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 Retention of the Current 2020-2029 Ten-Year Achievable Electric Conservation Potential and 2020-2021 Biennial Conservation Targets	)	Docket No. UE-190912 PETITION OF AVISTA CORPORATION

I. INTRODUCTION

1 In compliance with Order 01 in Docket No. UE-190912, Avista Corporation, doing business as Avista Utilities (Avista or the Company), at 1411 East Mission Avenue, Spokane, Washington, respectfully petitions the Washington Utilities and Transportation Commission (Commission) for an Order approving the Company's request to retain its current biennial conservation targets and ten-year achievable conservation potential. These targets, inclusive of Avista's updated 2019 Conservation Potential Assessment (CPA) analysis, were previously approved by the Commission in the above-referenced Docket on December 17, 2019.

2 Please direct all correspondence related to this Petition as follows:

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II. BACKGROUND

3 Under the Energy Independence Act (EIA or Act), RCW 19.285.040, electric utilities with 25,000 or more customers are required to set and meet energy conservation targets every two years. The Commission disseminated rules implementing the EIA in WAC 480-109-120, which further requires that each utility must file a report with the Commission identifying its 10 year achievable conservation potential and its biennial conservation target every two years.

4 On November 1, 2019, in compliance with RCW 19.285 and WAC 480-109-120, Avista filed its "2020-2021 Biennial Conservation Plan (BCP)", identifying a 2020-2029 ten-year achievable conservation potential of 361,700 megawatt-hours (MWh) and a 2020-2021 conservation target of 72,844 MWh. Table No. 1 below summarizes the derivation of the Company's biennial targets.

Table No. 1: 2020-2021 EIA Target and Goals

Category	MWh
Pro Rata Share of 10-year Conservation Potential	72,340
Distribution and Street Light Efficiency	504
EIA Target	**72,844**
Decoupling Penalty Threshold	3,642
Total Utility Conservation Goal	**76,486**
Excluded Programs (NEEA)	-12,896
Utility Specific Conservation Goal	**63,590**
EIA Penalty Threshold	**59,948**

5 On December 17, 2019, the Commission issued Order 01 in Docket No. UE-190912, accepting Avista's 2020-2029 Ten-Year Achievable Electric Conservation Potential of 361,700 MWh; 2020-2021 EIA Target of 72,844 MWh; 2020-2021 EIA Penalty Threshold of 59,948 MWh; and 2020-2021 Decoupling Penalty Threshold of 3,642 MWh, subject to the conditions

included as Attachment A to the Order.[1] Item 1(b) of Attachment A, the "Proposed Conditions for 2020-2021 Avista Electric Conservation" (Conditions) requires that:

> By April 15, 2020, Avista must file a petition to modify or retain the biennial EIA target, penalty threshold, decoupling penalty threshold, and ten-year potential incorporating the effects of the Clean Energy Transformation Act to the degree possible. The petition must detail how the social cost of greenhouse gas emissions has been included in evaluating conservation targets and why the methodology used is appropriate.

6 As stated in Commission Staff's December 17, 2019 Open Meeting Memo (Memo) in this matter, the filing timeframe for this petition "is intended to allow the utility and stakeholders to gain additional insight into appropriate modeling of the social cost of greenhouse gas (GHG) emissions for conservation targets at the January 16 CETA workshop; sufficient time to revise modeling, targets, and conservation plans as needed; and for 30 days advance notice to the advisory group."[2] On January 16, 2020, the Commission and the Washington Department of Commerce (Commerce) held the aforementioned joint workshop to discuss methodologies for incorporating the social cost of greenhouse gases in resource planning. The agenda included presentations from experts on modeling approaches and included time for workshop participants to provide comments. At the workshop, Avista presented its methodology for including the social cost of carbon in its Integrated Resource Plan (IRP).

III. RESOURCE PLANNING METHODOLOGY

7 Avista's IRP modeling process begins with a wholesale electric market forecast using the Aurora software developed by Energy Exemplar. The objective of Aurora is to estimate future operating conditions for each of the Company's resource options, both supply & demand, in

[1] Docket UE-190912 Order 01, paragraph 33.
[2] Docket Nos. UE-190912 and UG-190920, Open Meeting Memo, page 4.

order to understand the economic value of each option for customers. Next, Avista uses the PRiSM model to select new resources, again for both the supply and demand side, to serve utility load. In this process, Avista incorporates the Social Cost of Carbon (SCC)[3] for each thermal resource option, while also including greenhouse gas emissions associated with short-term market purchases and emission reductions from energy efficiency. For the purpose of modeling GHG emissions associated with short-term market purchases and the GHG emission savings of energy efficiency, Avista uses the annual average regional carbon emission intensity.[4] This method includes emissions from generation production in Washington, Oregon, Idaho, Montana, Utah and Wyoming,[5] divided by the total MWh generated, to arrive at a pounds-per-megawatt-hour (lbs./MWh) estimate. This methodology is designed to replicate the Washington Fuel Mix Disclosure published by the state's Department of Commerce.

