

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62
QUALIFYING FACILITIES
WASHINGTON

AVAILABLE:

In all the electric territory served by Avista in the State of Washington.

APPLICABILITY:

Except as expressly provided herein, this schedule is only applicable to any individual, partnership, corporation, association, governmental agency, political subdivision, municipality, or other entity (the "Customer") installing, owning and generating electricity for delivery to the Company at a point of delivery on the Company's electrical system in the State of Washington where: a) the facility is a Qualifying Facility ("QF"), meaning either a cogeneration facility or a small power production facility, pursuant to Section 201 of the Public Utility Regulatory Policies Act of 1978 and defined in WAC Chapter 480-106, and b) output is offered for sale to Avista pursuant to WAC Chapter 480-106.

Avista's contracting procedures and standard contract provisions filed with the Commission shall be used where applicable.

POWER RATES:

Avista will pay the following avoided cost rates for delivered electricity, paid in United States dollars based on megawatt-hour (or partial megawatt-hour) production:

I. Power Rate Options Available to Qualifying Facilities with a nameplate rating of five (5) megawatts alternating current (MW-AC) or less.

(1) Specified Term-Standard Power Rates

(a) Total payment will be the summation of energy and applicable capacity values in their associated tables.

(b) This schedule includes compensation for RECs; they become the property of Avista.

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Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

By Patrick Ehrbar, Director, Regulatory Affairs



WN U-28

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Schedule 62 QF Avoided Costs
Biomass Standard Power Rates

Non-Capacity Energy (with Clean Premium) Values (\$/MWh)

Table with columns for months from 2021 to 2045. Data includes values for HUH, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec for each year. Values generally range from \$20 to \$80 per MWh, showing a slight upward trend over time.

Levelized Hourly Capacity Values Applied to All Sales in All Contract Years Base on First Year of Contract Delivery (\$/MWh)

Table with columns for months from 2021 to 2045. Data includes values for All Hrs, New, and Renew. Values are consistently low, around \$18 to \$21 per MWh.

Estimated 2023 Combined Average Annual Rate (Energy & Capacity, \$/MWh)

Table with columns for months from 2021 to 2045. Data includes values for All Hrs, New, and Renew. Values are consistently low, around \$60 to \$75 per MWh.

- 1. All new resource contracts must begin delivery within 3 years of execution, renewal OF contract terms must begin at time of existing contract expiration.
2. Contract renewals receive a 10-year renewal (Renew) rate; new (New) contracts receive a 15-year rate.
3. OF may cease deliveries during periods where prices are negative.
4. Capacity rate is based on first contract delivery year. For example, a contract with first delivery in 2025 will receive the 2025 rate for all MWh delivered over the entire 10-year (Renew) or 15-year (New) contract term.
5. Avoided capacity cost is based on levelized 2021 IRR 66-76.03 Simple Cycle machine cost in first deficit year (2027)
6. Estimated Average Annual Rate is for illustration purposes only based on IRR delivery shapes. Ultimately, the OF rate will depend on its actual deliveries over the contract term.

Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

By Patrick Ehrbar, Director, Regulatory Affairs

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Schedule 62 QF Avoided Costs
Solar4HrBattery Standard Power Rates

Non-Capacity Energy (with Clean Premium) Values (\$/MWh)

Table with columns for months (Jan to Dec) and years (2021 to 2045) showing avoided costs values.

Levelized Hourly Capacity Values Applied to All Sales In All Contract Years Base on First Year of Contract Delivery (\$/MWh)

Table with columns for months (Jan to Dec) and years (2021 to 2045) showing levelized hourly capacity values.

Estimated 2023 Combined Average Annual Rate (Energy & Capacity, \$/MWh)

Table with columns for months (Jan to Dec) and years (2021 to 2045) showing estimated 2023 combined average annual rates.

