



**Progress Report on Avista's
2019/20 Electric Integrated Resource Plan
UE-180738**

October 25, 2019

2019/20 Electric Integrated Resource Planning (IRP) Progress Report

The Company submits the IRP to the Commission every two years as outlined in WAC 480-100-238. The IRP is a methodology to identify and evaluate various resource options and is a process to establish a plan of action for resource decisions. Avista uses Energy Exemplar's Aurora for electric market price forecasting, resource valuation and for conducting Monte-Carlo style risk analyses of the electric market place. Avista also uses an internally developed PRiSM model to fill future capacity and energy (physical/renewable) deficits using an efficient frontier approach to evaluate quantitative resource portfolio risk versus resource portfolio cost while accounting for environmental laws and regulations. Avista uses a public process to solicit technical expertise and feedback throughout the development of the IRP through a series of TAC meetings.

Avista's next IRP was due to be filed with the Commission on or before August 31, 2019. Avista first submitted its 2019 Electric IRP Work Plan to the Commission on August 31, 2018 in Docket No. UE-180738. Prior to filing the IRP Work Plan, Avista met with its Technical Advisory Committee (TAC) on July 25th, 2018 to review Avista's planning process for this IRP. Avista again met with the TAC on November 27, 2018 to cover modeling assumptions and discuss future planning analysis to implement the Work Plan.

On February 28, 2019, Avista filed for, and was granted, an extension to move the IRP filing date from August 31, 2019 to February 28, 2020 in Washington.¹ This request was requested due to pending comprehensive energy legislation.

Avista continued to update the TAC regarding any new state policy changes and met with the TAC on April 16, 2019 to discuss transmission and distribution planning, demand side alternatives for meeting customer energy and capacity requirements along with a legislative update. The Clean Energy Transformation Act (CETA) was ultimately passed and signed by the Governor. Avista then restarted its planning process to file a new IRP on February 28, 2020 with a clear directive of how to plan for the goals of CETA. Going forward the plan was referred to as the "2020 IRP."

¹ Avista was also granted a six-month delay in the state of Idaho.

With the new directives coming from the effects of CETA, Avista met with the TAC on August 6, 2019 and October 15, 2019 to discuss electric and natural gas price forecasts, resource need assessments, and provided a draft resource plan to meet Avista's capacity and energy requirements along with known CETA requirements. All correspondence with the TAC members is available on Avista's website and the presentations are included in this filing as Exhibit A.²

Avista continues to be engaged in the Rulemaking processes with both the Department of Commerce and the Washington Utilities and Transportation Commission on the implementation of CETA and how it will affect future IRPs. Avista plans to have one additional TAC meeting (currently scheduled for November 19, 2019) and will complete its electric IRP on February 28, 2020.

Going forward, it is Avista's understanding that Washington's future IRP requirements may be postponed while the Rulemaking to implement CETA continues. It is Avista's hope that the Company will be given adequate time before filing its next IRP to adequately prepare its plan to meet the new requirements.

Notwithstanding the current IRP process in Washington State, Avista will continue to develop its resource plan for compliance in Idaho and ensure all customers have a least cost plan to meet their energy and capacity requirements. Avista is considering the future bifurcation of the planning process between the States of Idaho and Washington due to incongruent state policies and IRP filing requirements beginning with the completion of the 2020 IRP process.

² <https://myavista.com/about-us/our-company/integrated-resource-planning>.