8 For supply side resources, Avista does not include the SCC in dispatch decisions within Aurora, but rather includes this cost on the expected emissions from dispatch within PRiSM. If the Aurora model did use SCC prices to dispatch thermal plants, the model would essentially operate Washington affiliated plants at less than actual projections, thereby underestimating future emissions and SCC. It should be noted that Avista only includes the SCC for Washington's share of each thermal resource's emissions.

9 When optimizing Avista's resource portfolio as a whole, Avista includes the social costs in the objective function. The objective function for the IRP is the mathematical equation of PRiSM with the goal to minimize the cost to serve customer's capacity and energy requirements

[3] As approved on September 12, 2019 in Docket No. U-190730.
[4] Avista modified this calculation for market purchases for storage resources due to the charging profile, as it is different than average loads.
[5] Avista also compared this result to only the four northwestern states: Washington, Oregon, Idaho, and Montana.

given the new clean energy requirements of the Clean Energy Transformation Act (CETA). This equation includes SCC for greenhouse gas emissions projections[6] as well as upstream natural gas pipeline emissions and total resource cost (TRC) for energy efficiency programs.

IV. REQUEST TO RETAIN CURRENT TARGETS

10 As noted above, Condition 1(b) of Order 01 in Docket No. UE-190921 requires Avista to "file a petition to modify or retain the biennial EIA target, penalty threshold, decoupling penalty threshold, and ten-year potential incorporating the effects of the Clean Energy Transformation Act to the degree possible. The petition must detail how the social cost of greenhouse gas emissions has been included in evaluating conservation targets and why the methodology used is appropriate". In its initial Biennial Conservation Plan filing on November 1, 2019, Avista stated that although Order 01 of Docket No. UE-180739 had granted the Company authorization to utilized data from its 2017 IRP as the basis for its 2020-2021 biennial acquisition target, the Company instead decided that "for purposes of providing a well-informed I-937 target for this plan, Avista elected to include an I-937 target based on the Company's updated CPA analysis."[7] [Emphasis added] As such, Avista believes that the requested incorporations have already been assimilated into its planning process, and thereby included in its approved BCP targets. Additionally, the Company is committed to working with Commission Staff to provide more granular methods to account for overall greenhouse gas emissions reductions from Energy Efficiency. More specifically, through its IRP process, Avista will work with its Technical Advisory Committee (TAC) to show how its Energy Efficiency programs reduce regional

[6] In its 2021 IRP, Avista will also include emissions from the manufacturing and construction of new power plants in addition to the operations of new and existing power plants.
[7] Avista Utilities 2020-2021 Biennial Conservation Plan, pages 2-3.

greenhouse gas emissions by studying two alternative methodologies: 1) the hourly incremental greenhouse gas intensity method and 2) the hourly average greenhouse intensity method as compared to the annual average intensity methodology. [8] With these planning adaptations already made, the Company remains dedicated to procuring the best resource options for its customers, pursuing all cost effective energy efficiency options, and simultaneously integrating the effects of CETA on an ongoing basis.

V. CONCLUSION

11 WHEREFORE, Avista respectfully requests that the Commission issue an Order approving retention of Avista's 2020-2029 Ten-Year Achievable Electric Conservation Potential of 361,700 MWh; 2020-2021 EIA Target of 72,844 MWh; 2020-2021 EIA Penalty Threshold of 59,948 MWh; and 2020-2021 Decoupling Penalty Threshold of 3,642 MWh, as approved previously on December 17, 2019 by Order 01 in Docket No. UE-190912. Avista's current targets were derived with the effects of the CETA, inclusive of the Social Cost of Carbon, already taken into account, therefore an update to these goals is not warranted at this time.

DATED this _13th__ day of April 2020

By: _____/s/ David Meyer_____
David J. Meyer
Vice President and Chief Counsel for
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[8] This topic is already included as part of the preliminary agenda for Avista's third TAC meeting to occur on Tuesday, September 29, 2020.