

March 14, 2022

Amanda Maxwell  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98504-7250

Received  
Records Management  
03/14/22 16:53  
State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

**Re: Comments of Renewable Northwest regarding Avista's Clean Energy Implementation Plan, Docket UE-210628**

## I. INTRODUCTION

Renewable Northwest thanks the Washington Utilities and Transportation Commission ("the Commission") for this opportunity to comment in response to the Commission's February 3, 2022, Notice of Opportunity to Respond to Written Comments on Avista Corporation d/b/a Avista Utilities' ("Avista" or "the Company") 2021 Clean Energy Implementation Plan ("CEIP") filed pursuant to WAC 480-100-640. Avista planned for this first CEIP alongside the ongoing rulemaking at the Commission to implement CETA. We recognize that the uncertainty around the state agency's pending interpretation of the statute likely impacted the way Avista planned to show progress toward RCW 19.405.040(1) and .050(1) in its 2021 CEIP. Nonetheless, Avista's "plan for making progress toward meeting the clean energy transformation standards," as demonstrated in the 2021 CEIP for years 2022 to 2025,<sup>1</sup> follows a renewable energy credit ("REC") retirement strategy which contrasts with the Commission's draft compliance requirements.<sup>2</sup> Therefore, to ensure this four-year compliance period is not regulated at a lower standard, we recommend the Commission consider conditions which will require Avista's alignment with the forthcoming final compliance requirements for CETA, either in the Company's 2021 CEIP or in the Company's 2023 Electric Integrated Resource Plan ("IRP") Progress Report and the 2023 biennial CEIP update.

In these comments we address issues raised in docket UE-210628 by Commission Staff ("Staff") and the Alliance of Western Energy Consumers ("AWEC"). However, negotiations are ongoing between the Company and stakeholders to identify adequate conditions for CEIP approval by the

---

<sup>1</sup> WAC 480-100-640(1).

<sup>2</sup> UE-210183 Second Draft Rules on 'Use' (Jan. 19, 2022), *available at* <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=680&year=2021&docketNumber=210183>.

Commission, and given the urgency of those discussions, we focus in these comments on our redlines to Avista's draft list of conditions. We ultimately recommend that the Commission generally approve the Avista CEIP but reject the CEIP's clean energy interim targets and direct the Company to revise the targets to implement CETA. We appreciate the Commission's consideration of these recommendations.

## II. COMMENTS

1. Avista's business strategy for making progress toward 2030 greenhouse gas neutrality, reflecting a gradual phasing up of nonpower attribute retirements, would be in noncompliance with the Commission's draft rules implementing RCW 19.405.040(1) and RCW 19.405.050(1).

Renewable Northwest appreciates Avista's consideration of customer affordability in setting its compliance strategy for the 2021 CEIP. However, the statute already provides guardrails to this end:

An investor-owned utility must be considered to be in compliance with the standards under RCW 19.405.040(1) and 19.405.050(1) if, over the four-year compliance period, the average annual incremental cost of meeting the standards or the interim targets established under subsection (1) of this section equals a two percent increase of the investor-owned utility's weather-adjusted sales revenue to customers for electric operations above the previous year, as reported by the investor-owned utility in its most recent commission basis report. All costs included in the determination of cost impact must be directly attributable to actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050.<sup>3</sup>

Further, as noted in Commission Staff's examination of Avista's interim targets, "selling the environmental attributes of clean energy to keep the status quo as long as possible does not line up with either the stated intent of CETA nor with the ratemaking goal of incrementalism." Staff ultimately concludes that while Avista's 2020 generation portfolio was reportedly 74 percent renewable and nonemitting, "after sales of RECs and specified sales, that figure is reduced to 45 percent."<sup>4</sup>

Avista's pursuit of an affordable path toward CETA compliance should not drive its compliance strategy but should help to set procurement thresholds for each four-year period. In fact, Avista is

---

<sup>3</sup> RCW 19.405.060(3)(a).

