

**Avista Corp.**

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October 18, 2021

Amanda Maxwell
 Executive Director and Secretary
 Washington Utilities & Transportation Commission
 621 Woodland Square Loop SE
 Lacey, WA 98503

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 UTIL. AND TRANSP.
 COMMISSION

RE: Avista Utilities “My Clean Energy Program” Schedule 95 Proposed Changes

Dear Ms. Maxwell,

Attached for filing with the Commission is an electronic copy of Avista Corporation’s dba Avista Utilities (Avista or the Company) proposed modifications to its Tariff Schedule 95, “My Clean Energy Program.” The proposed additions are included in the following tariff sheets, WN U-28:

Fifth Revision Sheet 95
Third Revision Sheet 95A

Canceling
Canceling

Fourth Revision Sheet 95
Second Revision Sheet 95A

Please note that Appendix A and B include CONFIDENTIAL information and should be treated as CONFIDENTIAL per WAC 480-07-160.

I: INTRODUCTION

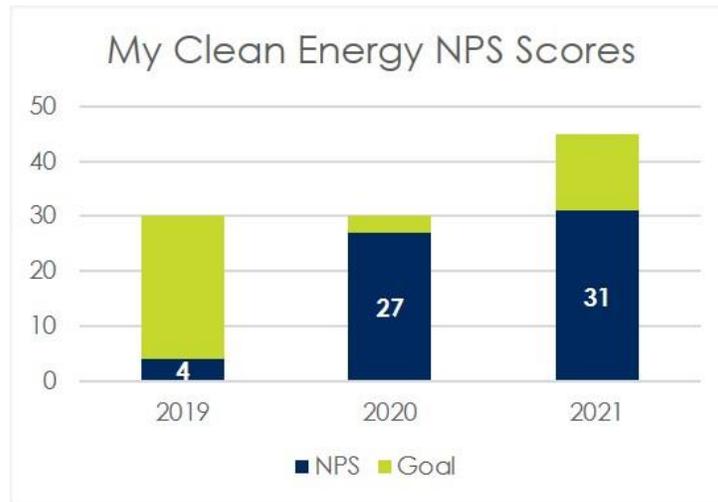
The purpose of this filing is to modify the My Clean Energy Program (Program) price structure based on changing market conditions and to meet the legislative requirement of all costs and benefits being confined to the program, while optimizing value for program participants.

Since implementing national and regional program options, approved by the Commission on December 19, 2019,¹ as well as a 100% renewable option approved by the Commission on

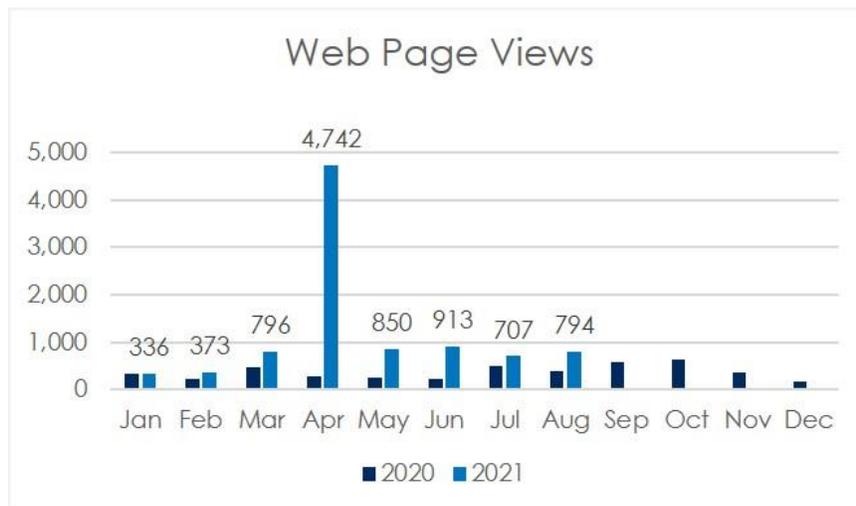
¹ Docket UE-190930.

February 11, 2021,² the Company has made meaningful progress towards improving performance across all program Key Performance Indicators (KPIs):

- **Customer Satisfaction and Loyalty**: Net Promoter Score (NPS) has improved from a +3 year one baseline (2019) to a +31 year three results (2021).



- **Customer Awareness**: Measured based on web page views. All customer communications and messaging direct customers to the Program page of Avista’s website. External web traffic continues to grow as shown in the chart below.



- **Customer Acquisition**: The program has reversed the trend on customer loss and is seeing growth for the first time in three years and currently includes 4,067 customers across Washington and Idaho.

² Docket UE-200973.



II: PROPOSED PROGRAM CHANGES

While there is positive momentum with the Program as indicated above, there has been a recent dramatic increase in the price of renewable energy credits (RECs) that are purchased on behalf of the program. During 2019 Avista evaluated the Company’s Program by conducting customer research, analyzing program costs and customer participation levels, and reviewing comparable programs of other investor owned utilities.

