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November 1, 2021

Amanda Maxwell,
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

RE: **Avista Utilities 2022 All-Source Request for Proposals**

Dear Mrs. Maxwell:

Avista Corporation, dba Avista Utilities (Avista or the Company), hereby submits to the Washington Utilities and Transportation Commission (Commission) the enclosed Draft 2022 All-Source Request for Proposals for Resources (2022 All-Source RFP) for approval by the Commission and accompanying Exhibits to the 2022 All-Source RFP:

- Exhibit A – Draft Mutual Confidentiality Agreement
- Exhibit B – Draft Preliminary Proposal Information Sheet
- Exhibit C – Draft Short Listed Detailed Proposal Requirements
- Exhibit D – Draft Evaluation Methodology (CONFIDENTIAL)
- Exhibit E – Sample Evaluation Rubric (CONFIDENTIAL)
- Exhibit F – Draft Customer Information Release
- Exhibit G – Draft RFP PPA (Standard Contract) Template

Please note that Exhibits D and E include CONFIDENTIAL information and should be treated as CONFIDENTIAL per WAC 480-07-160.

I. RESOURCE NEEDS

Avista's resource needs are identified in its 2021 Electric Integrated Resource Plan (IRP) which was filed with the Commission on April 1, 2021 in Docket UE-200301, and which was later updated on April 30, 2021 (IRP Update).¹ The 2021 IRP includes a discussion of the electric planning

¹ Docket UE-200301

UE-210382

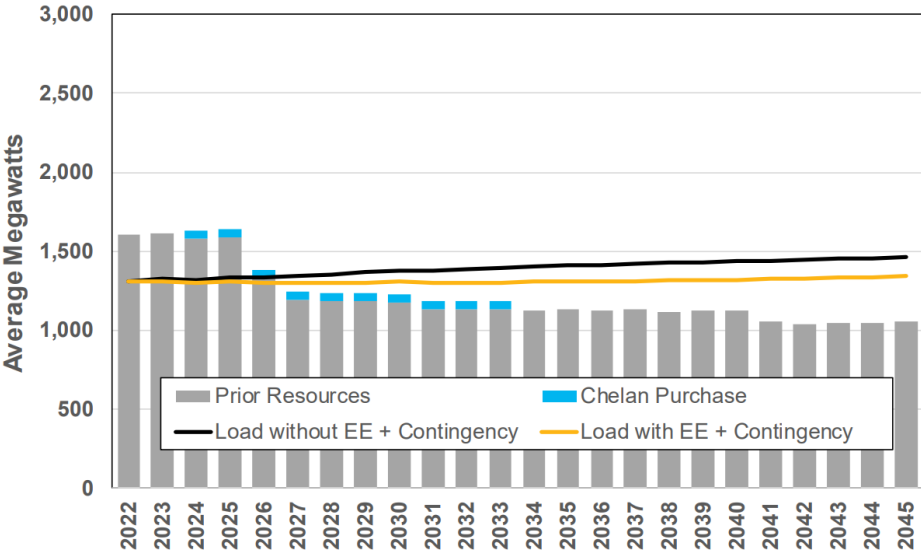
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standard and describes the methodology for analyzing Avista’s resource needs. The 2021 IRP can be found on Avista’s IRP webpage at the following link: www.myavista.com/about-us/integrated-resource-planning .

The 2021 Electric IRP shapes Avista’s resource strategy and planned procurements for the next 24 years. It provides a snapshot of existing resources and Avista’s load forecast. The IRP evaluates supply and demand-side resource options with multiple resource selection strategies over expected and possible future conditions to determine an optimal resource strategy to serve customers. The Preferred Resource Strategy (PRS) relies on modeling methods to balance cost, reliability, rate volatility as well as environmental goals and mandates. Avista’s management and Technical Advisory Committee (TAC) guide the IRP development through input and feedback on modeling and planning assumptions while providing the public with information on future energy requirements.

As further discussed in the 2021 Electric IRP Update, the Company has adequate resources and energy efficiency programs to meet both summer and winter peak load requirements through October 2026. Figure 7 below from the IRP Update shows Avista’s annual resource position through 2045. Pursuant to WAC 480-107-009(2), the deficiency in resources required by Avista to continue to meet both summer and winter peak load requirements beyond 2025 is prompting the need for the 2022 All-Source RFP.

Figure No. 7 from IRP Update - Annual Average Energy Load and Resource Balance



Avista’s intent is to secure resources through a Power Purchase Agreement (PPA) or a combination of PPAs, ownership (or future option to purchase) opportunities, and/or Demand

Response contracts to meet capacity and energy shortfalls between 2026 and 2030. Avista is seeking Proposals from Bidders to meet some or all of the clean energy and capacity deficits in Washington and Idaho between 2026 and 2030. Resources targeting the renewable/nonemitting generation requirement must meet the definition provided in RCW 19.405.020. Avista will consider hybrid Proposals including combinations of clean energy, capacity and/or storage, with Bidders having the ability to submit multiple Proposals.