<sup>4</sup> Jan. 28, 2022, Commission Staff Comments Regarding Avista's Final CEIP (UE-210628), *available at* <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=200&year=2021&docketNumber=210628>.

the only Washington investor-owned utility that has not taken a procurement-driven approach to setting interim targets in its 2021 CEIP. Perhaps this is in part because since October 2021, the Commission has proposed draft CETA compliance guidelines which require a utility to demonstrate it “has acquired renewable and nonemitting resources to meet its retail electric load,” before it can retire “retained RECs” for primary compliance.<sup>5</sup> The Commission was even more explicit in its second draft rules on this point – in which retained RECs become “retained nonpower attributes (“NPA”) – stating that in demonstrating compliance with RCW 19.405.040(1), a utility

(a) May not account for the ability to apply retained NPAs toward primary compliance under subsection WAC 480-100-650(1)(c) when planning its preferred resource portfolio under WAC 480-100-640 and WAC 480-100-620 and must have models, scenarios, projections, and other information and analysis within the utility’s IRP and CEIP that are consistent with this requirement.

(b) May not account for the ability to apply retained NPAs toward primary compliance under subsection WAC 480-100-650(1)(c) or with its interim or other targets in making decisions to acquire or invest in resources with a contract term or useful life greater than two years.<sup>6</sup>

Avista notes in its 2021 CEIP that, “[t]o show progress towards the 2030 and 2045 milestones, Avista proposes to retire the clean energy attributes (RECs) of renewable energy equal to 40 percent of its net retail load in 2022 and 2023, and retire RECs equal to 45 percent of its retail load in 2024 and 2025.” These RECs presumably meet the Commission’s draft definition for retained NPA – “the nonpower attributes of renewable electricity (represented by RECs) or the nonpower attributes of nonemitting electricity, from electricity owned or controlled by a utility where the associated electricity was sold by that utility in a wholesale sale as unspecified electricity.”<sup>7</sup> Therefore, should the Commission’s draft compliance guidelines be adopted, Avista’s compliance strategy would be in noncompliance.

As such we recommend that the Commission reject Avista’s clean energy interim targets, which are simply a gradually increased retirement of retained NPAs – something the Company may not plan for in its CEIP per draft WAC 480-100-650(1) – and direct the utility to set more meaningful targets implementing CETA. Alternatively, should the Commission determine that draft compliance rules are not adequate grounds for rejecting Avista’s interim targets, we have included as an exhibit to these comments a redline version of Avista’s draft conditions for its

---

<sup>5</sup> UE-210183 Draft Rules on ‘Use’ 2021-10-12, available at <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=126&year=2021&docketNumber=210183>.

<sup>6</sup> Draft WAC 480-100-650(1).

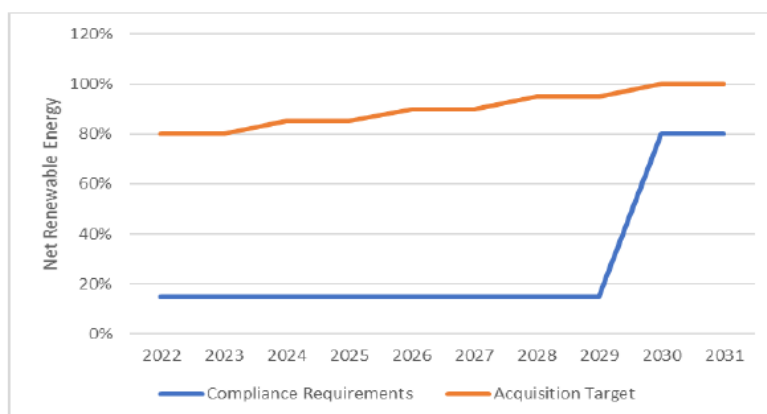
<sup>7</sup> Draft WAC 480-100-605.

CEIP, wherein we recommend a condition that would ensure the Company sets a path for correcting its clean energy interim targets in the case that the Commission’s draft compliance rules are adopted.

2. Renewable Northwest objects to the poorly-defined draft condition – based on AWEC’s comments in UE-210628 – committing Avista to model “the minimum level of primary compliance requirements beginning in 2030 to meet the 2045 glide path.”

