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November 12, 2020

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Dockets UE-191023 and UE-190698 – Comments of Avista Utilities

Dear Mr. Johnson,

Avista Corporation, dba Avista Utilities (Avista or Company), submits the following comments in accordance with the Washington Utilities and Transportation Commission's (Commission) Notice of Opportunity to File Written Comments (Notice) issued in Dockets UE-191023 and UE-190698 on October 14, 2020 relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act, Docket UE-191023, and in the Matter of Amending, Adopting, and Repealing WAC 480-100-238, Relating to Integrated Resource Planning, Docket UE-190698.

Avista appreciates the work of Commission Staff to develop rules to implement the Clean Energy Transformation Act (CETA). The final draft rules represent a positive step forward from prior drafts, but Avista remains concerned about certain provisions of the draft rules. Avista respectfully requests that the Commission take a fresh look at our comments below (which we have made most of previously) and adopt the suggested changes to the draft rules, which have been attached in redline. Note the following comments start with the issue of most concern and follow in numerical order of the draft rules.

WAC 480-100-660 - Avista is concerned with the risk imposed on a utility if it is planning on using the incremental cost cap. As Avista understands it, the proposed incremental cost calculation relies on a backward-looking view of actual revenue requirements, and hindsight views of revenue requirements and estimated incremental costs. The proposed calculation does not give utilities

certainty when planning to meet customer loads in a lowest reasonable cost manner. Instead, Avista suggests that upon filing a CEIP, the Commission determine whether the cost cap requirement has been met using a one-time estimate for each four-year period of the maximum incremental costs. If the Commission finds the utility meets this requirement, then the utility should have a firm dollar spending requirement as described in the incremental cost calculation. If the utility relies on the cost compliance mechanism, the utility should show how it complied after the four-year period by stating in its compliance filing how it spent the additional funds. If the utility is not using this mechanism it should not be required to estimate these costs.

The Company is also concerned about the customer rate impact if the incremental cost cap is used for compliance. Utilizing the formula included in the ***draft rule would lead to a utility spending nearly 5% annually over a four-year CEIP period, well over the 2% rate in the law***. Our understanding of how the incremental cost cap calculation is intended to be used, as proposed in the draft rule, is that in order for a utility to utilize it as an alternative compliance mechanism it must spend the full dollar amount calculated using the proposed formula. The formula assumes that an actual incremental 2% in directly attributable costs will be spent each year over a CEIP, but that is unlikely to ever happen due to the nature of utility investments. Alternative calculations show that a utility can spend less than the proposed formula indicates, yet still average the 2% per year as proposed in the law. Avista, on the behalf of its customers, advocates the calculation be modified such that the minimum spending requirement to incur a 2% per year is utilized to determine compliance.

Lastly, the determination of compliance using the incremental cost cap should not be on the total dollars spent over a CEIP, but rather on the average rate increase per year during a CEIP period as specified in RCW 19.405.060(3)(a), which states that *"if, over the four-year compliance period, the average annual incremental cost of meeting the standards or the interim targets established under subsection (1) of this section equals a two percent increase of the investor-owned utility's weather-adjusted sales revenue to customers for electric operations above the previous year..." (emphasis added)*

WAC 480-100-605 Definitions– The legislation is unclear whether or not the social cost of greenhouse gas (SCGHG) should be included in the baseline for purposes of calculating the incremental cost of compliance per RCW 19.405.060(3). Pursuant to RCW 19.280.030(3)(a), an electric utility is required to incorporate SCGHG as a cost adder when evaluating or selecting conservation, developing an Integrated Resource Plan (IRP) or Clean Energy Action Plan (CEAP), or evaluating and selecting intermediate-term and long-term resource options. CETA expressly states that all costs used to determine the cost of compliance must be directly attributable to actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050. Respectfully, those costs do not include SCGHG. As such, the last sentence in the definition of "alternative

lowest reasonable cost and reasonably available portfolio" should be removed to follow the intent of CETA in its entirety to limit the total cost impact to two percent per year.

WAC 480-100-620(3)(a) - The statement included within this section encouraging utilities to engage in a distributed energy resource planning process should not be included in the rules. To the extent the Commission wants to encourage utilities to engage in a distributed resource planning process, the Commission could do so in the order adopting the final rules.

WAC 480-100-620(3)(b)(iii) - Subsection (3)(b)(iii) adds a new requirement for an IRP to include an energy assistance potential assessment. RCW 19.405.120(2) requires a utility to make programs and funding available for energy assistance to low-income households and for each utility to demonstrate progress in providing energy assistance pursuant RCW 19.405.120(4). The results of such an assessment may inform an IRP; however, the required assessment is better suited with a utility's energy assistance advisory group. Put differently, it has been Avista's understanding that issues and programs related to low-income customers should be explored and developed within our Energy Assistance Advisory Group. Including this in the IRP process, though, would move that work to the Technical Advisory Committee, a group that is not the experts on low-income issues. For these reasons, this provision should be struck from the rules.

