

U-161024

Attachment A to Avista's Comments Filed on April 17, 2017

Idaho Tariff Schedule 62 – Cogeneration and Small Power Production Schedule

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO

AVAILABLE:

In all electric territory served by the Company in the State of Idaho.

APPLICABLE:

To Qualifying Facilities that intend to interconnect to the Company's electrical system at an interconnection point within the State of Idaho or that intend to deliver the output to the Company at a point of delivery on the Company's electrical system within the State of Idaho.

A Customer selling the output of any Qualifying Facility (including both Qualifying facilities with a maximum generating capability equal to or less than the Eligibility Cap and Qualifying Facilities with a maximum generating capability greater than the Eligibility Cap) will be required to enter into a written agreement with the Company in accordance with the contracting procedures set forth in this tariff. Any such agreement is subject to the approval of the Idaho Public Utilities Commission.

DEFINITIONS:

"Customer" as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity.

"Cogeneration Facility" means equipment used to produce electric energy and forms of useful thermal energy (such as heat or steam), used for industrial, commercial, heating, or cooling purposes, through the sequential use of energy.

"Daily Shape Adjustment" means an adjustment to rates based on a difference between on-peak (6 am to 10pm) rates and off-peak (10 pm to 6 am) rates of \$5 per MWh. The Daily Shape Adjustment increases the on-peak rate and decreases the off-peak rate such that the difference between the on-peak and off-peak rate is \$5/MWh and the average rate weighted by the number of on-peak and off-peak hours is equal to the unadjusted avoided cost.

"Eligibility Cap" means for all Qualifying Facilities except wind and solar Qualifying Facilities, ten (10) average megawatts in any given month. For wind and solar Qualifying Facilities, "Eligibility Cap" means one-hundred (100) kilowatts nameplate capacity.

"Facility" means the source of electricity owned by the Customer that is located on the Customer's side of the PCC, and all facilities ancillary and appurtenant thereto, including interconnection equipment, which the Customer requests to interconnect to the Company's distribution system.

"In-Service Date" means the date on which the Facility and System Modifications (if applicable) are complete and ready for service, even if the Facility is not placed in service on or by that date.

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“Integration Charges” means the integration charge applicable to wind generation approved by the Idaho Public Utilities Commission in Order No. 30500, or as superseded “Interconnection Service Agreement” is an agreement for interconnection service, between the Customer and the Company, or the Customer and a 3rd party transmission provider. The agreement also includes any amendments or supplements thereto entered into by the Customer and the Company.

“Market Rate” shall be 85 percent (85%) of the PowerDex hourly Mid-Columbia (“Mid-C”) index.

“Point Of Common Coupling” (or PCC) means the point where the Customer’s local electric power system connects to the Company’s distribution system, such as the electric power revenue meter or at the location of the equipment designated to interrupt, separate or disconnect the connection between the Customer and the Company.

“Qualifying Facility” shall mean a cogeneration Facility or a Small Power Production Facility that is a “Qualifying Facility” as that term is defined in the Federal Energy Regulatory Commission’s regulations, 18 C.F.R. § 292.101(b)(1) (2010), as may be amended or superseded.

“Seasonal Factors” means a seasonal weighting of 0.84 for the period March through June, and 1.08 for the period July through February.

“Small Power Production Facility” means the equipment used to produce output including electric energy solely by the use of biomass, waste, solar power, wind, water or any other renewable resource.

RATES:

The Company agrees to pay the following rates for the purchase of output from Facilities for which this tariff applies and that is delivered to the Company’s system. These rates are adjusted periodically and are on file with the Idaho Public Utilities Commission.

- (1) Levelized Fueled Rates – These rates shall apply to Qualifying Facility projects at or below the Eligibility Cap when the Customer chooses to supply output including energy and capacity under Levelized Avoided Cost Rates for Fueled Facilities. The rates shall apply to natural gas fueled Facilities and shall depend upon the on-line operation date and term of the agreement and shall be fixed for the term. The adjustable component rate shall be changed periodically subject to Idaho Public Utilities Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.