In AWEC’s comments on Avista’s 2021 CEIP, the organization “opposes Avista’s plan because it is likely to result in cost and risk increases to Avista customers without carbon reduction benefits,” and adds that “Avista can comply with CETA at a lower cost by only acquiring resources ahead of need when cost-effective to do so.”<sup>8</sup> AWEC also provides a figure to illustrate its understanding of Avista’s compliance requirements ahead of 2030:

***Figure 2: Acquisition Target Exceeds Compliance Requirement***



As indicated by Figure 2 above, AWEC does not acknowledge the statutory requirement that a utility must “[make] progress toward meeting” CETA’s clean energy standards.<sup>9</sup> Unfortunately, Avista has entertained AWEC’s argument by providing in its draft conditions a commitment to “model a scenario in in [sic] the 2025 Electric IRP meeting the minimum level of primary compliance requirements beginning in 2030 to meet the 2045 glide path,” and explain any deviation of the Company’s preferred portfolio from this scenario’s output.<sup>10</sup>

Renewable Northwest objects to this condition, not only because it is unlikely that there will be stakeholder alignment on what “the minimum level of primary compliance” means, but also

<sup>8</sup> Jan. 28, 2022, Comments of Alliance of Western Energy Consumers re: Avista 2021 CEIP (UE-210628), at 1.

<sup>9</sup> WAC 480-100-640(1)

<sup>10</sup> Avista 2021 CEIP DRAFT Conditions List 3-1-22.

because the proposed scenario could establish a baseline that does not consider a) the “immediate significant threats to our economy, health, safety, and national security”<sup>11</sup> posed by climate change, b) potential cost savings associated with earlier CETA-compliant procurements driven by the low cost of clean energy technologies, or c) that utilities must ensure the “equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities,”<sup>12</sup> which is not a perfectly quantifiable consideration that can be fairly represented as a “minimum.”

Renewable Northwest recommends that the Commission strike this condition – labeled condition 1 in the “Integrated Resource Plan” section of the attached Exhibit A – from Avista’s proposed draft conditions during its review and approval process of Avista’s 2021 CEIP.

To conclude, we recommend that the Commission either reject the CEIP’s clean energy interim targets, which would be in accordance with Staff’s view that “Avista must propose targets that meaningfully implement CETA beyond affordability concerns,”<sup>13</sup> or approve the targets with the condition that the Company revise them for the 2023 IRP Progress Report and 2023 biennial CEIP update considering the forthcoming adoption of compliance rules. We also recommend that the condition reflecting AWEC’s comments seeking the “minimum” compliance requirement be struck from the draft list of conditions compiled by the Company.

#### IV. CONCLUSION

Renewable Northwest thanks the Commission for its consideration of this feedback. We look forward to continued engagement as a stakeholder in this 2021 CEIP process.

Sincerely,

/s/ Katie Ware

Katie Ware

Washington Policy Manager

Renewable Northwest

[katie@renewablenw.org](mailto:katie@renewablenw.org)

/s/ Max Greene

Max Greene

Regulatory & Policy Director

Renewable Northwest

[max@renewablenw.org](mailto:max@renewablenw.org)

---

<sup>11</sup> RCW 19.405.010(3).

<sup>12</sup> RCW 19.405.040(8).

<sup>13</sup> Commission Staff Comments Regarding Avista’s Final CEIP at 8.

# **EXHIBIT A**

## **Avista 2021 Clean Energy Implementation Plan Proposed Conditions**

**Note: The Party or Parties identified at the end of each condition represent which Party or Parties' issue or concern the condition is intended to address.**