- 1. All new resource contracts must begin delivery within 3 years of execution; renewal/QF contract terms must begin at time of existing contract expiration.
2. Contract renewals receive a 10-year renewal (Renew) rate; new (New) contracts receive a 15-year rate.
3. QF may cease deliveries during periods where prices are negative.
4. Capacity rate is based on first contract delivery year. For example, a contract with first delivery in 2025 will receive the 2025 rate for all MWh delivered over the entire 10-year (renewal) or 15-year (new) contract term.
5. Avoided capacity cost is based on levelized 2021 IRP GE-7E.03 Simple Cycle machine cost in first deficit year (2027)
6. Estimated Average Annual Rate is for illustration purposes only based on IRP delivery shapes. Ultimately the QF rate will depend on its actual deliveries over the contract term.

Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

By Patrick Ehrbar, Director, Regulatory Affairs

Signature of Patrick Ehrbar

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Schedule 62 QF Avoided Costs
Summer Hydro Standard Power Rates

Non-Capacity Energy (with Clean Premium) Values (\$/MWh)

Table with columns for months (Jan-Dec) and years (2021-2045) showing avoided cost values. Values range from approximately \$14.54 in 2021 to \$51.61 in 2045.

Levelized Hourly Capacity Values Applied to All Sales In All Contract Years Base on First Year of Contract Delivery (\$/MWh)

Table with columns for months (Jan-Dec) and years (2021-2045) showing levelized hourly capacity values. Values range from approximately \$4.81 in 2021 to \$18.21 in 2022.

Estimated 2023 Combined Average Annual Rate (Energy & Capacity, \$/MWh)

Table with columns for months (Jan-Dec) and years (2021-2045) showing estimated 2023 combined average annual rates. Values range from approximately \$48.04 in 2021 to \$55.94 in 2022.

- 1. All new resource contracts must begin delivery within 3 years of execution; renewal QF contract terms must begin at time of existing contract expiration.
2. Contract renewals receive a 10-year renewal (Renew) rate; new (New) contracts receive a 15-year rate.
3. QF may cease deliveries during periods where prices are negative.
4. Capacity rate is based on first contract delivery year. For example, a contract with first delivery in 2025 will receive the 2025 rate for all MWh delivered over the entire 10-year (renewal) or 15-year (new) contract term.
5. Avoided capacity cost is based on levelized 2021 IIP QF-7E 03 Simple Cycle machine cost in first deficit year (2027)
6. Estimated Average Annual Rate is for illustration purposes only based on IIP delivery shapes. Ultimately the QF rate will depend on its actual deliveries over the contract term.

(K) Material transferred to Original Sheet 62L.

Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

By Patrick Ehrbar, Director, Regulatory Affairs

Signature of Patrick Ehrbar

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(2) Short Term–Time of Delivery Power Rates

- (a) Total payment will be the summation of the energy and applicable capacity payment on a per-delivered MWh basis.
- (b) The energy payment shall be equal to the summation of all metered net output of the QF multiplied by the Powerdex Hourly Mid-Columbia Electricity Index (“Mid-C Index”) price in effect at the time of the delivery. Where the Mid-C Index ceases to exist, its successor will be used. Where no successor exists, another index shall be agreed to by the parties.
- (c) The capacity payment will be the “Levelized Hourly Capacity Values Applied to All Sales in All Contract Years Based on First Year of Contract Delivery (\$/MWh)” rates from the Specified Term–Standard Power Rates section applicable to the QF resource type.
- (d) This schedule does not provide compensation for RECs; they remain the property of the customer.

(3) As-Available Power Rates

The As-Available Power Rate shall apply to all customers providing QF output to the Company on an as-available basis. It shall be based on the Powerdex hourly Mid-C Index for electricity, calculated on an hourly or monthly basis as determined by the Company. Where the Mid-C Index ceases to exist, its successor will be used. Where no successor exists, another index shall be agreed to by the parties. There will be no capacity payment made for As-Available deliveries. This schedule does not provide compensation for RECs; they remain the property of the customer.