WAC 480-100-620(4) - The reference to ancillary service technologies should be struck as ancillary service technologies are not necessarily supply-side resources. Any evaluation of a supply-side resource would include consideration of its contribution toward, or consumption of, ancillary services.

WAC 480-100-620(10)(c) – The requirement to include at least one sensitivity for a maximum customer benefit scenario is unclear and does not appear to be required by the statute. RCW 19.405.040(8) states utilities "must ensure that all customers are benefitting from the transition to clean energy…" The statute does not describe maximum customer benefit. This sensitivity should not be required in the rule; however, if Commission Staff or other interested parties are interested in such a sensitivity, they may request it as a member of a utility's IRP advisory committee after fully describing what such a sensitivity would entail.

WAC 480-100-620(13) – The last sentence of this subsection should be deleted. It is not necessary to state where in the IRP data "may" reside.

WAC 480-100-620(15) – This subsection is not applicable to an IRP. The Commission's rules implementing PURPA (WAC 480-106), already include a process for determining pricing available to qualifying facilities. *This process should not be repeated in an IRP*. An IRP informs the analyses used in annual filings required under WAC 480-106, but nothing in statute requires

the information also be included in an IRP. Avista prefers that the IRP not be burdened with additional reporting requirements outside of its purpose and that are already provided in other utility filings.

WAC 480-100-620(17) – Similar to the comment regarding subsection 13, the rules need not state where a utility "may" include a summary of public comments.

WAC 480-100-625(2)(f) – It is not necessary to state in the rule that the utility's website must be "managed by the utility and updated in a timely manner." Who manages the utility's website is not relevant. And in a "timely manner" is not specific nor clear to which event triggers the timeframe from when the "timely manner" begins. This specificity in rule should be removed. Further, the contents for what must be made publicly available on a utility's website belongs in its own subsection instead of the section describing an IRP work plan.

WAC 480-100-630(1) – The first sentence of this subsection includes a requirement for a utility to "demonstrate and document how it considered input from advisory group members in the development of its IRP and two-year progress report." <u>The reference to the two-year progress report should be struck from the rules</u>. The two-year progress report is simply an update of its previously filed and acknowledged IRP. *See* proposed WAC 480-100-625(4). The progress report does not call for a public process involving its advisory group. As such, the requirement to include input on the report from its advisory group is unnecessary.

WAC 480-100-640(1) – Avista continues to believe a CEIP should be filed closer to January 1st as stated in RCW 19.405.060(1)(a). The Company would ask that the filing date of a CEIP be no earlier than November 1st, which provides sufficient time for stakeholders to review a CEIP before the Commission acts on a CEIP. Note the CEIP would have already underwent a public participation process prior to filing. The Company also notes that the Department of Commerce has proposed a filing date of a CEIP on January 1st per statute.

WAC 480-100-640(5) – The first sentence states: "each CEIP must include the specific actions the utility will take over the implementation period." This statement is ambiguous and overly broad. In context, it appears that the "specific actions" that the rule is referring to are those specific actions that the utility will take to make progress toward meeting the clean energy transformation standards. This sentence should be revised to clarify the CEIP should include the specific actions that the utility will take to make such progress and does not require the CEIP to include all actions the utility takes over the implementation period.

WAC 480-100-640(11) – As written, this subsection implies that a biennial CEIP update will modify the targets of a CEIP, which may or may not be the case. The language to clarify that *if an*

update modifies targets in the CEIP, the update must include an explanation of how the update modifies the targets of a CEIP.

WAC 480-100-650 – CETA specifically tasks the Department of Commerce to develop reporting requirements. Both the Department of Commerce and the Commission have developed compliance reporting rules. As a result, investor-owned utilities will be required to comply with both sets of rules. The Commission should ensure that its reporting requirements align with the requirements of the Department of Commerce so that a single set of reports will be sufficient to comply with both agencies.

WAC 480-100-650(1)(j) – The requirement in subsection (j) to include "a description of the public participation opportunities the utility provided…" is redundant to the requirement included in subsection (e). The Company suggests striking the duplicative requirement from the rule, or if an alternative to what is required in (j) is desired, to clarify the difference between the requirements.

WAC 480-100-655(1)(a) – Because this subsection is applicable to "all" advisory groups, it is unnecessary to specifically call out the equity advisory group.

WAC 480-100-655(1)(e) – It is unnecessary to state in rule that a utility may convene and engage public advisory groups on other topics. Adding this provision adds no value to the rule or advisory group processes and creates uncertainty as to what the expectations are.

WAC 480-100-655(1)(h) – Subsection (h) is redundant to what is required per section (1) of this section. The Company suggests striking the redundant requirement.

Please direct any questions regarding these comments to me at 509-495-2782 or shawn.bonfield@avistacorp.com

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy