

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	)	DOCKET UE-210628
	)	
AVISTA CORPORATION, d/b/a	)	
AVISTA UTILITIES,	)	RESPONSE COMMENTS OF THE
	)	ALLIANCE OF WESTERN ENERGY
Clean Energy Implementation Plan.	)	CONSUMERS
_____	)	

**I. INTRODUCTION**

*1* Pursuant to the Washington Utilities and Transportation Commission’s (“Commission”) February 3, 2022 Notice of Opportunity to Respond to Written Comments, the Alliance of Western Energy Consumers (“AWEC”) files these Response Comments to the Comments filed by Commission Staff. AWEC disagrees with Staff’s conclusion that “the interim targets Avista [or “Company”] proposes for the 2022-2025 compliance period [do not] truly represent progress toward CETA’s statutory requirements.”<sup>1</sup> AWEC is now largely supportive of Avista’s Clean Energy Implementation Plan (“CEIP”). However, Avista should update its CEIP to account for its recent transaction to acquire a portion of the Chelan PUD hydro system.

**II. ARGUMENT**

**A. Avista should update its CEIP to account for its transaction with Chelan PUD.**

*2* As a preliminary matter, AWEC notes that Avista’s resource strategy has changed since it filed the Final CEIP. The CEIP projected a wind resource acquisition in 2024; however, Avista subsequently procured a slice of the Chelan PUD hydro system that has obviated the

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<sup>1</sup> Staff Comments at 7.

Company's professed need for this wind resource. AWEC understands that Avista no longer intends to acquire the wind resource projected in its CEIP, though Avista's Reply Comments, filed in this Docket on February 24, 2022, do not discuss this issue.

3                   AWEC believes the Company should update its CEIP to accommodate this new development as it may impact the recommendations of other parties, including Commission Staff's concerns with Avista's interim targets. As it stands, AWEC's concerns regarding Avista's near-term wind resource acquisition, discussed in its Opening Comments in this Docket, have been rendered moot by the Company's transaction with Chelan PUD. AWEC will evaluate the prudence of the Chelan PUD transaction in Avista's ongoing general rate case, or at such other appropriate time.

**B.       The Commission should reject Staff's concerns with Avista's interim targets.**

4                   Regardless of what an updated CEIP to incorporate the Chelan PUD transaction shows, AWEC disagrees with Staff's concerns regarding Avista's interim targets. Staff primarily takes issue with Avista's proposal to sell renewable energy credits ("RECs") during the interim period before 2030, which Staff claims "does not line up with either the stated intent of CETA nor with the ratemaking goal of incrementalism."<sup>2</sup>

1.       Avista's interim targets comply with CETA's requirements.

5                   Despite arguing that Avista's interim targets are inconsistent with "the stated intent of CETA," Staff largely fails to ground its arguments in the statutory language. For instance, Staff asserts that "CETA's goal is to quickly reduce emissions as part of the state's efforts to address climate change," citing RCW 19.405.010(3). But as Staff suggests, that is a statewide goal – not one specific to Avista – which will necessarily impact each utility

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<sup>2</sup>       Staff Comments at 6.

differently depending on their current resource mix. Moreover, what the Legislature meant in RCW 19.405.010(3) by “significant and swift reductions” to emissions is clearly spelled out in RCW 19.405.040 and .050 – namely, that 80% of a utility’s retail sales be carbon-free by 2030, and 100% by 2045.

6               Staff’s only citation in support of its position that Avista’s interim targets are legally inadequate is to the legislative findings in RCW 19.405.010, not to CETA’s operative sections. “[A] statement of legislative intent, used by the Legislature as a preface to an enactment, lacks operative force in itself, although it may serve as an important guide in understanding the intended effect of operative sections.”<sup>3</sup> Consequently, “a list of findings and a stated intent cannot override an otherwise unambiguous statute.”<sup>4</sup> CETA’s 80% requirement in 2030 is not ambiguous with respect to the percentage of retail sales that must come from non-emitting and renewable energy and when that percentage must be achieved.

7               Further, RCW 19.405.060(1)(a)(ii) requires Avista to identify “interim targets for meeting the [80%] standard ... during the years prior to 2030 ....” Avista has plainly complied with this requirement, as demonstrated in Figures 1 and 2 in Staff’s Comments. Staff itself admits that it “is comfortable that Avista’s current clean energy resources allocated to Washington ... provide a solid foundation to make the [2030] standard achievable following Avista’s proposed plan in the near term.”<sup>5</sup> Accordingly, that Avista’s interim targets are not aggressive enough for Staff is of no moment – they are sufficient to demonstrate that Avista is likely to meet the 2030 standard, which is all CETA requires.

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<sup>3</sup>       *State v. Alvarez*, 74 Wn. App. 250, 258 (1994).

<sup>4</sup>       *State v. Van Wolvelaere*, 195 Wn.2d 597, 610 (2020).

<sup>5</sup>       Staff Comments at 16.

2. Avista's interim targets will not result in rate shock.

8 With regard to Staff's concerns about the rate impact of REC sales, Staff is factually incorrect to speculate that "if Avista continues to sell a significant portion of the RECs it generates up until 2030, then Avista's customers may face rate shock due to the sudden loss in revenue when Avista is no longer able to sell those RECs ...."<sup>6</sup> Staff offers no analysis to identify what the potential rate impact would be from this scenario. It is, in fact, likely to be minimal. REC sales in 2025 are expected to be \$2.1 million in 2025.<sup>7</sup> The 2025 projected revenue requirement is \$707 million.<sup>8</sup> This means eliminating REC sales in 2025 would increase rates by 0.3 percent. In 2030, Avista's plan will have lower sales and higher revenue requirement, suggesting that the rate impact of eliminating REC sales is likely much less than 0.3 percent. This is not large enough to be considered rate shock.

9 Additionally, CETA's incremental cost cap is in place to protect customers against rate shock. The elimination of REC sales would be part of CETA compliance and incorporated into any cost cap test.

10 Staff's argument is essentially that Avista should protect against rate shock by unnecessarily increasing rates today. This would be the equivalent of an IRP resource plan that builds resources early to avoid the rate shock associated with building resources when they are needed. Avista's IRP identified capacity needs in 2026 and the preferred portfolio adds several capacity resources in 2026. No party has proposed building one of these resources early to prevent rate shock, even though they will likely have a larger rate impact than eliminating REC sales in 2030.

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<sup>6</sup> Staff Comments at 7.

<sup>7</sup> CEIP Table 4.9

<sup>8</sup> CEIP Table 5.3

11 Finally, Staff asserts that Avista’s proposal to sell RECs, rather than retiring them for compliance, “will have a real-world impact on emissions.”<sup>9</sup> It is not clear what Staff means by a “real-world impact,” but the sale of RECs will have no direct impact on the amount of greenhouse gas emitted. All it will do is change to whom emissions that will exist anyway are assigned. As demonstrated above, assigning those emissions to Avista during the interim period will not impact the Company’s ability to meet CETA’s clean energy requirements.

### III. CONCLUSION

12 For the foregoing reasons, AWEC recommends that Avista update its CEIP to account for its purchase of a slice of the Chelan PUD hydro system. AWEC further recommends that the Commission reject Staff’s arguments related to Avista’s interim targets as they are neither legally nor factually supportable.

Dated this 14th day of March, 2022.

Respectfully submitted,  
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<sup>9</sup> Staff Comments at 7.