista requested that projects selected for its short list provide a refresh on their bid prices with a requested due date of those updates on

[16] Note that bid price associated with storage is based on cost estimations of generated energy. It does not include the actual energy purchased to generate power. In addition, costs of storage are based on a $/kW year whereas other resources are based on a $/MWh.

September 2, 2022. Upon receipt of the updating pricing, the resulting average and median bid prices were slightly higher than the initial bids, which are provided in Figure 3 below.

Figure 3: Average and Median Bid Price (Shortlist)[17]



VII. NEGOTIATION AND FINAL CONTRACT

Avista executed a final PPA for energy and capacity resources from phase 3 of NextEra's Clearwater Wind Project (Clearwater) on January 20, 2023, and Tyr Energy's Rathdrum based Natural Gas CCCT (aka "Lancaster") on March 31, 2023. The confidential PPA for each project has been provided to the WUTC as part of the initial contract finalization reports per requirements in WAC 480-107-035. These reports have been included in this docket. Avista's self-build option at its Kettle Falls project does not result in a power supply contract. The CBHP PPA was selected outside of the RFP process but was evaluated using the RFP criteria mentioned above.

Tyr/Lancaster – Finalized 3/31/23

For Lancaster, the contracted facility is a 282 MW gas-fired, combined cycle power generation facility located in Rathdrum, Idaho, for which Avista was offered several options for consideration including a 10-year PPA, a 15-year PPA and a facility purchase option. The 15-year option

[17] Note that bid price associated with storage is based on cost estimations of generated energy. It does not include the actual energy purchased to generate power. In addition, costs of storage are based on a $/kW year whereas other resources are based on a $/MWh.

represented the most customer benefit and was selected. The terms of this contract resulted in the acquisition of a 282 MW of firm capacity and energy. Lancaster currently supplies Avista with energy and this contract extends Avista's supply from November 1, 2026, through December 31, 2041. The levelized fixed price for this resource is [redacted] per MWh.

Nextera Clearwater Wind – Finalized 1/20/23

For Nextera, Clearwater is located approximately 80 miles north of Colstrip, Montana, connecting via a gen-tie line constructed by NextEra to the Colstrip Transmission System (CTS), which is also the interconnection point for Northwestern Energy (Northwestern). The terms of this contract resulted in the acquisition of 97.5 MW of firm capacity, with a capacity factor of approximately 40%. The contract will supply Avista with renewable energy from Clearwater, from January 1, 2026 through December 31, 2055. The levelized fixed price for this resource is [redacted]. As part of negotiations, Avista agreed to an Early Commercial Operation Date (COD) where it will accept delivery of test energy as early as September 1, 2024, with an estimated COD of December 1, 2024. This early delivery will be at a reduced charge of [redacted] until the contract rate of [redacted] begins January 1, 2026. NextEra has guaranteed a COD in 2026.

Columbia Basin Hydro Project – Finalized 12/2/22

The CBHP was a non-RFP selection. Based on the scoring methodology for the RFP projects, the score for this project was among the highest rated projects. Avista finalized its contracting process with CBHP on December 2, 2022, for 145 MW of peak generation delivered April through October each year. The overall term of this agreement is a 23-year PPA across seven (7) projects that will take place between 2023 and 2030.

Kettle Falls Upgrade – In Negotiations

To implement Avista's self-build option at Kettle Falls, Avista is negotiating a steam agreement that is quantified on a capacity and energy basis with Myno from a to-be constructed gasifier (carbon reduction facility). Avista will also be completing upgrades to the steam turbine and generator amongst other upgrades as well as working through project cost assumptions. Part of this project includes the integration of the carbon reduction facility to be developed by Myno 001, LLC, which remains in current contract negotiations.

VIII. SUMMARY

Exhibits, and discussion in this Report, provide the documentation necessary to demonstrate the long-term economic benefit to customers for the selected resources and provides specific supporting details regarding the Company's analysis and decision. The selected resources will help meet Avista's resource adequacy requirements along with the renewable and clean energy goals under CETA, as well as support the Company's own clean energy goals. Finally, this report complies with reporting requirements pursuant to WAC 480-107-145 and provides all requisite information.

IX. LIST OF EXHIBITS

The following are the Exhibits included with the Summary Report. Certain Exhibits are confidential per WAC 480-07-160.

Exhibit A – Evaluation Methodology
Exhibit B – Avista 2022 All Source RFP Document
CONFIDENTIAL Exhibit C.1 – Scoring Matrix 8-9-22
CONFIDENTIAL Exhibit C.2 – Financial Analysis 8-15-22
CONFIDENTIAL Exhibit D.1 – Evaluation Matrix Short List Bids 9-27-22
CONFIDENTIAL Exhibit D.2 – Financial Analysis Summary 9-26-22
CONFIDENTIAL Exhibit E - Independent Evaluation Report
Exhibit F – External Stakeholder Comments Matrix