

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	DOCKET UE-210628
AVISTA UTILITIES d/b/a AVISTA CORPORATION'S	ORDER 01
Clean Energy Implementation Plan	APPROVING CLEAN ENERGY IMPLEMENTATION PLAN SUBJECT TO CONDITIONS

**BACKGROUND**

- 1 Revised Code of Washington (RCW) 19.405, Washington's Clean Energy Transformation Act (CETA), and Washington Administrative Code (WAC) 480-100-640(1) direct electric investor-owned utilities to develop a clean energy implementation plan (CEIP or Plan) every four years. The passage of CETA during the 2019 Washington Legislative Session requires that CEIPs be informed by both a utility's clean energy action plan and its long-term integrated resource plan.<sup>1</sup>
- 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.<sup>2</sup> On October 6, 2021, the Commission served its first Notice of Opportunity to File Written Comments due by January 28, 2022. Eight parties, including Commission staff (Staff),<sup>3</sup> filed comments addressing whether various aspects of Avista's CEIP complied with CETA, including the Company's proposed interim and specific targets and customer benefit indicators (CBIs).

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<sup>1</sup> *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).

<sup>2</sup> Per WAC 480-100-640(1).

<sup>3</sup> 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).

3 Given the scope and positions presented in the initial round of comments, as well as the significance of Avista's first CEIP,<sup>4</sup> the Company commenced discussions in February 2022 with interested persons related to additional conditions to address concerns raised in their comments. On February 3, 2022, the Commission issued a Notice of Opportunity to File Response Comments, due by March 14, 2022. The Company, Staff, and other interested parties participated in this two-pronged strategy to maximize informal discussions around targeted topics and issues with Avista's CEIP prior to proceeding with the Commission's formal review of the Company's Plan.<sup>5</sup>

4 Avista convened a CEIP conditions proposal process with the following interested persons (collectively referred to as the Parties) over the course of five meetings held from March to early May 2022:

- Staff
- Washington State Attorney General's Office Public Counsel Unit (Public Counsel)
- Northwest Energy Coalition (NVEC)
- Renewable Northwest (Renewable NW)
- Sierra Club
- Alliance of Western Energy Consumers (AWEC)
- The Energy Project (TEP)
- Front and Centered

5 As outlined in filed comments, Staff and other interested persons found that a variety of areas in Avista's Plan needed 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).

6 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 these changes would take effect (*e.g.*, upon conditional approval of Avista's CEIP, within the 2023 IRP progress report, or within the 2023 Biennial CEIP update). Parties then proposed both clarifying and additional conditions via two separate

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<sup>4</sup> CETA Rulemaking Order, p. 59, ¶ 170.

<sup>5</sup> Per WAC 480-100-645(2).

iterations in late March and late April that the Company either incorporated or explained why incorporating them was not feasible. On May 19, 2022, Avista filed its revised proposed CEIP conditions accompanied by a cover letter documenting whether Parties supported, opposed, or took no position on its proposed conditions list.<sup>6</sup>

7 Staff recommends the Commission approve Avista’s CEIP subject to the conditions set out in the proposed conditions list Avista filed on May 19, 2022, as well as an additional condition, described below, that would require customer benefit indicator (CBI) tracking of named community subsets. Overall, these total 37 conditions span 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).

8 Staff proposes an additional CBI condition to help ensure an equitable distribution of customer benefits from the transition to clean energy.<sup>7</sup> Staff notes that, ultimately, the Commission will decide whether a utility has complied with RCW 19.405.040(8), and it is the Company’s responsibility to demonstrate compliance. However, Staff believes Avista needs to do additional work to measure and demonstrate equitable distribution and compliance with this standard. Staff argues that this additional work includes differentiating between and among named communities and tracking CBIs for named community subsets because equitable distribution is based on disparities in current conditions,<sup>8</sup> and the current conditions faced by different named communities may vary.<sup>9</sup> Hence, Staff believes that 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.

9 Staff therefore recommends the Commission include the following condition in its approval of Avista’s Plan:

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<sup>6</sup> See Avista’s CEIP conditions list and explanatory cover letter, Docket UE-210628 (May 19, 2022).

