

Agenda Date: June 16, 2022
Item Number: D1

Docket: UE-210628
Company: Avista Corporation d/b/a Avista Utilities

Staff: Jim Woodward, Regulatory Analyst

Recommendation

Issue an order in Docket UE-210628 approving Avista Corporation d/b/a Avista Utilities' 2021 Clean Energy Implementation Plan, subject to:

1. the conditions in Attachment 1, and
2. Avista choosing at least two of its current CBIs which it will track for at least five subsets of named communities, at a granularity to be determined by agreement with Staff, stakeholders, and the Company's Equity Advisory Group. Avista will incorporate relevant updates in its 2023 Biennial CEIP update.

Background

Washington statute and rules direct electric investor-owned utilities (IOUs) to develop a clean energy implementation plan (CEIP or Plan) every four years.¹ The passage of the Clean Energy Transformation Act (CETA) during the 2019 Washington Legislative Session required the CEIP to be informed by both the utility's clean energy action plan and its long-term integrated resource plan.²

Avista Corporation d/b/a Avista Utilities (Avista or Company) filed its first CEIP with the Washington Utilities and Transportation Commission (Commission) in Docket UE-210628 on October 1, 2021.³ On October 6, 2021, the Commission served its first Notice of Opportunity to File Written Comments due by January 28, 2022.⁴ Eight parties, including Commission staff (Staff),⁵ ultimately filed comments in the docket discussing perspectives as to whether various aspects of Avista's CEIP complied with CETA, including the Company's proposed interim and specific targets and customer benefit indicators (CBIs).

¹ RCW 19.405.060(1)(a) and [WAC 480-100-640](#)(1).

² *In re Adopting Rules Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act and Amending or Adopting rules relating to WAC 480-100-238, Relating to Integrated Resource Planning*, Dockets UE-191023 & UE-109698 (*Consolidated*), General Order 601, p. 24, ¶ 59 (CETA Rulemaking Order) (Dec. 28, 2020).

³ Per [WAC 480-100-640](#)(1).

⁴ See [Notice of Opportunity to File Written Comments](#), Docket UE-210628 (Oct. 6, 2021).

⁵ See [Staff's Comments Regarding Avista Corporation's Final Clean Energy Implementation Plan](#) Submitted in Compliance with RCWs 19.405 and WACs 480-100-640 through -665 and Under Consolidated Dockets UE-191023 and UE-190698, Order R-601 (Staff Comments) (January 28, 2022).

In February 2022, the Company commenced discussions with some stakeholders around conditions that could address concerns voiced in filed comments. Additionally, the Commission served a second Notice of Opportunity to File Response Comments due by March 14, 2022.⁶ The Company, Staff, and other stakeholders participated in both formal comments and informal discussions to maximize agreement around targeted topics and issues with Avista's CEIP prior to proceeding with the Commission's formal review of the Company's Plan.⁷

Avista stewarded a CEIP conditions proposal process by convening the following stakeholders (collectively referred to as the Parties) over the course of five meetings held March to early May 2022:

1. Staff,
2. Washington State Attorney General Office's Public Counsel Unit (Public Counsel),
3. Northwest Energy Coalition (NVEC),
4. Renewable Northwest,
5. Sierra Club,
6. Alliance of Western Energy Consumers (AWEC),
7. The Energy Project (TEP), and
8. Front and Centered.

Conditions List Development Process

Avista's 2021 CEIP is the first of its kind. As outlined in written comments filed, Staff, and other stakeholders found a variety of areas of Avista's Plan in need of improvement. The Company and Parties agreed that a set of conditions was necessary to correct any perceived plan deficiencies as Avista enters its first four-year CETA implementation period (i.e., 2022 – 2025).

Avista facilitated discussions with the Parties by developing a proposed conditions list that included voluntary changes strengthening compulsory areas of its CEIP, adjustments to planning deliverables that inform the CEIP (e.g., integrated resource plan modeling), and dates when said changes would take effect (e.g., upon conditional approval of Avista's CEIP, 2023 IRP progress report, 2023 Biennial CEIP update). Parties then proposed both clarifying and additional redlined conditions via two separate iterations in late March and late April that the Company either incorporated or explained why incorporation was infeasible. Conditions list proposal discussions culminated on May 19, 2022, when Avista filed its revised proposed CEIP conditions accompanied by a cover letter documenting whether Parties supported, opposed, or took no position regarding the conditions list.⁸ Following these initial discussions, Staff is interested in feedback from the public at the recessed open meeting regarding any remaining issues with Avista's CEIP that are not adequately addressed in the proposed conditions.

⁶ See [Notice of Opportunity to Respond to Written Comments](#), Docket UE-210628 (Feb. 3, 2022).

⁷ Per [WAC 480-100-645\(2\)](#).

⁸ See [AVA CEIP conditions list](#) and [explanatory cover letter](#), Docket UE-210628 (May 19, 2022).

Discussion

First, Staff provides a high-level overview of the final CEIP conditions list discussed amongst Avista and Parties and filed by the Company. Second, Staff explains why incorporation of an additional CBI that tracks named community⁹ subsets would help the Company demonstrate compliance with CETA in the future, as an additional condition.

Proposed conditions list

The CEIP conditions list filed by Avista forms the basis for Staff's recommendation in this memo. Attachment 1 details 37 conditions spanning 11 categories, which range from interim and specific targets to public participation. The last two pages of the conditions list provide due dates for when Avista must address individual conditions, ranging from short-term action (i.e., within 30 days, if the Commission chooses to conditionally approve the Plan) to longer term planning (e.g., condition 33 requires Avista to model specific scenario(s) in its 2025 integrated resource plan) (*see Attachment 1*).

