

Agenda Date: August 12, 2021
Item Number:

Docket: UE-210396
Company: Avista Corporation, d/b/a Avista Utilities

Staff: Jade Jarvis, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-210396 finding:

1. The 2021 renewable energy target for Avista Corporation is 835,093 megawatt-hours.
2. Avista Corporation has demonstrated that, by January 1, 2021, it acquired 835,093 megawatt-hours of eligible renewable resources sufficient to supply 15 percent of its load for 2021.
3. Avista Corporation has complied with the June 1, 2021, reporting requirements pursuant to WAC 480-109-210.
4. Boulder Solar and Rattlesnake Flat Wind are eligible renewable facilities for RPS compliance.

Discussion

Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) its annual RPS report on June 1, 2021. Commission Staff (Staff) filed comments on July 19, 2021. Based on the information that Avista provided in its report, Staff believes that the Company correctly calculated its 2021 RPS target and has acquired sufficient resources to meet that target. No major issues were found during Staff's review of Avista's 2021 Annual RPS Report.

Table 1 summarizes Avista's 2021 target and the total amount of resources that the company had acquired by January 1, 2021, and illustrates the company's overall compliance position:

Table 1: Avista's 2021 Renewable Resource Target and Compliance Plan

2021 Target (MWh)	Incremental Hydro (MWh)	Wind (MWh)	Biomass (MWh)	Solar (MWh)	2021 Eligible Renewable Resources (MWh)
835,093	184,710	961,631	271,970	970	1,529,322

Incremental Costs: Avista reported a negative incremental cost of \$3,893,775 or (0.7) percent of revenue requirement to meet its 2021 RPS target.¹ This is an incremental cost decrease of about

¹ See Docket UE-210396, Appendix C, Annual 2021 estimate.

0.8 percent from 2020, indicating increased savings due to renewable resource use. The RPS report contained sufficient information to review incremental cost calculations, including a completed version of the template developed by staff during the 2016 RPS process.

Table 2 summarizes each company's incremental cost of only the eligible renewable resources required to meet their RPS target, and the incremental cost of all renewable resources acquired by the company.

Table 2: Incremental Cost of Renewable Resources

	2020		2021	
	<i>Required Renewable Resources</i>	<i>All Renewable Resources</i>	<i>Required Renewable Resources</i>	<i>All Renewable Resources</i>
Avista	0.1 %	0.2 %	(0.7) %	(0.6) %
PacifiCorp	1.7 %	1.7 %	(2.2) %	(3.5) %
PSE	1.4 %	1.5 %	1.5 %	1.5 %

Facility Eligibility: As described in Staff's July 19 comments, Avista is requesting Commission approval of two first-time facilities in its 2021 RPS Report; Boulder Solar and Rattlesnake Flat Wind. Based on the information provided to date, Staff is satisfied that these two facilities qualify as renewable resources under WAC 480-109-060(11) and WAC 480-109-060(12).

Comments

For the first time since 2012, no public comments were submitted on any of the electric investor-owned utilities' Annual RPS Reports.

Conclusion

Issue an order as described in the recommendations section of this memo.

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Avista Corporation 2021
Renewable Portfolio Standard Report**

Docket UE-210396

**COMMISSION STAFF COMMENTS REGARDING
ELECTRIC UTILITY RENEWABLE PORTFOLIO STANDARD REPORT UNDER
THE ENERGY INDEPENDENCE ACT,
RCW 19.285 and WAC 480-109
(2021 RENEWABLE PORTFOLIO STANDARD REPORT)**

AUGUST 12, 2021

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Background

In 2006 Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). As codified in RCW 19.285 and Chapter 480-109 WAC, the EIA created a renewable portfolio standard (RPS) that requires electric utilities serving more than 25,000 customers to supply 15 percent of their 2021 retail load with eligible renewable resources and to file annual RPS compliance reports by June 1 of each year.¹

The company's report must document all the renewable resources it intends to use for compliance.² Each eligible renewable resource must be registered in the Western Renewable Energy Generation Information System (WREGIS).

Avista's Compliance Plan for 2021

Avista (Avista or Company) plans to meet its 2021 target with a combination of company-owned facilities and power purchase agreements. Avista owns eleven eligible hydropower facilities, the Kettle Falls biomass facility, and a community solar facility (Boulder Solar). Avista also has long-term power purchase agreements for the output of two Washington wind farms: Palouse Wind Farm in Whitman County, and Rattlesnake Flat in Adams County. The Company correctly reported an average load in 2019 and 2020 of 5,567,284 MWh in its RPS report, yielding a 2021 RPS target of 835,093 MWh. Table 1 shows the Company's RPS compliance position:

Table 1: Avista's 2021 Renewable Resource Target and Compliance Plan

2021 Target (MWh)	Incremental Hydro (MWh)	Wind (MWh)	Biomass (MWh)	Solar (MWh)	Total Compliance Resources (MWh)
835,093	184,710	961,631	271,970	970	1,529,322