<sup>7</sup> RCW 19.405.040(8). *Underlined for intent.*

<sup>8</sup> “Equitable distribution” as defined in WAC 480-100-605.

<sup>9</sup> *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).

Avista must 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.

- 10 Staff represents that the proposed conditions list effectively captures the concerns of the Parties who participated in conditions discussions, as well as all interested persons who have filed comments in this Docket to date.<sup>10</sup> At the conclusion of the Parties' discussions, Staff represents that each party either supports the conditions list or takes no position regarding the conditions.<sup>11</sup> Finally, Staff notes that no interested person has requested that the Commission adjudicate Avista's CEIP.
- 11 On June 8, 2022, Public Counsel filed comments stating that it does not object to any of the Conditions. Public Counsel believes that the Company's commitments establish an appropriate starting point to reach the 2030 and 2045 renewable portfolio standards, and that these commitments adequately hold the Company accountable to protect all customers, and ensure equitable distribution of benefits to all customers, particularly Vulnerable Populations and Highly Impacted Communities.
- 12 On June 20, 2022, TEP filed comments also stating it does not object to the proposed conditions. TEP highlighted multiple conditions it believes are important, including a CBI for residential arrearages and disconnections for nonpayment.
- 13 On June 16, 2022, the Commission heard comments at its recessed open meeting from Staff, Public Counsel, NWEC, Renewable Northwest, AWEC, James Adcock, and David Van Hersett.
- 14 Staff advocated for its position that the Commission adopt the additional condition it proposes, and Public Counsel expressed support for Staff's proposed condition because it will help Avista better serve Vulnerable Populations and Highly Impacted Communities and advance equity.

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<sup>10</sup> 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 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.

<sup>11</sup> See Avista's explanatory cover letter, Docket UE-210628 (May 19, 2022).

- 15 NWEC expressed support for the process that facilitated the development of the additional conditions, particularly the conditions that create a demand response water heater pilot program, a work plan and advisory group for distribution system planning, a DER potential assessment, updates to the Company's CBIs, and customer engagement plans. NWEC does not support the interim target for renewable energy of 62.5 percent in Condition 7 because it does not believe it is ambitious enough to meet CETA's requirements. NWEC observed that Avista produced renewable energy equivalent to 74 percent of its load in 2020 and argued that its target should be set between 74 and 80 percent to demonstrate reasonable progress toward transitioning to clean energy. NWEC also stated that it would prefer that interim targets be based on renewables delivered to load rather than REC retirements.
- 16 Renewable NW agrees with NWEC that Avista's interim targets should be set between 74 and 80 percent to better demonstrate the Company's progress toward CETA's 2030 standard. Renewable NW argued that Avista's strategy for making progress toward 2030 greenhouse gas neutrality does not comply with the Commission's draft rules implementing RCW 19.405.040(1) and RCW 19.405.050(1) and proposed a condition modifying the interim targets to reflect its recommendation.
- 17 AWEC also expressed concerns about Avista's interim targets but determined it would not seek to adjudicate the Company's CEIP. Ultimately, no Parties or other interested persons requested the matter be set for adjudication.
- 18 James Adcock expressed concerns about double counting RECs, and David Van Herset argued that Avista should obtain its power from coal and nuclear sources rather than relying on variable wind and solar energy.

### DISCUSSION

- 19 We approve Avista's CEIP subject to the conditions to which the Parties agree, and subject to the additional condition that Staff recommends.
- 20 RCW 19.405.060(1) requires electric utilities to develop and submit to the Commission every four years CEIPs that meet specific criteria, and WAC 480-100-640 sets out the targets, data, and narrative information that must be included in those plans. As Staff observes in its memo, the proposed conditions are made in addition to these requirements, and Avista's Plan must comply with them all.
- 21 We are pleased that the collaborative and comprehensive discussions between the Parties resulted in proposed conditions that strengthen Avista's commitments to its customers. For example, 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.<sup>12</sup> This condition represents a 39 percent increase compared to the Company's initially proposed 2025 position. As Staff observed in its final comments, this adjustment to the interim targets was necessary to demonstrate that Avista was making progress toward the 2030 and 2045 standards.<sup>13</sup>

22 Although we share NWECA's and Renewable NW's concerns that the interim targets are set lower than Avista's current renewable energy production, we recognize that the proposed conditions are the result of a negotiated compromise. As such, modifying the conditions would risk upsetting the Parties' agreement, which was reached through multiple rounds of collaborative discussions over a period of several months. We also recognize that the interim targets are an iterative process that we will continue to monitor and adjust, if needed, to ensure that Avista remains on a balanced path forward in its clean energy transition. Accordingly, we approve proposed Condition 7.