Since that time, REC prices in the market have increased substantially, well beyond anything Avista could have anticipated based on historic and recent conditions. Over the course of the 2021 calendar year, Avista has seen the market price for RECs rise significantly. Industry reports, included as Confidential Appendix A and B, show a nearly 10x price increase for the price of TX Green-e Wind which has risen since 2019. Similarly, regional RECs for the Western Interconnection (WECC) have risen more than 5x and Washington compliant Green-e RECs have more than doubled. It is uncertain whether these prices will remain inflated or decline closer to historical prices, but it is clear that the pricing that is currently in place for the Program is creating significant revenue loss and is not sustainable.

Entering into 2021, the program had a surplus of \$97,000. This is partially due to the timing and reconciliation of REC purchases and account balances. Avista’s energy marketers have been assessing the market all year to purchase RECs within the approved margin of the Program, but have not been able to support the needs of the Program. Currently, the Program forecasts a \$267,000 surplus at year end before purchasing an estimated 70,000 RECs needed to fulfill 2021

customer purchases. Avista recently authorized the purchase of 30,000 RECs at \$4.95 to partially meet this need which will cost a total of \$175,000 and bring the surplus down to \$92,000 with another 40,000 RECs yet to be purchased. In accordance with RCW 19.29A.090(5), the Company has mechanisms in place to ensure that all costs and benefits are confined to the program.³

The current tariff includes three purchase options: 1) a national block option where customers can purchase 300 kwh for \$1 a month with RECs sourced from anywhere through the United States; 2) a regional option where customers can purchase 100 kwh for \$1 a month for RECs procured within the WECC, with preference given to the Northwest region including WA, ID, OR, CA, MT and BC;⁴ and 3) a 100% clean option that is charged per kWh rather than block purchases and is priced at \$0.01/ per kWh. In this option, the amount of kWhs purchased will vary each month to match the customers actual kWh usage.

In order to prevent further loss of revenue within the Program, the Company is proposing the following revisions to the pricing structure.

National Blocks – Participants can purchase **100 kWh “blocks” for \$1.00**. RECs procured under this option will be sourced from renewable generation anywhere in the United States. This provides customers a low-cost option to continue supporting renewable energy.

Regional Blocks – Participants can purchase **100 kWh “blocks” for \$1.30**. RECs procured under this option will be sourced from generation located in the WECC, with preference given to the Northwest region including WA, ID, OR, CA, MT and BC. This option provides customers an opportunity to support regional renewable energy at a price point that is more reflective of the current REC market.

100% Renewable Option – One (1) kWh of renewable power from a Regional source located in the WECC, with preference given to the northwest region including WA, ID, OR, CA, MT, and BC will offset every kWh used at the customer selected meter. **Each kWh is priced at \$0.013 / per kWh** and the amount of kWhs purchased will vary each month to match the customers actual kWh usage.

³ RCW 19.29A.090(5) requires that all costs of the program must be borne only by participants of the program, (and as included in the settlement stipulation in Docket No. UE-100467), all revenues and costs associated with the “My Clean Energy” program, formally known as “Buck-a-Block” Optional Renewable Power Rate program will be removed from utility ratemaking accounts. As of July 2010, all costs and benefits of the program are maintained in the 77703016/186200 balancing account.

⁴ UE-190930, allowed to take effect by operation of law on December 19, 2019.

This pricing was informed using an analysis of the current and forecasted program budgets and with the expectation that the 2021 market price for RECs will likely continue into the next calendar year or more. The goals in determining the appropriate pricing for the Program is to ensure that all costs are covered by expected revenues, setting pricing at a point that still attracts participants while tolerating REC market price volatility, and that may lead to a budget surplus that may be used to fund non-profit community solar installations. The forecasted budget analysis based on the pricing described above can be found in Appendix C.

III: CUSTOMERS COMMUNICATION

In accordance with WAC 480-100-194, Avista will provide notice of the proposed tariff changes to Program participants through email and direct mail communications. The notice will include a statement of the proposed changes, the proposed implementation timeline, why the pricing is being modified and how customers can contact the Commission in regard to this filing. Customers will also be reminded of how they can change or cancel their subscriptions.

IV: CONCLUSION

While the cost for national and regional RECs are relatively similar today, the Company sees continued value in a slightly lower price point for national RECs, where there is a broader market to purchase such RECs, and there is more inherent value in the regional RECs. Avista will continue to offer solar grants if and when the budget surplus allows, and if it does earn a slightly higher margin on the regional options, the solar grants will fund local projects.

The Company requests the tariff changes be allowed to take effect on January 1, 2022. Please direct any questions regarding this filing to Amanda Ghering at (509) 495-7950 or amanda.ghering@avistacorp.com or me at (509) 495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager, Regulatory Policy & Strategy