II. Power Rates Available to Qualifying Facilities with a nameplate rating exceeding five (5) MW-AC.

- (1) IRP-Based Rates – IRP-Based Rates are calculated using a Commission-approved methodology. In the absence of an approved methodology, IRP-Based Rates will be calculated in a manner consistent with the last acknowledged Integrated Resource Plan. For illustrative purposes, the present forecasts of capacity and energy, both independently and combined, are provided below.

(M) Material transferred from Seventh Substitute Original Revision sheet 62C.
(K) Material transferred to Original Sheet 62N.

Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

By Patrick Ehrbar, Director, Regulatory Affairs



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Schedule 62 QF Avoided Costs
7x24 Base Load Standard Power Rates

Non-Capacity Energy (with Clean Premium) Values (\$/MWh)

Table with columns for months (Jan to Dec) and years (2021 to 2045) showing avoided costs in \$/MWh.

Levelized Hourly Capacity Values Applied to All Sales in All Contract Years Base on First Year of Contract Delivery (\$/MWh)

Table with columns for months (All Hrs, New, Renew) and years (2021 to 2045) showing levelized hourly capacity values.

Estimated 2023 Combined Average Annual Rate (Energy & Capacity, \$/MWh)

Table with columns for months (All Hrs, New, Renew) and years (2021 to 2045) showing estimated average annual rates.

- 1. All new resource contracts must begin delivery within 3 years of execution; renewal of contract terms must begin at time of existing contract expiration.
2. Contract renewals receive a 10-year renewal (Renew) rate; new (New) contracts receive a 15-year rate.
3. OF may cease deliveries during periods where prices are negative.
4. Capacity rate is based on first contract delivery year. For example, a contract with first delivery in 2023 will receive the 2023 rate for all MWh delivered over the entire 10-year (renewal) or 15-year (new) contract term.
5. Avoided capacity cost is based on levelized 2011 IRR 66-7E-03 Simple Cycle machine cost in first deficit year (2027)
6. Estimated Average Annual Rate is for illustration purposes only based on IRR delivery shapes. Ultimately, the OF rate will depend on its actual deliveries over the contract term.

(K) Material transferred to Original Sheet 62O.

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Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

By Patrick Ehrbar, Director, Regulatory Affairs

Patrick Ehrbar (Signature)

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(2) As-Available Power Rates – The As-Available Power Rate will be negotiated on a case-by-case basis reflecting the unique attributes of the QF facility and the Company’s avoided costs.

(3) Non-Binding Term Sheets for QFs with nameplate capacities exceeding 5 MW-AC can be found at: <https://myavista.com/about-us/services-and-resources/interconnection>.

III. Contracting Procedures.

These contracting procedures are provided by Avista pursuant to WAC 480-106-030(2) and apply to Qualifying Facilities. They apply to any Customer intending to contract to deliver the output from its Qualifying Facility to the Company at a point of delivery on the Company’s electrical system in the State of Washington. These contracting procedures may be adjusted periodically.

(1) Procedures

A. To obtain an indicative pricing proposal for a proposed Qualifying Facility, the Customer shall provide the Company information that is reasonably required to develop such a proposal. Indicative pricing for facilities with a nameplate generation capacity of five megawatts (5 MW) or less shall be the Power Rates contained in this schedule. Existing Qualifying Facilities that are seeking to renew an expiring contract with Avista are not required to provide information previously provided to Avista, but shall provide Avista any updates to the information previously provided. General information regarding a Qualifying Facility shall include:

- i) Qualifying Facility owner name, organizational structure and chart, and contact information;
- ii) generation and other related technology applicable to the Qualifying Facility;
- iii) design capacity, station service requirements, and the net amount of power, all in kilowatts (kW), to be delivered to the Company’s electric system by the Qualifying Facility;
- iv) schedule of estimated Qualifying Facility electric output, in an 8,760-hour electronic spreadsheet format;
- v) ability, if any, of Qualifying Facility to respond to dispatch orders from the Company;

(K) Material transferred to Original Sheet 62P.

