

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Avista Corporation d/b/a
Avista Corporation d/b/a/ Avista Utilities'
Draft 2025 All-Source Request for
Proposals for Resources**

DOCKET UE-250155

**COMMISSION STAFF COMMENTS REGARDING
AVISTA CORPORATION d/b/a AVISTA UTILITIES'S
2025 ALL-SOURCE REQUEST FOR PROPOSALS FOR RESOURCES
PURSUANT TO RCWs 19.405, 19.280 AND WAC 480-107**

April 24, 2025

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Introduction

On March 10, 2025, Avista Corporation d/b/a Avista Utilities (Avista or Company), filed with the Washington Utilities and Transportation Commission (Commission) its Draft All-Source Request for Proposals for Resources (RFP) in Docket UE-250155, as required by rule.

On March 12, 2025, the Commission issued a Notice of Opportunity to Provide Written Comments. The public participation schedule includes a 45-day period for public review and comments, and a 75-day period for the Commission to deliberate.¹

Avista filed its 2025 integrated resource plan (IRP) with the Commission on January 1, 2025. The IRP is important in the energy planning process because if the utility identifies a *resource need* within the following four years, the utility **must file** a proposed RFP and accompanying documentation with the Commission within 120 days.²

The draft RFP is currently scheduled for Commission decision at the Commission's Open Meeting to be held on Thursday, May 22, 2025, to ensure Avista's draft RFP satisfies its public service obligations. The Commission will consider the information obtained through these bidding procedures when it evaluates the performance of the utility in rate and other proceedings.

Staff assessment of Avista's Draft RFP

Commission Staff's (Staff) review is guided by rule and statute. The Commission rules most applicable to this filing are the Purchases of Resources rules in Chapter 480-107 WAC. Staff provide several specific recommendations to improve the RFP to ensure that all customers are benefiting from the transition to clean energy.³

Staff appreciates Avista's commitment to a collaborative and transparent process. Staff met with Avista representatives ahead of filing these comments and discussed several areas where the Company could provide additional information to strengthen its RFP and comply with rule. These recommendations are summarized in Table 1 below. It is Staff's understanding that Avista intends to either file supplemental information in the docket or include information in a revised RFP filing as appropriate to address the recommendations in Table 1.

¹ WAC 480-107-017.

² WAC 480-107-017(1).

³ RCW 19.280.030 and 19.405.040.

Table 1. Staff recommendations for Avista's final 2025 All-source RFP

Topic	No.	Staff Recommendation
Independent Evaluator	1	Provide additional detail in the final RFP on the methods Avista uses to ensure that both itself and the independent evaluator will not improperly disclose any information to the personnel involved in developing Avista's own potential bids into this RFP.
Evaluation methodology	2	Remove the confidential designation of the weights and scores associated with the evaluation methodology.
Equitable processes	3	Provide supplemental information in this docket that clearly outlines how Avista complies with WAC 480-107-025(2). Specifically, Avista should outline how it is requesting information from bidders related to its CBIs.
	4	Provide additional information that justifies the current weighting of the "social and community" category. Specifically, Avista should demonstrate if it is possible for a bid that scores highly in this category but lower on other higher weighted categories to be selected over other bids.
	5	Include in a revised RFP, or file supplemental information demonstrating how Avista will conduct targeted outreach to under-represented bidders.
Demand response	6	Ensure that demand response programs are evaluated fairly against traditional supply-side resources. Avista should update its demand response assumptions in future relevant proceedings based on the results of this RFP.
	7	Revise the RFP filing to ensure that it provides sufficient and detailed information that would allow bidders to provide information on stacked values of benefits and costs of demand response programs.

Resource need

Avista's 2025 IRP showed a capacity shortfall within the next four years, and its proposed preferred portfolio solutions included 5 megawatts (MW) of demand response by 2029 and 200 MW of wind starting in 2029.⁴ The Company's 2025 IRP indicated that acquiring resources ahead of need may be cost effective; therefore, the RFP does not contain requirements that resources be deferred to match the expected online dates indicated in the 2025 IRP.⁵

⁴ 2025 Electric Integrated Resource Plan in UE-230793 at page 8.

⁵ UE-230793.