II: ROLE OF INDEPENDENT EVALUATOR

In compliance with WAC 480-107-023(1), Avista filed with the Commission a request for approval of an Independent Evaluator (IE),² Sapere Consulting (Sapere),³ for the purpose of assisting in the design and evaluation of the Company's 2022 All-Source RFP.⁴ On August 12, 2021, by way of Order 01, the Commission approved of Sapere as Avista's IE. Sapere's role for the RFP will be the following:

- Provide professional assistance to Avista's Wholesale Marketing Power Supply Department to assist in the design and fair evaluation of both third party and Avista Proposals in response to Avista's 2022 All-Source RFP;
- Ensure that the RFP process is conducted according to both Idaho and Washington resource acquisition rules, specifically Washington's Purchase of Resource (POR) rules outlined in WAC 480-107- 025;
- Review all third party and Avista Proposals responding to the RFP and evaluate the unique risks, burdens, and benefits of each bid;
- Provide to Avista the IE's minutes of meetings and the full text of written communications between the IE and Avista and any third-party related to the IE's execution of its duties;
- Ensure the RFP process is conducted fairly, transparently, and properly assess whether Avista's process of scoring the bids and selection of the initial and final shortlists is reasonable; and,
- Prepare a final report summarizing the duties performed in the design and evaluation and why Avista's selected Proposal is in the best interest of its customers. The report will be filed with the commission after reconciling rankings with Avista in accordance with WAC 480-107-035(3).

² Docket UE-210545

³ <http://sapereconsulting.com/our-practices/energy-solutions/>

⁴ Avista subsequently requested and received approval for a waiver from the initial filing date which pushes the planned RFP date to 2022 and therefore it is now referenced as the 2022 All-Source RFP.

III: REQUEST FOR PROPOSALS

1. Evaluation Process Overview

Proposals will be reviewed to verify they meet the general qualifications required by Avista (further discussed in the “Screening” section below). If a Proposal fails to meet the following general qualifications it will not receive further consideration. Qualifying evaluation criteria includes:

- Proposal meets the timeline requirements set forth in the 2022 All-Source RFP document.
- Site control is demonstrated by ownership, leases, options, or other proof of control.
- A viable financial plan that details how the Proposal will come to completion with a documented balance sheet, funding sources, or a viable business plan.
- Bidder must meet credit requirements as outlined in the RFP.
- For new generating resources, a major component procurement plan must be in place.
- Proposal must be able to demonstrate the ability to interconnect or deliver to Avista.

Each Proposal meeting the general qualifications will be evaluated on the following six characteristics, including:

- Risk Management
- Customer Energy Impact
- Price Risk
- Electric Factors
- Environmental
- Non-Energy Impact

Evaluation criteria is weighted based on the importance of meeting Avista’s resource development goals stated in its 2021 IRP and 2021 Clean Energy Implementation Plan (CEIP).⁵ Each Proposal will be evaluated utilizing a point value system starting with 100 points. Within each evaluated criterion characteristic listed above, points can be subtracted or added to the initial 100 points based upon responses to the 2022 All-Source RFP and Avista’s evaluation of provided data. The evaluation scoring may change depending upon Proposals with circumstances not considered in this evaluation methodology.

Given Avista’s objectives in the RFP to add both clean energy and capacity, the selection of Proposals will be determined by choosing the best combination of Proposals to meet both clean energy and capacity objectives on a lowest reasonable cost basis.

⁵ <http://www.myavista.com/about-us/washingtons-clean-energy-future>

2. Intake Process

The Avista 2022 All-Source RFP is scheduled to be released on February 14, 2022. Prospective Bidders can provide Preliminary Information by responding to the applicable questions and requirements detailed in Exhibit B for each Proposal by March 25, 2022. Responses should be sent to AllSourceRFP@avistacorp.com. Preliminary Information will be used in the evaluation process to select Short Listed Proposals. Additional guidance is provided in the All-Source RFP as well as the sample RFP PPA (Standard Contract) template included in this filing as Exhibit G. The guidance in the RFP requirements and sample Standard Contract may be part of any future agreement between Avista and the Bidder. Bidders may update pricing during the RFP process prior to the release of the Short Listed Bidders and Short Listed Bidders are encouraged to refresh or confirm pricing of detailed Proposals prior to the RFPs established deadlines. Additionally, Avista will request updated pricing from Short Listed Bidders prior to finalizing the Negotiation List.

Short Listed Bidders' Proposals will be required to submit a Detailed Proposal that includes all items in Exhibit C by tentatively June 4, 2022. In addition to submitting Detailed Proposals electronically, each Short-Listed Bidder shall submit four hard copies of its Detailed Proposal to Avista, post-marked by the deadline noted above.

Each Bidder shall include with its response(s) to this RFP a certification by an authorized individual for such Bidder that the information provided by such Bidder in accordance with Exhibit B and/or Exhibit C, as applicable, is complete and accurate.

3. Screening Process

Proposals must meet the minimum requirements detailed in Avista's 2022 All-Source RFP to be considered for further evaluation. Requirements include compatibility with resource need, site control, financial plan, credit requirements, procurement plan and delivery solutions to Avista's Balancing Authority.

Proposals that meet the minimum requirements will go through a two-step evaluation process. First, Avista will evaluate and rank the proposed Proposal information in Exhibit B (Preliminary Information) submitted by each Bidder against the Preliminary Information submitted by other Bidders in response to this RFP. The evaluation and ranking of Preliminary Information will focus on conformance of each Bidder's submittal with the requirements of this RFP and the proposed net price along with other factors of each Proposal. Such evaluation and ranking shall be performed in a fair and consistent manner through the utilization of the Company's IE as outlined in WAC 480-107-

035(4) to arrive at a short list (Short List) of Proposals that will receive further consideration. Bidders who submitted Proposals using the Preliminary Information form will be summarized and posted on Avista's website in accordance with WAC 480-107-035(5).⁶ See Exhibit D for the Evaluation Methodology used by the Company and Exhibit E for a Sample Evaluation Rubric.

4. Final Selection of Resources

Once the Short List is compiled, Short-Listed Bidders will have the opportunity to submit the additional information requested in Exhibit C (Detailed Proposal). Each Short-Listed Bidder's Detailed Proposal will be evaluated against the other Short-Listed Bidders' Detailed Proposals. All Short-Listed Bidders should be prepared to discuss their Proposals and be available for questions after their Detailed Proposal is received by Avista. Only those Bidders who are Short-Listed shall submit a Detailed Proposal. Detailed Proposals submitted by any person or entity other than a Short-Listed Bidder will not be considered.

IV: NEGOTIATION & CONTRACTS

Avista will request Short-Listed Bidders provide a price refresh prior to beginning negotiations. Avista may also negotiate price and non-price components with any Bidder whose Proposal has been shortlisted. During negotiations, Avista will continue to update its financial analysis on an as-needed basis to reflect any additional or revised inputs that may impact the proposed resource.

Avista has no obligation to enter into definitive agreements with any respondent to the 2022 All-Source RFP and may terminate or modify the 2022 All-Source RFP at any time without liability or obligation to any Bidder. The 2022 All-Source RFP shall not be construed as preventing Avista from entering into any agreement that it deems appropriate at any time before, during, or after the 2022 All-Source RFP process is complete. Avista reserves the right to negotiate only with those Bidders and other parties who propose transactions that Avista believes, in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed.

⁶ In order to meet requirements of WAC 480-107-035, Avista will post a non-confidential summary of Proposals received. The summary may include a reference number, general location, resource type, operating status of the resource, Proposal COD, term start/end, PPA or ownership structure and nameplate capacity. Storage resources may include both capacity (MWh) and duration (hours). Demand Response resources may include a capacity range (over the program life) and the customer class. Unless otherwise required by law or regulatory order, Avista will not include any specific confidential information (e.g. bid price, owner/developer name, Proposal name, or specific Proposal location) in any non-confidential summary of Proposals.

V: RFP SCHEDULE

The following schedule is subject to adjustment based on the Commission’s review and the actual pace of the evaluation process, which may vary for reasons that include, but are not limited to: (1) the number of Proposals received; availability of key staff; (2) time required to perform due diligence, Proposal evaluations, and creditworthiness assessments; and, (3) the pace of contract negotiations. Updates will be posted online at www.myavista.com/AllSourceRFP.

Date	Milestone
November 1, 2021	Draft 2022 All-Source RFP filed with WUTC
December 15, 2021	Public comment period ends
January 14, 2022	Commission review period ends; decision anticipated
February 14, 2022	Avista publishes the final 2022 All-Source RFP on its website, www.myavista.com/AllSourceRFP
February/March 2022	Avista hosts Bidders' conference
March 25, 2022	Proposals due to Avista
April 25, 2022	Avista posts a compliance report consistent with the requirements of WAC 480-107-035(5) to its website
May 7, 2022	Avista selects and notifies Short Listed Bidders
June 4, 2022	Detailed Proposals due from Short Listed Bidders
TBD	Final price refresh request
TBD	Avista selects Proposal(s), if any, for further negotiations
TBD	Avista files a compliance report consistent with the requirements of WAC 480-107-145(5) with the WUTC

VII: ALL-SOURCE RFP OUTREACH

Avista is committed to a procurement process that is accessible and fair for all Bidders. Avista encourages all Bidders able to meet the 2022 All-Source RFP’s requirements to participate, including Bidders representing minority-, women-, disabled- and veteran-owned businesses. Avista encourages Bidders interested in partnering with Avista to support supplier diversity through inclusive, competitive procurement processes. Outreach will include a broadly distributed press release through a national media channel, GlobeNewswire.⁷ Avista will distribute the press release locally which should drive earned media from local and industry publications. The Company will also post the press release and RFP materials on the Avista webpage, and will email a notification to stakeholders of Avista’s IRP and CETA efforts. Avista will make its best efforts to accommodate

⁷ GlobeNewswire distributes press releases to the national media market including more than 600 outlets country wide.

and alleviate accessibility barriers identified in the Americans with Disability Act.

VIII: CONCLUSION

Avista welcomes comments and feedback on its Draft 2022 All-Source RFP and looks forward to working with interested stakeholders on finalizing the 2022 All-Source RFP. If you have any questions regarding the 2022 All-Source RFP, please contact Chris Drake at 509-495-8624 or via email at chris.drake@avistacorp.com or Shawn Bonfield at 509-495-2782 or via email at shawn.bonfield@avistacorp.com.

Sincerely,

/s/ *Shawn Bonfield*

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy

**2022 All-Source RFP Requirements
Checklist per WAC 480-107**

WAC CHAPTER 480-107 REQUIREMENTS CHECKLIST

Requirement and Citation	Citation	Location in Draft 2022 All Source RFP
<p>The RFP must define the resource need, including specific attributes or characteristics the utility is soliciting, such as the amount and duration of power, time and locational attributes, operational attributes, the type of technology or fuel source necessary to meet a compliance requirement, and any additional information necessary for potential bidders to make a complete bid, including a copy or link to the complete assessment of avoided costs identified in WAC 480-100-615(12).</p>	<p>WAC 480-107-025(1)</p>	<p>Section II – Resource Need, and Section IV – Evaluation Process</p>
<p>The RFP must request information identifying energy and non-energy benefits or burdens to highly impacted communities and vulnerable populations, short-term and long-term public health impacts, environmental impacts, resiliency and energy security impacts, or other information that may be relevant to identifying the costs and benefits of each bid, such as a bidder's past performance utilizing diverse businesses and a bidder's intent to comply with the labor standards in RCW 82.08.962 and 82.12.962.</p>	<p>WAC 480-107-025(2)</p>	<p>Section IV – Evaluation Process, and Exhibit B – Preliminary Information</p>
<p>The RFP must document that the size and operational attributes of the resource need requested are consistent with the range of estimated new resource needs identified in the utility's IRP.</p>	<p>WAC 480-107-025(3)</p>	<p>Section II – Resource Need</p>

Requirement and Citation	Citation	Location in Draft 2022 All Source RFP
The RFP must explain the specific ranking procedures and assumptions that the utility will use in accordance with WAC 480-107-035.	WAC 480-107-025(4)	Section IV – Evaluation Process Exhibit D – Evaluation Methodology
The RFP must include a sample evaluation rubric that quantifies, where possible, the weight the utility will give each criterion during the bid ranking procedure, and provides a detailed explanation of the aspects of each criterion that would result in the bid receiving higher priority.	WAC 480-107-025(4)	Section IV – Evaluation Process and Exhibit D – Evaluation Methodology
The RFP must specify a detailed timeline for each stage of the RFP process including solicitation, ranking, and selection, as well as the utility's schedule of planned informational activities and contact information for the RFP.	WAC 480-107-025(5)	Section VI – Schedule and Timeline for 2022 All-Source RFP
The RFP must generally identify any utility-owned assets, including merchant-side assets that the utility has available, for the purpose of receiving bids that assist the utility in meeting its resource need at the lowest reasonable cost. The utility must make reasonable efforts to provide bidders with necessary technical details they request and to allow bidders to design their bids for use in conjunction with utility-owned assets.	WAC 480-107-025(6)	Section V (4) – Transmission Requirements
The RFP must identify any minimum bidder requirements, including for financial security requirements and the rationale for such requirements, such as proof of a bidder's industry experience and capabilities.	WAC 480-107-025(7)	Section IV – Evaluation Process

Requirement and Citation	Citation	Location in Draft 2022 All Source RFP
The RFP must include standard form contracts to be used in acquisition of resources.	WAC 480-107-025(8)	Exhibit G – RFP PPA (Standard Contract) template
All RFPs must discuss the impact of any applicable multistate regulation on RFP development including the requirements imposed by other states for the RFP process.	WAC 480-107-025(9)	Section II – Resource Need
The RFP must clearly state the scope of the solicitation and the types of bids that the utility will accept consistent with WAC 480-107-024.	WAC 480-107-025(10)	Section I – Introduction, and Section III – PPA Delivery Period/Price/Ownership Structures