(M) Material transferred from Fifth Substitute Original Revision Sheet 62F.

Issued October 26, 2022

Effective January 1, 2023

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- vi) map of Qualifying Facility location, electrical interconnection point, and point of delivery;
- vii) anticipated commencement date for delivery of electric output;
- viii) list of acquired and outstanding Qualifying Facility permits, including a description of the status and timeline for acquisition of any outstanding permits;
- ix) demonstration of ability to obtain Qualifying Facility status;
- x) fuel type(s) and source(s);
- xi) plans to obtain, or actual, fuel and transportation agreements, if applicable;
- xii) where Qualifying Facility is or will be interconnected to an electrical system besides the Company's, plans to obtain, or actual, electricity transmission agreements with the interconnected system; *and*
- xiii) interconnection agreement status.

B. Where the Company determines that the Customer has not provided some or all of the information that is required by Section (1)A, the Company shall, within ten (10) business days of the date that Customer provides information to the Company pursuant to Section (1)A, notify the Customer in writing of any deficiencies.

C. Following the Company's receipt of all information required in Section (1)A, the Company shall, within twenty (20) business days of such receipt of information, provide the Customer with an indicative pricing proposal containing terms and conditions tailored to the individual characteristics of the proposed Qualifying Facility; provided, however, that for Qualifying Facilities eligible for Published Rates pursuant to the Washington Utilities and Transportation Commission's eligibility requirements, the indicative pricing proposal shall be the Power Rates contained in this schedule which shall be deemed to be provided to the Customer on the day the Company receives all of the information required in Section (1)A and the proposed non-price terms and conditions shall be as set forth in the Form of Power Purchase Agreement for Small Qualifying Facilities on file with the Washington Utilities and Transportation Commission.

(M) Material transferred from Fifth Substitute Original Sheet 62G.

Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

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D. The indicative pricing proposal provided to the Customer pursuant to Section (1)C will not be final or binding on either party. Prices and other terms and conditions will become final and binding on the parties under only two conditions:

i) The prices and other terms contained in a power purchase agreement shall become final and binding upon full execution of such power purchase agreement by both parties, or

ii) If an irreconcilable disagreement arises during the contracting process, the Company or the Customer may petition the Washington Utilities and Transportation Commission to resolve the disagreement, which may include making a determination about whether the Customer is entitled to a legally enforceable obligation in the absence of a fully executed power purchase agreement for the output of such Qualifying Facility and, if so, the date such legally enforceable obligation occurred.

E. If the Customer desires to proceed with contracting its Qualifying Facility with the Company after reviewing the indicative pricing proposal provided in accordance with Section (1)C, it shall provide the Company with any additional information that the Company reasonably determines necessary for the preparation of a draft power purchase agreement, which shall include:

i) updated information of the categories described in Section (1)A;

ii) evidence of site control for the entire contracting term;

iii) anticipated timelines for completion of key Qualifying Facility milestones, to include:

a. licenses, permits, and other necessary approvals;

b. funding;

c. Qualifying Facility engineering and drawings;

d. significant equipment purchases;

e. construction agreement(s);

f. interconnection agreement(s); and

g. signing of third-party transmission agreements, where applicable; and,

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(M) Material transferred from Fifth Substitute Original Sheet 62H.

Issued October 26, 2022

Effective January 1, 2023

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iv) additional information as explained in the Company's indicative pricing proposal.

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F. If the Company determines that the Customer has not provided sufficient information as required by Section (1)E, the Company shall, within ten (10) business days of the date that Customer provides information to the Company pursuant to Section (1)E, notify the Customer in writing of any deficiency.

G. Following satisfactory receipt of all information required in Section (1)E, the Company shall, within fifteen (15) business days of the Company's receipt of the information required in Section (1)E, provide the Customer with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions; provided, however, that for Qualifying Facilities that are eligible for Published Rates pursuant to the Washington Utilities and Transportation Commission's eligibility requirements, the draft power purchase agreement shall be the Form of Power Purchase Agreement for Small Qualifying Facilities on file with the Washington Utilities and Transportation Commission. The draft power purchase agreement provided to the Customer pursuant to this Section (1)G shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company.

