



May 28, 2021

Mark Johnson, Executive Director/Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Avista 2021 Integrated Resource Plan Update for Electricity, Dockets UE-200301

Mr. Johnson:

The NW Energy Coalition (“NWECC” or “Coalition”) appreciates the opportunity to comment on the Integrated Resource Plan (“IRP”) update submitted by Avista Utilities on April 29, 2021, per the Notice of Opportunity to File Written Comments issued by the Commission on April 30, 2021. Avista’s IRP update amends the previously submitted draft IRP from February 2021. This update amends the preferred resource strategy, following Avista signing a 10-year contract with Chelan PUD for a five percent slice of its Rocky Reach and Rock Island hydro facilities, with energy deliveries to start in 2024.

Our comments authored by Joni Bosh and Fred Heutte, dated February 5, 2021 on the draft IRP and Clean Energy Action Plan (CEAP) are still relevant to this update. While Avista has made some minor modeling changes and other edits to reflect the addition of the hydro slice, almost all other assumptions and methodologies remained the same. As Avista moves into developing the CEIP and the issuance of another all-source RFP later in 2021, we provide these comments for consideration:

- **Demand-side resources:** The preferred resource strategy (PRS) includes a more robust demand-side resource selection than we have seen in the recent past, which we find encouraging. Avista has often shown that it can be innovative in developing customer-centric programs, and we look forward to new energy efficiency programs in the coming years that will ramp up acquisition. However, for demand response, the PRS update pushes acquisition of new resources slightly later, beginning in 2025 rather than 2024, with programs coming online through the early 2030s.
 - Ideally, Avista should launch a coordinated set of DR programs earlier so they can scale up rapidly to meet capacity needs and avoid need for new natural gas peaking resources.
 - Coordinated pilots in the next few years, as Portland General Electric has done, will allow these resources to be fully available when their capacity is most needed.
 - We support Staff’s recommendation of an RFI for demand response without prescriptive screens to better understand the market potential.
- **Risk of Gas Reliance:** The PRS update shows slightly less gas need than the draft IRP, due to the new hydro slice. However, the Coalition continues to be concerned that bringing almost 170 MW of natural gas peakers into the resource mix in 2027 is not the right option for the company and for ratepayers. As we expand upon in our February comments, Avista seems to be planning for these gas peakers to address long-duration capacity needs. However, in reality, it seems likely that Avista would dispatch these resources more frequently than these rare events.
 - Avista should investigate the availability of firm capacity to meet infrequent long-duration event needs, for example from regional imports or merchant gas plants. As

time goes on, those resources could be replaced with new long-duration storage from sources such as renewable hydrogen, renewable natural gas and pumped storage.

- Given the incorporation of new natural gas peakers in the ten-year horizon, Avista should revise its calculations for upstream methane emissions higher. Avista uses the upstream methane leakage factor of 0.77 percent for Canadian natural gas, and 1.0 percent for the U.S. Rockies natural gas factor, but recent research indicates that these numbers should be revised upwards.¹
- **Social Cost of Greenhouse Gas Emissions (SCGHG) Methodology:** The IRP expected case did not apply the SCGHG to market purchases and sales, though a scenario was modeled in this way. The Coalition does not think that Avista’s methodology is in line with the law.
 - Avista should include the SCGHG as a variable cost and apply it to unspecified and fossil fueled electricity brought in state for customer use.
- **Hybrid Storage and Renewable Resources:** This IRP update continues to have the first hybrid resources (renewable + storage) coming online beginning in 2038. Based on recent experience in the region with these resources, Avista is likely underestimating the peak value that renewables + storage can provide.
 - As Avista proceeds towards another 2021 RFP, we encourage revisiting this issue. Hybrid resources could provide a significant capacity benefit and defer the need for new gas peakers, as well as make more effective use of limited available transmission capacity for renewables and provide more operating flexibility

Thank you for considering our comments,

Amy Wheelless, Senior Policy Associate

Fred Heutte, Senior Policy Associate

¹ See comments of the NW Energy Coalition in NW Power & Conservation Council packet from June 2020: https://www.nwcouncil.org/sites/default/files/2020_0616_2.pdf