Staff underscores these proposed conditions are additional to the host of CEIP requirements pursuant to statute,¹⁰ rule,¹¹ and adoption order¹² with which Avista's Plan must comply and result from compromise amongst the Parties involved in initial discussions. For example, interim targets condition #7 sets Avista's 2025 interim target to 62.5 percent of retail sales of electricity compared to the 45 percent proposed in the Company's final CEIP.¹³ This condition represents a 39 percent escalation compared to the Company's initially proposed 2025 position. As Staff mentioned in its Avista final CEIP comments, this adjustment to the interim targets was necessary to demonstrate that Avista was making progress toward the 2030 and 2045 standards.¹⁴ It also balances competing considerations such as affordability and gradualism regarding potential customer rate impacts. Staff therefore believes that the targets proposed in condition #7 are reasonable and set Avista on a balanced path forward in the clean energy transition.

Named community subset tracking

Because this is the first CEIP the Commission has considered for approval, Staff carefully compared the plans proposed by other utilities. Staff found a marked difference in the granularity of the approach to demonstrating an equitable distribution of customer benefits across named

⁹ "Named communit(ies)" represent Avista's aggregate term capturing both highly impacted communities and vulnerable populations, as defined per [WAC 480-100-605](#).

¹⁰ *See e.g.*, RCW 19.405.060(1).

¹¹ *See e.g.*, [WAC 480-100-640](#).

¹² CETA Rulemaking Order.

¹³ *Compare* Attachment 1 – Avista CEIP List of Conditions, p. 1 *with* Staff Comments at 6 (filed Jan. 28, 2022).

¹⁴ Staff Comments at 6-8.

communities between Avista's Plan and a peer utility's filed CEIP.¹⁵ Staff believes Avista needs to do additional work to measure and demonstrate equitable distribution and compliance with the statute.¹⁶

The additional work needed includes differentiating amongst named communities and tracking CBIs for named community subsets. Equitable distribution is based on disparities in current conditions.¹⁷ The current conditions faced by different named communities vary.¹⁸ Hence, the specific actions needed to remedy those disparities should take those differences into account, rather than treat named communities as a single homogeneous set of customers. Staff therefore recommends the Commission include the following condition in its approval of Avista's Clean Energy Implementation Plan:

Avista agrees to choose at least two of its current CBIs which it will track for at least five subsets of named communities, at a granularity to be determined by agreement with Staff, stakeholders, and the Company's Equity Advisory Group. Avista will incorporate relevant updates in its 2023 Biennial CEIP update.

Although even tracking two CBIs for five named community subsets may not be granular enough to show an equitable distribution, Staff believes that this condition would improve the Company's ability to demonstrate compliance. Further, Avista must be able to demonstrate compliance with RCW 19.405.040(8), and Staff believes this condition is a path forward to meeting this requirement.

Parties' positions regarding proposed conditions list and general stakeholder outreach

Parties that participated in discussions of the proposed conditions list effectively capture all stakeholders that have commented in Avista's CEIP docket to date.¹⁹ At the conclusion of the

¹⁵ See [Staff's Comments Regarding PacifiCorp's Final Clean Energy Implementation Plan](#) Submitted in Compliance with RCWs 19.405 and WACs 480-100-640 through -665 and Under Consolidated Dockets UE-191023 and UE-190698, Order R-601, Docket UE-210829, p. 11 (May 6, 2022). Staff notes PacifiCorp's CEIP attempted to differentiate three different CBIs (i.e., energy efficiency participation, high energy burden, and heating source) by 22 distinct named community characteristics recommended by PacifiCorp's equity advisory group.

¹⁶ Avista has made some progress in this area. The Company's current high energy burden CBI differentiates customers by county. See Avista CEIP, 3-14 to 3-15, Table 3.4. The Company has also agreed to energy efficiency condition 17 and CBI conditions 18 and 22, found in Attachment 1 to this memo.

¹⁷ "Equitable distribution" as defined in [WAC 480-100-605](#).

¹⁸ *In the Matter of Avista Corporation's Final Clean Energy Implementation Plan*, Docket UE-210628, Avista Clean Energy Implementation Plan, pp. 3-1 to 3-6 (Avista CEIP) (filed Oct. 1, 2021).

¹⁹ Both the [Northwest & Intermountain Power Producers Coalition \(NIPCC\)](#) and [Renewable Energy Coalition \(REC\)](#) and the [Washington Solar Energy Industries Association \(WASEIA\)](#) filed initial and response comments, respectively. However, NIPCC and REC only commented on Avista's renewable

discussions about the conditions, Parties polled indicated they either supported the conditions list or took no position regarding the conditions.²⁰ Furthermore, as of the filing of this memo, Staff is not aware of any stakeholder that has requested adjudication of Avista's CEIP.

Conclusion

Issue an order in Docket UE-210628 approving Avista Corporation d/b/a Avista Utilities' 2021 Clean Energy Implementation Plan, subject to:

1. the conditions in Attachment 1, and
2. Avista choosing at least two of its current CBIs which it will track for at least five subsets of named communities, at a granularity to be determined by agreement with Staff, stakeholders, and the Company's Equity Advisory Group. Avista will incorporate relevant updates in its 2023 Biennial CEIP update.

Attachment 1: Avista 2021 CEIP conditions list

resource and capacity need, an item more germane to the Company's 2022 draft all-request for proposals filing (Docket [UE-210832](#)). WASEIA filed comments supporting Staff's Avista interim target position.

²⁰ See Avista's [explanatory cover letter](#), Docket UE-210628 (May 19, 2022).