### **Interim & Specific Targets**

1. Once the Commission<sup>2</sup> has adopted final “use” rules in Docket UE-210183, in its CEIP docket, if different than Table 2.1 on page 2-3 in the CEIP, Avista must provide the percentage of retail sales of electricity supplied by non-emitting resources and renewable resources in 2020 within 30 days. (Public Counsel, Staff)
2. Avista will include Non-Energy Impacts (NEIs) and Customer Benefit Indicators (CBIs) in determining its Washington resource strategy, beginning with its 2023 Integrated Resource Plan (IRP) Progress Report. (NWECC)
3. Regarding transparency of resource acquisitions, Avista commits to the following:
  - a. Per WAC 480-107-025(5), for Avista’s 2022 All Source Request for Proposals (RFP), “Within thirty days after the close of the bidding period, the utility must post on its public website a summary of each bid the utility has received.”
  - b. Per WAC 480-107-025(7), for Avista’s 2022 All Source RFP, “Within thirty days after executing an agreement for acquisition of a resource, the utility must file the executed agreement and supporting documents with the commission.”
  - c. Avista will provide an update at its next regularly scheduled IRP Technical Advisory Committee (TAC) meeting of any material utility scale resource acquisition with a term longer than 3 years occurring outside of the 2022 All Source RFP. (Public Counsel)
4. Avista agrees not to rely solely on the 2021 CEIP to justify prudence of utility scale renewable resource acquisitions made on or after January 1, 2022. While the CEIP may include specific actions Avista may take to comply with CETA’s clean energy targets, prudence determinations of utility scale renewable resource acquisitions will be made through the general rate case process. (AWEC)
5. Avista agrees that future CEIPs will include description of quantitative (i.e., cost based) and qualitative (i.e., equity considerations) analyses that support any decision to acquire resources to comply with interim targets, or CETA’s 2030 and 2045 clean energy standards. (AWEC)
6. Avista agrees that future CEIPs will include quantitative and qualitative risk analysis if risk is used to justify deviating from the least cost compliance solution. (AWEC)
7. Once the Commission has adopted final “use” rules in Docket UE-210183, and if the final rules note that a utility “[m]ay not account for the ability to apply retained NPAs toward primary compliance...when planning its preferred resource portfolio...” and “[m]ay not

account for the ability to apply retained NPAs toward primary compliance...with its interim or other targets...”<sup>1</sup> – as is the case in the draft rules – Avista must note in its CEIP docket within 30 days that its interim and specific targets do not comply with the final rules and will be revised in the 2023 biennial CEIP update, considering the Commission’s compliance requirements.

### **Specific Actions**

1. For future CEIPs, when analyzing the specific actions for their expected impact on the CBIs, Avista must analyze each specific action through each CBI for both (1) all customers and (2) customers of Named Communities, and explain how the action will affect each CBI in the future. In the event a CBI may not be applicable or unable to quantify, Avista must explain why or provide a qualitative response.<sup>1</sup> (Public Counsel, Staff, NWECA, Front & Centered, TEP)

### **Demand Response**

1. Avista will share and/or present the results of its pricing pilots with its Energy Efficiency Advisory Group and IRP TAC following the completion of the third-party evaluator’s review of the pilots. (Public Counsel)

### **Distributed Energy Resources & Distribution Planning**

1. When Avista’s Distribution Planning Advisory Group is formed, it must invite all existing advisory groups to participate in the new group. (Staff, NWECA)
2. Avista will include a Distributed Energy Resources (DERs) potential assessment for each distribution feeder in its 2025 electric IRP, informed by input from its Distribution Planning Advisory Group. (Staff)
3. Avista agrees to evaluate the need for a targeted DER RFP based on the bids received from the 2022 All Source RFP, through its Distribution Planning Advisory Group process. (Staff)

### **Energy Efficiency**

1. Avista agrees to continue the discussion of its residential energy efficiency savings target and programs with its Energy Efficiency Advisory Group. Discussion will include program design elements which could promote more participation and additional uses of the Named Communities Investment Fund, if approved. (NWECA)
2. As part of its Participation in Company Programs CBI, Avista agrees to track the number of residential appliance rebates provided to customers residing in Named Communities

---

<sup>1</sup> For specific actions relating to energy efficiency, Avista will group energy efficiency measures together by delivery method and/or program type and customer class.



and the number of residential rebates provided to customers residing in rental units, as data is available. (TEP, Joint Advocates)