Avista's RFP seeks 75-375 MW of winter capacity and 50-350 MW of summer capacity by 2029 or earlier, with up to 200 average megawatts of renewable or non-emitting resources. The Company seeks demand response resources starting as early as 2026. This all-source RFP allows bids from all types of resources that may fill all or part of the resource need.⁶

Independent evaluator

Since Avista may consider submitting a self-build proposal as a part of this RFP, it is required to use an independent evaluator (IE) to ensure that its own potential bid is evaluated fairly against all other potential bids.⁷ The Commission approved its selection of an IE, Procure Power, on February 13, 2025.⁸ Staff notes that in accordance with rule, in its RFP Avista must detail the methods it uses to ensure that both itself and the IE will not improperly disclose any information to Avista personnel involved in developing internal bids.⁹ Staff discussed this requirement with the Company and believes that Avista can fulfill this requirement by providing additional detail on any formal internal processes it uses, in a subsequent revision of the filing. Staff looks forward to additional discussions with Procure Power as the RFP process continues, to ensure that Avista's process remains fair, and in the public interest.

Recommendation: Staff recommends that Avista provide additional detail in the final RFP on the methods it uses to ensure that both itself and the IE will not improperly disclose any information to the personnel involved in developing Avista's own potential bids into this RFP.

Evaluation methodology

After an initial screening of bids, Avista plans to evaluate and rank proposals using an established evaluation methodology.¹⁰ The Company proposes the following categories of evaluation:

- Risk management
- Financial analysis
- Price risk
- Electric risk factors
- Environmental factors
- Social and community

⁶ WAC 480-107-009.

⁷ WAC 480-107- 023(1).

⁸ Order 01 in Docket UE-250024.

⁹ WAC 480-107-024 (3).

¹⁰ Docket UE-250155 Exhibit D and E.

Each category has associated weights, and descriptions for what elements result in a bid receiving additional points, or a reduction in points. In the filing Avista submitted, these weights and points are marked as confidential, which would be revealed to potential bidders after they sign a confidentiality agreement. Staff believes that this RFP and future RFPs should not have these elements marked confidential, to better allow for transparency for bidders and the public. Further, Avista would be better able to adhere with rule if the weights and scoring were not kept confidential in this filing.¹¹

Recommendation: Staff recommends Avista remove the confidential designation of the weights and scores associated with the evaluation methodology.

Equitable processes and outcomes

Staff commends Avista's commitment to improving upon how its RFP can become more equitable, and suggests areas for improvement. Avista is subject to the Clean Energy Transformation Act which requires that the Company ensure an equitable distribution of benefits and burdens of the transformation to clean energy.¹² To that end, this RFP must also demonstrate that Avista requests information from bidders, and evaluates bids in a way that would help it to achieve that requirement.¹³ Specifically, the rule requires that after the Commission has approved the Company's first Clean Energy Implementation Plan (CEIP),¹⁴ Avista should request information from bidders related to its customer benefit indicators (CBIs).

In conversations with Avista, Staff understands that the Company believes that it did provide the necessary information included in its CBIs in this evaluation methodology in Exhibit D and E. The Company acknowledges that it did not label that information as related to particular CBIs, but that the necessary information is included in the evaluation methodology documents. Avista believes that it has the responsibility to ensure that the information it requests from bidders can be translated into CBI metrics. Nonetheless, Staff believes that to be transparent for the public and all interested parties, the Company should provide additional information that clearly details how it is requesting information from bidders related to its CBIs, as outlined in the rule.¹⁵

Staff is amenable to the Company providing this as a supplemental workpaper in this docket that shows where its CBI information shows up in the evaluation methodology, rather than requiring the Company to include the terminology of a "customer benefit indicator" in Exhibit D.

¹¹ WAC 480-107-025 (4).

¹² RCW 19.405.010 (6).

¹³ WAC 480-107-025 (2).

¹⁴ Docket UE-210628.

¹⁵ WAC 480-107-025 (2).

Recommendation: Staff recommends that Avista provide supplemental information in this docket that clearly outlines how it complies with WAC 480-107-025(2). Specifically, Avista should outline how it is requesting information from bidders related to its CBIs.

Next, Staff questions if the weighting assigned to the “social and community” category of the evaluation methodology is sufficient. Staff is uncertain that a bid that scores highly on equity factors but lower on other higher-weighted factors would be selected given its current weighting. Staff highlighted the same question in comments on Avista’s 2021 RFP and notes that this weight has not changed since then.¹⁶ However, Staff also acknowledges that factors such as cost has eventual rate impacts as well, which affects customer burdens. When reviewing the short-listed bids from the 2021 RFP, Staff notes that there appear to be bids that scored highly on the non-energy impact category but were not selected.¹⁷ There were also bids that scored lower on that category and were still selected.

Recommendation: Staff recommends the Company provide additional information that justifies its current weighting of the “social and community” category. Specifically, Avista should demonstrate if it is possible for a bid that scores highly in this category but lower on other higher weighted categories to be selected over other bids.

Lastly, Staff highlights the requirement that the Company must conduct outreach to potential bidders including nonprofit organizations and under-represented bidders such as minority-, women-, disabled-, and veteran-owned businesses to encourage equitable participation in the RFP process.¹⁸ Avista notes in its cover letter of this filing that it intends to conduct outreach by a broadly-distributed press release, and by directly contacting vendors. Staff believes this is a productive first step and encourages the Company to show how it will specifically target the aforementioned under-represented groups.

Recommendation: Staff recommends that to comply with rule, Avista either include in a revised RFP, or file supplemental information demonstrating how it will conduct targeted outreach to under-represented bidders.

Demand response

Staff highlights how demand response and other distributed energy resources (DER) are vital components of the transition to clean, affordable energy. Since Avista is in the early stages of adopting various demand response programs, Staff believes that this RFP may provide important information about actual demand response costs and availability. This information should be

¹⁶ Docket UE-210832.

¹⁷ AS RFP Summary Report Exhibit E in Docket UE-210832 at page 13.

¹⁸ WAC 480-107-105 (2).

used to update future assumptions in the Company's IRP, and CEIP.

For example, Avista's IRP makes assumptions about the Qualifying Capacity Credit values of demand response. It also makes assumptions about its costs and benefits, customer participation, and general efficacy of the programs in various hours and during various types of events. Understandably, as a utility begins to adopt demand response programs, it can be conservative on how effective it assumes the programs will be, especially when a program relies on voluntary customer participation.

The 2025 IRP predicts that approximately 5 MW of demand response will be cost effective to serve capacity needs over the next four years. Staff expects that the Company will continue to update its assumptions about demand response to reflect actual prices and efficacy. Staff would like to see that demand response resources are given every opportunity to be compared fairly and reasonably against traditional supply-side resources in this RFP.

Further, sometimes All Source RFPs do not result in demand response bids. If that were to be the case, Staff would expect Avista to conduct a targeted demand response RFP.¹⁹

Recommendation: Staff recommends that the Company ensure that demand response programs are evaluated fairly against traditional supply-side resources. Additionally, Avista should update its demand response assumptions in future relevant proceedings based on the results of this RFP.

In rule, the Company must provide sufficiently detailed information that allows bidders to develop demand response bids that include but are not limited to stacked values of benefits and costs.²⁰ Stacked values of benefits and costs generally refers to the multiple types of benefits or costs that a resource can provide across different parts of the electricity system. In this context it could refer to how a single demand response resource could provide avoided capital costs, energy cost savings, ancillary services, or avoided transmission or distribution expansion costs, for example. Staff does not see that stacked values of benefits and costs are specifically mentioned in this RFP.

Recommendation: Staff recommends the Company revise the RFP filing to ensure that it provides sufficient and detailed information that would allow bidders to provide information on stacked values of benefits and costs of demand response programs.

¹⁹ Staff notes that Puget Sound Energy faced this scenario and did this following its 2021 AS RFP.

²⁰ WAC 480-107-105 (7).

Conclusion

Staff reviewed this Draft RFP and believes it is reasonably consistent with Avista's 2025 IRP.

Staff provided initial recommendations in these comments, with the intent that the Company can make these changes, along with any from other interested parties, ahead of the Commission's May 22, 2025, Open Meeting. After the Company makes changes and Staff can review other interested parties' feedback, Staff will again review the new and revised information and make final recommendations ahead of the Open Meeting.