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- (2) Non-Levelized Fueled Rates – These rates shall apply to Qualifying Facility projects at or below the Eligibility Cap when the Customer chooses to supply output including energy and capacity under Non-Levelized Avoided Cost Rates for Fueled Facilities. The fixed component rate shall be fixed for the term of the agreement. The adjustable component rate shall be changed periodically subject to Idaho Public Utilities Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.
- (3) Levelized Non-Fueled Rates - These rates shall apply to Qualifying Facility projects at or below the Eligibility Cap when the Customer chooses to supply output including energy and capacity under Levelized Avoided Cost Rates for Non-Fueled Facilities. These rates shall apply to Facilities that do not use natural gas as their primary fuel. The rates shall depend upon the on-line operation date and term of the agreement and shall be fixed for the term. The rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.
- (4) Non-Levelized Non-Fueled Rates - These rates shall apply to Qualifying Facility projects at or below the Eligibility Cap when the Customer chooses to supply output including energy and capacity under a contract based on Non-Levelized Avoided Cost Rates for Non-Fueled Facilities. These rates shall apply to Facilities that do not use natural gas as their primary fuel, and shall be fixed for the term. The rates are subject to a Seasonal Factor, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output, for all kilowatt-hours up to the Eligibility Cap in any given month.
- (5) Short-Term Rate - The Short-Term Rate shall be applicable to any Qualifying Facility when the Customer chooses to supply output including energy and capacity at market-based rates under contract. The Short-Term Rate shall be the lower of the applicable Non-Levelized Non-Fueled Rate or the Market Rate. The rate is subject to a Seasonal Factor, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to all kilowatt-hours of generation up to the Eligibility Cap for Qualifying Facilities below the Eligibility Cap, and to all hourly Facility output up to contracted nameplate capacity for Qualifying Facility exceeding the Eligibility Cap.

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- (6) IRP-Based Rate - The IRP-Based Rate option is available to all Qualifying Facilities exceeding the Eligibility Cap. It shall be calculated based on the IRP Methodology and tailored to the individual characteristics of the proposed Qualifying Facility.

CONTRACTING PROCEDURES:

The Company agrees to adhere to the following contract procedures for the purchase of output from Customers who own Qualifying Facilities for which this tariff applies and that is delivered to the Company's system. These contracting procedures are adjusted periodically and are on file with the Idaho Public Utilities Commission.

(1) Procedures

- A. To obtain an indicative pricing proposal for a proposed Qualifying Facility, the Customer shall provide the Company information that is reasonably required to develop such a proposal. General information regarding a Qualifying Facility shall include:
- i) Qualifying Facility owner name, organizational structure and chart, and contact information;
 - ii) generation and other related technology applicable to the Qualifying Facility;
 - iii) design capacity, station service requirements, and the net amount of power, all in kilowatts (kW), to be delivered to the Company's electric system by the Qualifying Facility;
 - iv) schedule of estimated Qualifying Facility electric output, in an 8,760-hour electronic spreadsheet format;
 - v) ability, if any, of Qualifying Facility to respond to dispatch orders from the Company;
 - vi) map of Qualifying Facility location, electrical interconnection point, and point of delivery;
 - vii) anticipated commencement date for delivery of electric output;
 - viii) list of acquired and outstanding Qualifying Facility permits, including a description of the status and timeline for acquisition of any outstanding permits;
 - ix) demonstration of ability to obtain Qualifying Facility status;
 - x) fuel type(s) and source(s);
 - xi) plans to obtain, or actual, fuel and transportation agreements, if applicable;

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- xii) where Qualifying Facility is or will be interconnected to an electrical system besides the Company's, plans to obtain, or actual, electricity transmission agreements with the interconnected system;
 - xiii) interconnection agreement status; and
 - xiv) proposed contracting term and pricing provisions for the sale of electric output to the Company (i.e., fixed, escalating, indexed).
- B. Where the Company determines that the Customer has not provided sufficient information as required by Section (1)A, the Company shall, within ten (10) business days, notify the Customer in writing of any deficiencies.
- C. Following satisfactory receipt of all information required in Section (1)A, the Company shall, within twenty (20) business days, provide the Customer with an indicative pricing proposal containing terms and conditions tailored to the individual characteristics of the proposed Qualifying Facility; provided, however, that for Qualifying Facilities eligible for Published Rates pursuant to the Idaho Public Utilities Commission's eligibility requirements, the Company will provide such indicative pricing proposal within ten (10) business days.
- D. The indicative pricing proposal provided to the Customer pursuant to Section (1)C will not be final or binding on either party. Prices and other terms and conditions will become final and binding on the parties under only two conditions:
- i) The prices and other terms contained in a power purchase agreement shall become final and binding upon full execution of such power purchase agreement by both parties and approval by the Idaho Public Utilities Commission, or
 - ii) The applicable prices that would apply at the time a complaint is filed by a Qualifying Facility with the Idaho Public Utilities Commission shall be final and binding upon approval of such prices by the Idaho Public Utilities Commission and a final non-appealable determination by the Idaho Public Utilities Commission that:
 - a. a "legally enforceable obligation" has arisen and, but for the conduct of the Company, there would be a contract, and
 - b. the Qualifying Facility can deliver its electrical output within 365 days of such determination.