### **Customer Benefit Indicators**

1. Avista agrees that the CBI – Number of Households with a High Energy Burden (>6%) will be tracked for all Avista electric customers and Named Communities. (TEP)
2. Avista agrees that for the CBI – Outdoor Air Quality, it will evaluate the potential for including a metric related to decreased wood use for home heating. The data included in this metric may be specific to the Company's wood stove replacement program offered in partnership with the Spokane Clean Air Agency. (TEP, Joint Advocates)
3. Avista agrees that the CBI – Energy Availability will include a metric related to the frequency of customer outages for each community type.<sup>2</sup> (TEP, Joint Advocates)
4. Avista must formally present the Joint Advocate-proposed CBIs to its EAG, advisory groups, customers and other interested stakeholders at a CEIP public participation meeting. Avista will gather feedback on its current CBIs and associated metrics, as well as the Joint Advocate CBIs and proposed metrics. Based on careful consideration of the feedback received, Avista must propose an updated set of CBIs with its biennial CEIP update. (Public Counsel, Joint Advocates)
5. Avista must provide regular updates and engagement regarding the process to create a metric for Indoor Air Quality and submit a formal metric for evaluation no later than in its biennial CEIP update. (Public Counsel, Joint Advocates)
6. Avista agrees to update its Vulnerable Populations areas within its biennial CEIP update, taking into account the additional criteria developed by the Equity Advisory Group (EAG) that are beyond the requirements in the WAC 480-100-640(4)(b).<sup>3</sup> Additional work is needed to develop a consistent methodology and data source for identification to go beyond the requirements of rule. This additional work is primarily related to identifying a consistent data source(s) to evaluate each characteristic and then overlaying it onto a map. (Staff, Front & Centered)
7. Avista agrees that in future biennial CEIP updates and CEIPs, CBIs will be categorized by statutory benefit area. (TEP)

### **Public Participation & Equity Advisory Group**

1. Avista's Equity Advisory Group shall not be responsible for the designation of Highly Impacted Communities and the Company's advisory groups should be facilitated such that this designation is not under consideration. (Public Counsel)

---

<sup>2</sup> Avista will measure the frequency of outages using the IEEE index Customers Experiencing Multiple Interruptions (CEMI) "0" as this is more specific to customer outages than a system level metric.

<sup>3</sup> This additional VP criterion is included within Avista's CEIP Reply Comments.

2. Avista will include a publicly available and regularly updated list of its EAG members and their organization or community affiliations on its website and in future CEIP updates and CEIPs. (Public Counsel)
3. Avista agrees that all future EAG meetings will be fully open to the public. (Public Counsel, Staff)
4. On or before October 1, 2022, Avista must file with the Commission a progress report on what actions have been taken since October 2021 to reduce barriers to public participation (i.e., language) and the Company must file its customer engagement plan (CEIP at p. 6-9) it will implement during the 2022-2025 timeframe, and provide a progress report of this plan in the biennial CEIP update. (Public Counsel)

#### Incremental Cost of Compliance

1. Avista will participate in any further discussions and/or workshops regarding incremental cost calculations and incorporate any changes necessary to their methodology. (Public Counsel)

#### Integrated Resource Plan

1. ~~Avista agrees to model a scenario in in the 2025 Electric IRP meeting the minimum level of primary compliance requirements beginning in 2030 to meet the 2045 glide path. If the results of this modeling differs from the Company's Preferred Resource Strategy and Clean Energy Action Plan, it must explain why. (AWEC)~~

<sup>i</sup> Draft WAC 480-100-650(1)(a) and (b).

**Commented [KW1]:** Renewable NW objects to this condition. The scenario recommended by AWEC would establish a baseline that does not consider a) the “immediate significant threats to our economy, health, safety, and national security” posed by climate change, b) potential cost savings associated with earlier CETA-compliant procurements driven by the falling cost of clean energy technologies, or c) that utilities must ensure the “equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities,” which is not a perfectly quantifiable consideration that can be fairly represented in the suggested modeling scenario.