

In the Matter of the Petition of

AVISTA CORPORATION

For an Order Approving the Avoided Cost Rate Methodology for Power Purchases from Large Qualified Facilities per WAC 480-106-050(5)

Docket UE-20-_____

PETITION OF
AVISTA CORPORATION

I. INTRODUCTION

Avista Corporation (“Avista”) respectfully submits this Petition requesting that the Commission approve its Avoided Cost Rate Methodology for Power Purchases from Large Qualified Facilities. Pursuant to WAC 480-106-050(5), Avista is required to file and obtain commission approval of its avoided cost rate methodology for qualifying facilities with capacity greater than five megawatts. The Avoided Cost Rate Methodology for Power Purchases from Large Qualified Facilities (attached hereto as Exhibit A) sets forth the methodology Avista will use to calculate the avoided cost rates to apply to power purchases from qualified facilities¹ (QFs) with total installed capacity of more than five megawatts. Avista requests that the Washington Utilities and Transportation Commission (“Commission”) issue an order approving Avista’s Avoided Cost Rate Methodology for Power Purchases from Large Qualified Facilities, with an effective date of July 22, 2020.

Avista is engaged in the business of providing electric and natural gas service within the State of Washington as a public service company. Avista is subject to the regulatory authority of the Commission.

¹ Qualified facilities means those facilities that are “qualified facilities” pursuant to Part 292 of the Federal Energy Regulatory Commission’s regulations, 18 C.F.R. Part 292. All references in this Petition to large QFs are to QFs with total installed capacity greater than five megawatts.

All correspondence related to this Petition should be directed as follows:

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The following statutes and rules may be brought into issue by this Petition: RCW 34.05.240, RCW 80.28.090, RCW 19.280.020, RCW 19.280.030, RCW 19.280.040, and WAC Chapter 480.

II. PETITION

Avista respectfully requests Commission approval of the Avoided Cost Rate Methodology for Power Purchases from Large Qualified Facilities (“Methodology”), which is attached hereto as Exhibit A. Exhibit A sets forth the Methodology Avista will use to calculate the avoided cost rates to apply to power purchases from qualified facilities² (QFs) with total installed capacity of five megawatts or more.

² Qualified facilities means those facilities that are “qualified facilities” pursuant to Part 292 of the Federal Energy Regulatory Commission’s regulations, 18 C.F.R. Part 292.

The Methodology relies on methodologies and analyses contained in Avista's integrated resource plan ("IRP") to calculate an avoided cost rate for each large QF that is just and reasonable to Avista's customers and in the public interest and that does not discriminate against any QF.³ Avista's Schedule 62 includes estimated avoided costs for large QFs, which are also based on the Methodology. This Petition provides a high-level overview of Avista's Methodology.

In determining avoided costs, FERC requires that, to the extent practicable, utilities take into account certain factors, including data regarding the utility's system cost, the availability of capacity or energy from a QF during the system daily and seasonal peak periods, the relationship of the availability of energy or capacity from the QF to the ability of the electric utility to avoid costs, and the costs of saving resulting from variations in line losses from those that would have existed in the absence of purchases from the QF, if the utility generated an equivalent amount of energy itself or purchased an equivalent amount of electric energy or capacity.⁴ Avista's methodology considers six primary value categories: Energy Value, Peaking Capacity Value, Import/Export Transmission, Variable Energy Resource (VER) Integration Value, Contingency Reserves (CR) Value, and Other Values. Each are detailed in Exhibit A. To the extent practicable, together these value categories take into account the factors required by FERC.

Avista is making significant data available to support of its Large QF methodology, as detailed below:

- 1) Hourly base case market energy prices
- 2) Hourly base case market positions
- 3) Hourly base case firm transmission utilization and surplus/deficit position
- 4) Avoided on-peak capacity values
- 5) IRP on-peak capacity contributions for all IRP generation options
- 6) VER integration values
- 7) CR values

³ See 18 C.F.R. § 292.304(a).

⁴ 18 C.F.R. § 292.304(e).

- 8) Monthly net load/resource balance forecast
- 9) Monthly natural gas price forecast

Given the market sensitive nature of our forward market positions, the Company has provided confidential work papers with this information included. All other data can be found in the Company's redacted work papers.

IV. CONCLUSION

Avista respectfully submits this Petition and requests a declaratory order approving Avista's Methodology as set forth in Exhibit A to this Petition.

Dated this 22 day of May, 2020.

Respectfully submitted,

AVISTA CORPORATION

/s/ Michael G. Andrea
Michael G. Andrea