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- E. If the Customer desires to proceed with contracting its Qualifying Facility with the Company after reviewing the indicative pricing proposal, it shall request in writing that the Company prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the Customer shall provide the Company with any additional Qualifying Facility information that the Company reasonably determines necessary for the preparation of a draft power purchase agreement, which shall include:
- i) updated information of the categories described in Section (1)A;
 - ii) evidence of site control for the entire contracting term;
 - iii) anticipated timelines for completion of key Qualifying Facility milestones, to include:
 - a. licenses, permits, and other necessary approvals;
 - b. funding;
 - c. Qualifying Facility engineering and drawings;
 - d. significant equipment purchases;
 - e. construction agreement(s);
 - f. interconnection agreement(s); and
 - g. signing of 3rd-party transmission agreements, where applicable; and,
 - iv) additional information as explained in the Company's indicative pricing proposal.
- F. If the Company determines that the Customer has not provided sufficient information as required by Section (1)E, the Company shall, within ten (10) business days, notify the Customer in writing of any deficiency.
- G. Following satisfactory receipt of all information required in Section (1)E, the Company shall, within fifteen (15) business days, provide the Customer with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions. The draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company.

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- H. Within ninety (90) calendar days after its receipt of the draft power purchase agreement from the Company pursuant to Section (1)G, the Customer shall review the draft power purchase agreement and shall: a) notify the Company in writing that it accepts the terms and conditions of the draft power purchase agreement and is ready to execute a contract with same or similar terms and conditions as the draft contract; or b) prepare an initial set of written comments and proposals based on the draft, and provide them to the Company. The Company shall not be obligated to commence negotiations with a Customer or draft a final contract unless or until the Company has timely received an initial set of written comments and proposals from the Customer, or notice from the Customer that it has no such comments or proposals, in accordance with this Section (1)H.
- I. After Customer has met the provisions of Section (1)H above, Customer shall contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties.
- J. In connection with any contract negotiations between the Company and the Customer, the Company:
- i) shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the Customer;
 - ii) may request to visit the site of the proposed Qualifying Facility if such a visit has not previously occurred;
 - iii) shall update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed Qualifying Facility or proposed terms of the draft power purchase agreement;
 - iv) may request any additional information from the Customer necessary to finalize the terms of the power purchase agreement and to satisfy the Company's due diligence with respect to the Qualifying Facility.

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- K. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, including the price paid for delivered power, and the Customer provides evidence that all relevant interconnection studies are complete and that interconnection is to occur on or prior to the requested first delivery date, the Company shall prepare and forward to the Customer, within ten (10) business days, a final, executable version of the power purchase agreement.
- L. The Customer shall, within ten (10) business days, execute and return the final power purchase agreement to the Company.
- M. Where the Customer timely executes and returns the final power purchase agreement to the Company in accordance with Section (1)L, the Company will, within ten (10) business days of its receipt of the power purchase agreement executed by the Customer, execute such power purchase agreement and submit it to the Idaho Public Utilities Commission for approval.
- N. Failure of the Customer to meet any timelines set forth in this Section relieves the Company of any obligation under this tariff until such time as the Customer resubmits its Qualifying Facility and the procedures begin anew. If the Customer does not execute the final power purchase agreement per Section (1)L, such final power purchase agreement shall be deemed withdrawn and the Company shall have no further obligation to the Customer under this tariff unless or until such time the Customer resubmits the Qualifying Facility to the Company in accordance with this Schedule.

(2) Interconnection and Transmission Agreements

- A. The Company’s obligation to purchase Qualifying Facility electrical output from the Customer will be conditioned on the consummation of an interconnection agreement. Where the Qualifying Facility will not be physically located within the Company’s electrical system, the Customer will need to consummate an interconnection agreement with the 3rd-party electrical system.

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B. Where the Qualifying Facility will be interconnected to a 3rd-party electrical system and is requesting either Published Rates, or rates based on firm delivery of its electrical output, the Company’s obligation to purchase such electrical output will be conditioned on the Customer obtaining a firm transmission agreement or agreements to deliver all electrical output to the Company’s system. Such agreement(s) shall have minimum terms equal to the lesser of: a) the term of the agreement being requested by the Qualifying Facility in Section (1)(A)(xiv), or b) the minimum term required by the 3rd-party transmission entity to ensure firm roll over transmission rights.

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