Agenda Date: January 15, 2015
Item Number: A3

Docket: UE-143977
Company: Avista Corporation

Staff: Chris McGuire, Regulatory Analyst

Recommendation

Take no action, thereby allowing the proposed tariff to go into effect by operation of law.

Background

On November 24, 2014, Avista Corporation (Avista or company) filed a revised tariff Schedule 95 with the Washington Utilities and Transportation Commission (commission). The revised tariff would allow Avista to use surplus Schedule 95 funds to provide grants to support the installation of local rooftop solar photovoltaic systems. The company requests an effective date of January 16, 2015.

Schedule 95 fulfills Avista's obligation to provide a voluntary option for customers to purchase qualified alternative energy resources pursuant to RCW 19.29A.090. Avista's "Buck-a-Block" program currently provides to its customers an option to purchase "blocks" of 300 kWh of renewable energy for $1.00 each. In 2013, approximately 3,500 Avista customers voluntarily purchased 68,000 MWh of renewable energy through the Buck-a-Block program.

Discussion

Avista manages the Buck-a-Block program so as to continually match funds collected to the annual program costs while balancing the need to secure enough funding to meet potential customer growth and potentially higher priced RECs. However, due to the availability of low-cost RECs in recent years and lack of subscription growth, Schedule 95 has accumulated approximately $200,000 in surplus revenues.

In this filing, Avista proposes to use surplus funds from Schedule 95 to promote grants for rooftop solar installations, 20 kW or smaller, on school district buildings where the visibility of the installation will have the greatest impact for both educational purposes as well as for promoting solar energy generation in the Company's service territory. Avista estimates that the current surplus of $200,000 can fund the installation of six to eight small projects (5 kW or less) or two larger projects (20 kW or less), or a combination of both, using equipment manufactured in the state of Washington. After an application and screening process, grant recipients would be awarded partial or full funding, not to exceed $70,000 per site, for the installation of solar systems on their premises.

Avista could, as an alternative to this proposal, decrease the per kWh Schedule 95 rate to bring revenues in alignment with expenses. However, that approach lacks the ancillary benefits generated by the current proposal. Those benefits include:

- Enabling Schedule 95 participants to fund local solar projects rather than simply purchase generic RECs that may or may not have been generated locally;
- Providing educational opportunities for the local community;
- Reducing the electricity bill for selected local schools;
- Enabling Avista to gain experience working with solar development vendors and integrating solar photovoltaics into its electrical system.

Under this proposal, Schedule 95 customers will still purchase qualified generation at the current tariff rate of $1.00 per 300 kWh. Therefore, a participating customer will receive, at a minimum, the rate and quantity of renewable generation as specified in Schedule 95. Those RECs are retired on behalf of Schedule 95 customers. The funding of grants, when surplus Schedule 95 funds are available, in support of local solar development is in addition to the quantity of RECs purchased at the rate specified in Schedule 95. RECs generated from the funded solar project will be claimed by Avista, and retired on behalf of Schedule 95 customers, in a manner consistent with the Company's proportional financial contribution to the overall cost of the project.[1]

Avista will score applications according to the following criteria: project access and visibility, community exposure, potential for educational benefits, project feasibility, applicant readiness, per kW project cost, system size (with smaller systems receiving a higher score), geographic distribution, and use of in-state manufactured equipment. Although commercial properties may apply for these grants, the scoring criteria have been established to heavily favor schools and community centers.

Conclusion

Staff supports Avista's proposal on the grounds that it creates value for the Buck-a-Block program by focusing on local solar development and providing educational opportunities for the local community as well as for the Company. Therefore, Staff recommends that the Commission take no action, thereby allowing the proposed tariff to go into effect by operation of law.

[1] For example, if Avista were to fund $30,000 of a $50,000 project, it would claim 60 percent of the RECs generated from the project.