BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of Avista Corporation, d/b/a Avista Utilities For an Order Approving Its Four-Year Demand and Resource Supply Forecast Pursuant to the Climate Commitment Act	)))))))	Docket No. UE-220770 REVISED PETITION OF AVISTA CORPORATION

I. INTRODUCTION

1 Avista Corporation, doing business as Avista Utilities (Avista or the Company), at 1411 East Mission Avenue, Spokane, Washington, hereby petitions the Commission for an order approving its four-year demand and resource supply forecast for the compliance years 2023-2026 pursuant to RCW 70A.65.120 and WAC 173-446-230, otherwise known as the Climate Commitment Act (CCA), and as directed in the Washington Utilities and Transportation Commission's (Commission) Notice issued September 30, 2022, requiring electric investor-owned utilities to submit a forecast by October 31, 2022. The four-year supply and demand forecast represents an estimate of Avista's Washington load as well as the estimated electricity resource mix during the 2023 to 2026 compliance period.

2 Avista is a utility that provides service to approximately 403,000 retail electric customers and 369,000 retail natural gas customers in a 30,000 square-mile service territory covering portions of Washington, Idaho, and Oregon. The largest community served by Avista is Spokane, Washington, which is the location of its corporate headquarters.

3 The Company requests that all correspondence related to this Petition be sent to the following:

David J. Meyer, Esq.
Vice President and Chief Counsel for
Regulatory & Governmental Affairs
P. O. Box 3727
1411 E. Mission Avenue, MSC 27
Spokane, Washington 99220-3727
Telephone: (509) 495-4316
E-mail: david.meyer@avistacorp.com

Shawn Bonfield
Sr. Manager of Regulatory
Policy and Strategy
P. O. Box 3727
1411 E. Mission Avenue, MSC 27
Spokane, Washington 99220-3727
Telephone: (509) 495-2782
E-mail: shawn.bonfield@avistacorp.com

Avista Dockets (Electronic Only) - AvistaDockets@avistacorp.com

II. BACKGROUND

4 In 2021, the Washington state legislature passed the CCA into law through Senate Bill 5126. The CCA caps and reduces greenhouse gas (GHG) emissions from Washington's largest emitting sources and industries, allowing businesses to find the most efficient path towards lowering carbon emissions by 2050. The Legislature directed the Department of Ecology (Ecology) to design and implement a cap and invest program to reduce statewide GHG emissions while integrating an equity lens. This program works by setting an emissions limit, or cap, and then lowering that cap over time to ensure Washington meets its GHG reduction commitments. On September 29, 2022, Ecology adopted its final cap and invest rules which are designed to mitigate cost burdens of the cap and invest program on electric utility customers and are detailed in Washington Administrative Code, Chapter 173-446. The allocation of the cap and invest program's no-cost allowance to each investor-owned utility must be consistent with a four-year forecast of the utility's supply and demand and must be approved by the Commission, as well as the cost burden resulting from the inclusion of covered entities in the first compliance period of the CCA.

III. DEMAND AND RESOURCE SUPPLY FORECAST

5 In accordance with the guidance provided from the Commission, Avista's four-year allowance forecast represents its best estimate of the most likely, or average, electricity usage and the commensurate resource mix based on average water conditions across the compliance period, including the public interests of equity and environmental justice. In total, Avista's forecast is for 7,278,609 CO2e allowances for the 2023-2026 compliance period, as shown in Table No. 1 below. The emissions forecast falls each year, from a high of 2.2 million allowances in 2023, to slightly below 1.0 million allowances in 2026. Calculations supporting the data provided in Table 1 can be found in Confidential Attachment A.

Table No. 1 – Avista 2023-2026 Supply and Demand Forecast

Resource Category	P/T Ratio	CO2e Rate	Total CO2e Allowances	2023 (CEIP) Total MWh	2023 (CEIP) WA MWh	2023 (CEIP) CO2e	2024 (CEIP) Total MWh	2024 (CEIP) WA MWh	2024 (CEIP) CO2e
Non-Emitting Plants	65.64%	-	-	6,246,298	4,100,070	-	6,642,778	4,360,319	-
Coal Plants	65.64%	1.0614	3,062,366	1,525,677	1,001,454	1,062,943	1,462,803	960,184	1,019,139
Gas Plants	65.64%	0.4354	3,999,866	3,996,353	2,623,206	1,142,144	3,757,956	2,466,722	1,074,011
Market Purchases (unspecified)	65.64%	0.4370	216,377	40,944	26,876	11,745	69,505	45,623	19,937
Market Sales	65.64%	-	-	(2,531,535)	(1,661,700)	-	(2,618,240)	(1,718,613)	-
Total			**7,278,609**	**9,277,736**	**6,089,906**	**2,216,832**	**9,314,801**	**6,114,235**	**2,113,087**

