

Agenda Date: May 21, 2020

Item Numbers: A3 & A4

Dockets: UE-190912 and UE-200395

Company: Avista Corporation d/b/a Avista Utilities

Staff: Jennifer Snyder, Regulatory Analyst
Deborah Reynolds, Assistant Director, Conservation & Energy Planning

Recommendation

Issue an order to Avista Corporation d/b/a Avista Utilities:

1. Consolidating Dockets UE-190912 and UE-200395;
2. Retaining the biennial EIA target, penalty threshold, decoupling commitment and ten-year potential approved in Order 01 in Docket UE-190912; and
3. Exempting the company in calendar year 2020 from complying with the annual requirement to file revisions to its Schedule 91, Demand Side Management Rate Adjustment, under WAC 480-109-130(2) and Condition 11(d) in Order 01 in Docket UE-190912.

Background

On November 1, 2019, Avista Corporation d/b/a Avista Utilities (Avista or company) filed its 10-Year Conservation Potential and 2020-2021 Biennial Conservation Plan (BCP or plan) with the Washington Utilities and Transportation Commission (commission), as required by the Energy Independence Act (EIA) in Docket UE-190912. Commission staff (staff) filed comments responding to the Plan on December 6, 2019, and the commission issued Order 01 in Docket UE-190912 approving the company's conservation-related targets and thresholds on December 17.

On April 13, 2020, as required by Order 01, Avista filed a petition (target petition) in Docket UE-190912 asking to retain the biennial conservation EIA target, penalty threshold, decoupling commitment and ten-year conservation potential established in that order.¹

On April 30, 2020, Avista filed a second petition (tariff petition) in Dockets UE-190912 and UE-200395 requesting two things:

- An amendment to condition 11(d) in Docket UE-190912, Order 01, Attachment A, waiving the filing requirement for June 1, 2020, and
- An exemption from WAC 480-109-130 requiring a cost recovery filing June 1, 2020.

¹ Docket UE-190912, Order 01, Attachment A, condition 1(b).

Given the closely related subject matter, Docket UE-200395 should be consolidated with UE-190912.

Avista serves approximately 250,000 electric customers and 150,000 natural gas customers in eastern Washington. For electric customers, Avista serves the following counties: Adams, Asotin, Ferry, Franklin, Grant, Lincoln, Spokane, Stevens, and Whitman counties. In addition to the counties served for electric service, the natural gas service territory also includes Klickitat and Skamania counties.

Retaining the EIA Targets and Thresholds

Avista's target petition filed April 13 proposes to retain the following conservation-related targets and thresholds previously approved in Docket UE-190912, Order 01:

- The 10-year electric conservation potential of 361,700 megawatt-hours (MWh),
- EIA Target of 72,844 MWh,
- EIA Penalty Threshold of 59,948 MWh, and
- Decoupling Penalty Threshold of 3,642 MWh pursuant to Order 05, UE-140188.

To support its request, the company must consider the impacts of the Clean Energy Transformation Act (CETA). The target petition must also explain how the social cost of greenhouse gas emissions (AKA the social cost of carbon, SCC) was included in the evaluation of conservation targets and why the methodology used is appropriate.

Based on Avista's workpapers supporting the target petition, and only for the purposes of the target petition, staff accepts that Avista's current targets adequately incorporated the effects of CETA, including the SCC. Staff's acceptance of these targets is further supported by Avista's biennial conservation plan (BCP) which expects to achieve 97,178 MWh, well beyond the EIA Target of 72,844 MWh.

Incorporating the Social Cost of Carbon

At the January 16, 2020, SCC workshop held by the commission, Avista presented its methodology for including the SCC in its Integrated Resource Plan (IRP). Avista incorporates the SCC for each thermal resource option, while also including greenhouse gas emissions associated with short-term market purchases and emission reductions from energy efficiency. To model 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. The company commits to working with staff to provide more granular methods to account for overall greenhouse gas emissions reductions from energy efficiency.

Staff notes that the method for including the SCC as either an adder or a tax in the IRP has not been settled and remains under consideration in the commission's open IRP rulemaking, Docket UE-190698. Staff's acceptance of the targets and thresholds in the target petition does not indicate that this approach will be adopted or accepted under future commission rules related to the social cost of carbon.

Changes to Conservation Cost Recovery Schedule 91

On April 30, 2020, Avista filed a tariff petition in Docket UE-200395 requesting an exemption from the requirement to file a June 1, 2020, revision to its conservation cost recovery tariff. On May 12, the company revised its tariff petition to include a request to amend condition 11(d) in Attachment A of Order 01 in Docket UE-190912, which establishes a sixty-day review period for the cost recovery tariff filing. The company provided appropriate support for its request to keep its electric conservation cost recovery tariff Schedule 91 rates the same. The analysis provided by the company shows that the current level of revenue is consistent with achieving a zero fund balance by July 2021. Staff concurs, and further agrees with the company that avoiding additional rate increases during the COVID-19 pandemic is appropriate.

Conclusion

Staff recommends that the commission issue an order as described above.