Avista has acquired enough eligible renewable resources to exceed its 2021 RPS compliance target and, after the sale of 110,022 RECs, retain a surplus of 584,188 MWh.³ This surplus can be sold or used for 2022 RPS compliance. Avista is using the qualifying apprenticeship multiplier of 1.2 for generation at its Rattlesnake Flat Wind Project, and the distributed generation multiplier of 2 for generation at its Boulder Solar facility.⁴

¹ RCW 19.285.040(2)(a)(iii). In calculating the target, a utility must use its average retail load for the two years prior to the target year (e.g., the 2021 target is 15 percent of the utility's average load in 2019 and 2020).

² WAC 480-109-210(2)(d).

³ This surplus includes all 558,877 MWh from Rattlesnake Flat Wind as well as 21,092 MWh + 4,218 RECs from the Apprenticeship bonus expected from Palouse Wind RECs.

⁴ See Docket UE-210345, RPS Report, Appendix E (Apprenticeship certification), June 1, 2021. See WAC-109-200(4)(b) *Renewable energy credit multipliers*.

Facility Eligibility

Avista is requesting that the Commission approve Boulder Solar and Rattlesnake Flat Wind as EIA-qualifying resources in this year's report. Boulder Solar transitioned from the Company's voluntary Community Solar program in mid-2020 whereas Rattlesnake Flat Wind became operational in December of 2020.⁵ Commission rules specify that RPS reports must indicate if a utility intends to use any eligible resources for the first time.⁶ Additionally, RECs may only be purchased from facilities that meet the statutory eligibility requirements as an "eligible renewable resource."⁷ Commission Staff (Staff) recommends that the Commission make an eligibility determination for the Boulder Solar and Rattlesnake Flat resources.

Incremental Cost

Incremental cost is the additional cost to ratepayers that companies incur to meet the RPS requirements. WAC 480-109-210(2)(a)(i) divides the calculation into capacity and energy components. Companies make a one-time calculation of incremental cost for each eligible resource at the time of acquisition or, for historic acquisitions, the best information available at the time of the acquisition.

The incremental cost of compliance represents the cost (or savings) of using eligible renewable resources to serve 15 percent of a utility's annual average load, compared to using the lowest-reasonable-cost, noneligible resource available to the utility at the time of the eligible resource's acquisition. If using eligible renewable resources to meet the RPS target is more expensive than using the lowest-reasonable-cost non-eligible alternative, then the incremental cost will be positive. If using eligible renewable resources to meet the RPS target is cheaper than the lowest-reasonable-cost non-eligible alternative, then the incremental cost will be negative.

Table 2 shows a side-by-side comparison of the utilities' reported incremental cost percentages in 2020 and 2021. The *Required Renewable Resources* column represents the incremental cost of only the eligible resources necessary to meet the 15 percent target. The *All Renewable Resources* column represents the incremental cost of all of the renewable generation available to the utility. Staff observes that two of the three utilities expect to achieve financial savings from using eligible renewable resources to serve 15 percent of their average annual load. It is also worth noting that PacifiCorp is saving even more money by acquiring additional eligible renewable resources beyond those needed for RPS compliance.

⁵ Docket UE-201396, Avista's 2021 RPS Report, pp. 6, June 1, 2021.

⁶ WAC 480-109-210(2)(d)(ii).

⁷ RCW 19.285.030(12) and (20).

Table 2: Investor-Owned Utilities’ Reported Incremental Cost Percentages, 2020 and 2021

	2020		2021	
	<i>Required Renewable Resources</i>	<i>All Renewable Resources</i>	<i>Required Renewable Resources</i>	<i>All Renewable Resources</i>
Avista	0.1 %	0.2 %	(0.7) %	(0.6) %
PacifiCorp	1.7 %	1.7 %	(2.2) %	(3.5) %
PSE	1.4 %	1.5 %	1.5 %	1.5 %

Staff position regarding Avista 2021 RPS filing

Staff is satisfied that Avista can meet its 15 percent RPS target for 2021. Based on the information provided to date, Staff recommends the commission approve the use of both Boulder Solar and Rattlesnake Flat in the company’s 2021 RPS filing, as both projects satisfy the EIA’s eligibility requirements.⁸ Staff believes Avista complied with the June 1, 2021, reporting requirements pursuant to WAC 480-109-210.

Conclusion

After reviewing the comments of other parties, Staff will present a recommendation at the August 12, 2021, open meeting as to whether the commission should issue an order in Docket UE-210396 finding that Avista has met its reporting requirements, accepting the utility’s calculation of its 2021 RPS target, and determining RPS eligibility for specific resources.

⁸ RCW 19.285.030(11) and (12).