23 We also adopt Staff's additional proposed condition to help ensure an equitable distribution of customer benefits from the transition to clean energy. As Staff observes, Avista has made progress by recognizing that complying with CETA and ensuring an equitable distribution for its customers requires differentiating Vulnerable Populations and Highly Impacted Communities. For example, its current high energy burden CBI differentiates customers by county.<sup>14</sup> In addition, the Company's proposed energy efficiency condition 17 and CBI conditions 18 and 22 improve differentiation among those named communities.<sup>15</sup>

24 We agree that Staff's proposed condition will improve the Company's ability to establish compliance with CETA by providing greater granularity of equitable distribution of benefits and reduction of burdens. At the end of the four year period, Avista must be able to demonstrate that all customers are benefiting from the transition to clean energy through the equitable distribution of energy and nonenergy benefits and reduction of burdens to Vulnerable Populations and Highly Impacted Communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and

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<sup>12</sup> Compare Attachment 1 – Avista CEIP List of Conditions, p. 1 with Staff Comments at 6 (filed Jan. 28, 2022).

<sup>13</sup> Staff Comments at 6-8.

<sup>14</sup> Avista CEIP, 3-14 to 3-15, Table 3.4.

<sup>15</sup> See Attachment 1, pp. 3-5.

energy security and resiliency.<sup>16</sup> We agree with Staff that this condition provides a path forward to meeting this requirement.

25 Finally, the Commission approves Condition 2 regarding consultation with the Technical Advisory Committee and the Energy Efficiency Advisory Group in the development of a methodology for including Non-Energy Impacts and CBIs in its resource mix. At the Commission's June 16, 2022, recessed Open Meeting, Avista expressed its expectation that it would also consult with the Equity Advisory Group after the development of this methodology to ensure the methodology does not result in inequitable results. This is also the Commission's expectation.

26 Avista's CEIP is the first the Commission has considered. We recognize that the timelines for this process are compressed, and that the requirements are new to Avista and many Parties. We also recognize that this CEIP is the result of a negotiated compromise and thus is not precedential. Overall, we commend the Parties for working collaboratively to improve Avista's CEIP with additional, robust conditions that will benefit all customers, and, importantly, will help ensure the equitable distribution of benefits from the transition to clean energy for members of Highly Impacted Communities and Vulnerable Populations. Accordingly, we approve Avista's CEIP subject to the conditions set out in Appendix A to this Order and subject to the condition that Staff recommends.

### FINDINGS AND CONCLUSIONS

- 27 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 28 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- (3) Avista is subject to RCW 19.405.060, which requires investor-owned electric companies to file CEIPs with the Commission every four years beginning January 1, 2022.

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<sup>16</sup> RCW 19.405.040(8).

- 29 (4) This matter came before the Commission at its recessed open meeting on June 16, 2022.
- 30 (5) After reviewing Avista's CEIP filed on October 1, 2021, and giving due consideration to all relevant matters, the Commission finds that Avista's CEIP is consistent with the public interest and concludes that it should be approved subject to the conditions set out in Appendix A to this Order, and subject to the condition that Staff recommends, as set out in paragraph 9 of this Order.

**ORDER**

**THE COMMISSION ORDERS:**

- 31 (1) Avista Utilities d/b/a Avista Corporation's Clean Energy Implementation Plan meets the requirements of RCW 19.405.060 and WAC 480-100-640 and should be approved subject to the conditions set out in Appendix A to this Order, and subject to the condition that Staff recommends, as set out in paragraph 9 of this Order.
- 32 (2) The Commission retains jurisdiction over the subject matter and Avista Utilities d/b/a Avista Corporation to effectuate the provisions of this Order.

Dated at Lacey, Washington, and effective June 23, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner



**APPENDIX A**