

July 14, 2016

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive
Olympia, WA 98504-7250

Re: Comments of Renewable Northwest and Northwest Energy Coalition on Docket UE-160779: June 3, 2016 Notice of Opportunity to File Written Comments on 2015 Renewable Resource Target Pursuant to RCW 19.285.040 and WAC 480-109-040.

Renewable Northwest (“Renewable NW”) and the NW Energy Coalition (“the Coalition”) appreciate the opportunity to comment on the Avista Corporation’s (“Avista” or “the Company”) June 1, 2016 filing pertaining to compliance with the January 1, 2016 renewable energy targets set forth in Washington’s Energy Independence Act (“I-937”).

We commend Avista for acquiring sufficient eligible renewable energy to meet the 2016 target, and are pleased that Avista intends to meet the target through acquiring renewable energy rather than an alternative compliance mechanism. The renewable energy acquired since the passage of I-937 has built on our legacy hydropower endowment through efficiency investments in hydroelectric generators and new renewable energy projects in Washington; these investments are diversifying our energy portfolio, cleaning our air, creating new jobs and leading to more stable energy prices for ratepayers.

In previous years, Renewable Northwest and the Coalition have focused on the two-step compliance review and the need for the June 1st report to focus on the resources acquired for the current compliance year. The Commission’s rules adopted in March 2015 significantly clarified the process, and we appreciate that Avista’s 2016 compliance report now reflects the process laid out in the updated rules.

We have concerns with the reporting of incremental costs in Avista’s 2016 report. In the 2015 compliance report, we commended Avista for the transparency regarding the incremental cost calculation, but the 2016 report provides very little information on incremental cost assumptions. Secondly, the adjustment regarding Renewable Energy Credits transferred from Idaho is less clear, and simply references an undefined “Production and Transportation Ratio”. It is unclear how Avista derives this ratio, and how it accounts for REC transfers from Idaho.

Additionally, Avista’s 2016 report does not properly account for the negative incremental cost of certain resources. In its 2015 report, the Company correctly reported incremental costs for renewable resources that were less than an alternative resource as a negative cost, resulting in an overall cost *savings* of 0.72%. However, in the 2016 report, the Company reverted to using an incremental cost of zero for resources that are less expensive than a non-eligible alternative resource. This change resulted in an approximately 1.82% increase in the reported incremental cost. The Commission’s rules adopted in March 2015 clarified that the result of the incremental

cost calculation may be a negative number, and therefore request that Avista update its incremental cost calculation.

We recommend that the Commission direct Avista to make changes to its incremental cost calculation and provide further explanation of the “Production and Transportation Ratio prior to approving Avista’s June 1, 2016 filing in the above-referenced docket. We appreciate your consideration of these joint comments, and look forward to answering any questions at the August 4, 2016 Open Meeting.

Sincerely,

Kelly Hall, Renewable Northwest
Dina Dubson Kelley, Renewable Northwest
Joni Bosh, NW Energy Coalition
Wendy Gerlitz, NW Energy Coalition