

Exh. SJK-14

WUTC DOCKET: UE-200900 UG-200901 UE-200894

EXHIBIT: SJK-14

ADMIT  W/D  REJECT

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-200900

DOCKET NO. UG-200901

DOCKET NO. UE-200894

(Consolidated)

EXH. SJK-14

SCOTT J. KINNEY

REPRESENTING AVISTA CORPORATION

**AVISTA CORP.  
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	02/19/2021
CASE NO.:	UE-200900 & UG-200901	WITNESS:	Scott Kinney
REQUESTER:	UTC Staff	RESPONDER:	Scott Kinney
TYPE:	Data Request	DEPT:	Power Supply
REQUEST NO.:	Staff – 116	TELEPHONE:	(509) 495-4494
		EMAIL:	scott.kinney@avistacorp.com

**SUBJECT:** EIM

**REQUEST:**

In the prefiled direct testimony of Avista witness Kinney, he states the following:

There are other operational benefits associated with EIM participation that were not quantified in the E3 study.

Kinney, Exh. SJK-1T at 15:13-14.

None of these additional benefits were given an economic value in the E3 study. However, after entering the EIM, Avista’s customers will see some unquantified financial benefit from these operating efficiencies.

Kinney, Exh. SJK-1T at 15:21-23.

Confirm that the “other operational benefits” and “additional benefits” that were “not quantified” as referred to in Witness Kinney’s testimony are:

- Cost savings from Reduced Flexibility Reserve Needs;
- Fuel cost savings and the avoided loss of renewable energy and tax credits associated with reduced curtailment of wind and solar resources;
- Reduced Green House Gas Emissions; and
- Improved reliability.

If Witness Kinney’s statements refer to any benefits other than those listed above: please identify, quantify, and explain any such benefits. For each of the EIM benefits which were not quantified and/or given economic value by Avista, provide any internal Company estimates (and any and all supporting documents) of the amount of annual benefit. Explain why these amounts (*i.e.*, internal Company estimates) were not included in Witness Kinney’s prefiled direct testimony.

**RESPONSE:**

The Company agrees that the “other operational benefits” that were not quantified in my testimony are associated with the bulleted items provided in the Staff Request shown above.

The Company didn’t attempt to quantify the value associated with these other benefits. The reason for not including these items are provided below.

Cost savings from Reduced Flexibility Reserve Needs

The E3 study and the CAISO quarterly EIM benefit reports discuss the opportunity for additional benefits from reduced reserve requirements, but neither directly quantify the benefit because they are different for each utility. The amount of potential reduced reserves is dependent upon the load and resource mix of each

individual utility. There isn't a standard requirement with regards to how much reserves a utility holds to address intra-hour variability. Each utility estimates, typically using historical performance, the intra-hour forecast variability of its loads and resources to determine its reserve requirement. Relative to peers, Avista's system contains a high level of flexibility relative to its intra-hour load and energy resource variability so we traditionally carry less reserves. The amount of reserves Avista carries after joining the EIM will depend upon gaining experience and trust in market operations and performance, so the Company does not plan to reduce its reserve requirement until at least a full year of operating in the EIM. This will allow the Company to gain an understanding of how the market can support carrying less reserves throughout the different seasons and operating conditions.

Fuel cost savings and the avoided loss of renewable energy and tax credits associated with reduced curtailment of wind and solar resources:

To date Avista has not experienced the need to curtail wind or solar resources within its resource mix due to reliability concerns because our flexible hydro system has been able to provide the necessary regulation. In the future as additional variable resources are added to the Company's resource mix there may be a need to curtail renewable resources to maintain system reliably and Avista will be able to leverage the EIM to reduce this occurrence.

Reduced Green House Gas Emissions:

Until Avista begins to operate in the EIM it isn't possible to determine the amount of reduced green house gas emissions that will occur because the reductions are directly associated with five-minute market prices and associated dispatch of Avista's resources.

Improved reliability:

The additional tools and applications associated with EIM participation will improve overall system visibility for the Company's System Operators. However, there isn't a method to translate the reliability improvements into actual savings.