H. Within ninety (90) calendar days after its receipt of the draft power purchase agreement from the Company pursuant to Section (1)G, the Customer shall review the draft power purchase agreement and shall: i) notify the Company in writing that it accepts the terms and conditions of the draft power purchase agreement and is ready to execute a power purchase agreement with same or similar terms and conditions as the draft contract; or ii) provide the Company with written comments and proposals based on the draft power purchase agreement. The Company shall not be obligated to commence negotiations with a Customer or draft a final power purchase agreement unless or until the Company has timely received an initial set of written comments and proposals from the Customer, or notice from the Customer that it has no such comments or proposals, in accordance with this Section (1)H.

I. After Customer has satisfied the requirements set forth in Section (1)H above, unless the Customer has notified the Company in writing that it accepts the terms and conditions of the draft power purchase agreement and that it does not have any additional issues to discuss prior to executing a final power purchase agreement, Customer shall contact the Company to schedule a meeting to negotiate or discuss any issues regarding the draft power purchase agreement.

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(M) Material transferred from Fifth Substitute Original Sheet 62I.

Issued October 26, 2022

Effective January 1, 2023

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The Company may request such a meeting if it has any issues regarding the Qualifying Facility or draft power purchase agreement that it wants to discuss with the Customer prior to executing a final power purchase agreement. All meetings scheduled pursuant to this Section (1)(I) shall be scheduled at such times and places as are mutually agreeable to the parties.

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- J. In connection with any contract negotiations between the Company and the Customer, the Company:
 - i) shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the Customer;
 - ii) may request to visit the site of the proposed Qualifying Facility if such a visit has not previously occurred;
 - iii) shall update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed Qualifying Facility or proposed terms of the draft power purchase agreement;
 - iv) may request any additional information from the Customer necessary to finalize the terms of the power purchase agreement and to satisfy the Company's due diligence with respect to the Qualifying Facility.

- K. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, including the price to be paid for delivered power pursuant to such draft agreement, the Company shall prepare and forward to the Customer, within ten (10) business days, a final, executable version of the power purchase agreement.

- L. The Customer shall, within sixty (60) business days of its receipt of a final, executable version of the power purchase agreement, execute and return the final power purchase agreement to the Company.

- M. Where the Customer timely executes and returns the final power purchase agreement to the Company in accordance with Section (1)L, the Company will, within sixty (60) business days of its receipt of the power purchase agreement executed by the Customer, execute such power purchase agreement.

- N. Failure of the Customer to meet any timelines set forth in this Section relieves the Company of any obligation under this tariff until such time as the Customer

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(M) Material transferred from Original Sheet 62N and Fifth Substitute Original Sheet 62J.

Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

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resubmits its Qualifying Facility and the procedures begin anew. If the Customer does not execute the final power purchase agreement per Section (1)L, such final power purchase agreement shall be deemed withdrawn and the Company shall have no further obligation to the Customer under this tariff unless or until such time the Customer resubmits the Qualifying Facility to the Company in accordance with this Schedule.

- (2) The Company's obligation to purchase a Qualifying Facility's energy and/or capacity is conditioned upon the Qualifying Facility obtaining a valid interconnection agreement prior to its first delivery of such output. Where the Qualifying Facility will be interconnected to a third-party electrical system, the Company's obligation to purchase such electrical output will be conditioned on the Customer obtaining a firm transmission agreement or agreements to deliver electrical output to the Company's system for the term of the power purchase agreement.

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(M) Material transferred from Fifth Substitute Original Sheet 62K.

Issued October 26, 2022

Effective January 1, 2023

Issued by Avista Corporation

By Patrick Ehrbar, Director, Regulatory Affairs