Resource Category	2025 (CEIP) Total MWh	2025 (CEIP) WA MWh	2025 (CEIP) CO2e	2026 (2021 IRP) Total MWh	2026 (2021 IRP) WA MWh	2026 (2021 IRP) CO2e
Non-Emitting Plants	6,909,490	4,535,389	-	7,083,565	4,649,652	-
Coal Plants	1,407,033	923,576	980,284	-	-	-
Gas Plants	3,271,334	2,147,304	934,936	2,969,858	1,949,415	848,775
Market Purchases (unspecified)	129,571	85,051	37,167	514,310	337,593	147,528
Market Sales	(2,366,279)	(1,553,225)	-	(1,168,108)	(766,746)	-
Total	**9,351,150**	**6,138,095**	**1,952,387**	**9,399,625**	**6,169,914**	**996,303**

6 Ecology's preferred data source is the Commission-approved 2021 Clean Energy Implementation Plan (CEIP) which provides the forecast through calendar year 2025. Avista's 2021 CEIP was approved on June 23, 2021, by way of Order 01 in Docket UE-210628. Since the Company's CEIP forecast does not contain forecasted values for 2026, Avista used Ecology's second-preferred data source for its 2026 forecast data, the Company's most recently

filed Integrated Resource Plan, which was filed in 2021 (2021 IRP).[1] Avista has made no material assumption changes to the CEIP and IRP results for the CCA forecast.

7 The 2021 CEIP (years 2023-2025) and 2021 IRP (year 2026) have hourly forecasted dispatch for all resources, including the Ecology categories of natural gas, coal, and unspecified purchases. The provided forecast adds up each category's hourly data and displays them in Table No. 1, above.

8 Beyond the source of carbon-emitting (natural gas and unspecified purchases through 2026, and coal through 2025) resources, the rule provides multi-jurisdictional utility emission allowances based on the share of output serving Washington customers (i.e., Washington load). To calculate the Company's allowances attributable to its Washington load, Avista's forecast used the Production/Transmission (P/T) ratio from its most recently approved general rate case, or 65.64%.[2]

9 The final assumption in the forecast is the allowances granted for each megawatt-hour of generation from emitting resources. The Company used Ecology-defined emissions factors, as displayed in Table No. 1 above, for its assumptions.

IV. ANNUAL UPDATES

10 Avista does not currently see a need for revisiting CCA forecasts annually. Ecology's final rules envision a true-up mechanism each year whereby if more or fewer allowances are required relative to the forecast of allowances, an adjustment for the difference is granted for the next compliance year. This provision, combined with a 4-year compliance period, should in most

[1] Docket UE-200301.
[2] Docket UE-200900.

cases ensure Avista customers are not burdened by varying hydro, load, and other unanticipated conditions.

11 An exception might occur in the final year of a compliance period. Where hydro or load conditions differ materially in the last year of the compliance period as compared to the forecast, relief granted in the form of additional allocations in the following year would not protect utility customers from no-cost allowance shortages in the last year of the compliance period. As a result, the utility would need to purchase allowances from auction to cover the shortfall. With high load and hydro correlations across the Northwest, buying allowances in this situation could occur at a premium. For this reason, Avista recommends the Commission not require annual updates, rather provide a means whereby utilities could propose to update their Commission approved forecasts when material deficiencies or surpluses are expected to occur and are outside of the control of the utility. If a utility were to propose such an update, the Commission would retain authority to determine if the updated forecast should be approved or not.

12 Finally, differences between forecasts and actuals created by early emissions reduction should not cause utility allocations to be lowered in an annual or other adjustment outside of the standard 4-year compliance period forecasting processes, as such reductions would severely reduce or eliminate incentives for early emissions reductions.

V. REQUEST FOR RELIEF

13 WHEREFORE, Avista respectfully requests that the Commission issue an Order approving its four-year demand and resource supply forecasts, as described above.

DATED this 27th day of December 2022.

By: Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy