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***VIA – Electronic Mail***

September 16, 2014

Steven V. King  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S. W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Dear Mr. King:

Attached for filing with the Commission is an electronic copy of Avista Corporation's d/b/a Avista Utilities ("Avista" or "Company") filing of its proposed revisions to the following tariff, WN U-28:

**Schedule 95 - Optional Renewable Power Rate**

Second Revision Sheet 95  
Original Sheet 95A

Canceling  
New

Substitute First Revision Sheet 95

**I. INTRODUCTION**

Avista Utilities is a proponent of utilizing a variety of energy resources as well as offering energy efficiency measures, to provide safe and reliable service to our customers. One example is Avista's voluntary participation in the Washington State Renewable Energy System Cost Recovery Incentive (WAC 458-20-273) that provides payment for the production of energy from eligible renewable energy resources. Since the inception of this law, the development of Washington manufactured solar equipment has been introduced to the state which has increased the availability of locally produced equipment.

The Company would like to expand the awareness of renewable energy generation options, specifically by funding locally-owned, commercial solar, using funds from its current Optional Renewable Power Rate – Schedule 95, as explained further below. The Company’s Schedule 95 is known as the Company’s the Buck-a-Block Program.

## II. BACKGROUND

Beginning in 2002, Avista, per RCW 19.29A.090<sup>1</sup> offered electric customers the opportunity to voluntarily support the development of renewable energy by participating in the Company’s Buck-a-Block program under Tariff Schedule 95 “Optional Wind Power Rate.” Avista Utilities’ wind power option was priced in increments, or “blocks”, of \$1.00. Each \$1.00 block of wind purchased by customers equaled 55 kilowatt hours (kWhs).

In 2004, the Company filed revisions to the Buck-a-Block program including a change from Optional “Wind” Power Rate to Optional “Renewable” Power Rate in Tariff Schedule 95. These revisions also reflected a lower wholesale cost of wind power to Avista and represented the cost of renewable energy certificates (RECs) associated with that resource. The RECs were primarily from wind power generated at the Stateline Wind Energy Center, but could also come from other “green-e certified” resources.<sup>2</sup> The revised program continued to include voluntary participation in increments of \$1 per block. However, each block was modified to be equal to 300 kWh of renewable energy rather than the previous block amount of 55 kWh. This created an opportunity to enhance the Buck-A-Block program.

Today, this voluntary program continues to allow customers the choice to purchase a “block” of renewable power equal to 300 kilowatt hours (kWh) that is produced through regional wind or solar projects for \$1 per block.

Approximately 3,500 customers purchased nearly 227,000 blocks (68,000 MWh) in 2013. All of the costs and benefits of the program stay within the program. The Buck-a-Block program

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<sup>1</sup> This legislation required utilities to provide a voluntary option for the retail purchase of qualified alternative energy resources, as specified in this code, beginning on January 1, 2002.

<sup>2</sup> The Green-e Renewable Electricity Certification Program is administered by the non-profit Center for Resource Solutions, based in San Francisco, California. According to the Center for Resource Solutions, “Green-e provides an easy way for consumers to quickly identify environmentally superior electricity products in competitive markets.”

requires regular program administration, promotion, and communication with customers. The intent of the program is to continually match funds collected with the annual program costs while balancing the need to collect enough funding to meet potential growth and potentially higher priced RECs. However, due to the availability of low-cost RECs in recent years and a plateau subscription levels, it has resulted in surplus revenues that exceed the costs by approximately \$200,000 (Washington and Idaho combined). This has prompted the Company to explore additional ways to promote and acquire additional renewable energy for the program.

### **III. PROPOSED COMMUNITY SOLAR PROGRAM**

Similar to Pacific Power's Blue Sky Program<sup>3</sup>, the Company proposes to use, when available, any available funds from Schedule 95 to promote grants for rooftop solar installations, 20 kW or smaller, on commercial buildings in Washington. Successful grant recipients would agree to allow their installation to be made available for the education of its building occupants and members of the community on the merits of solar energy generation and the Buck-a-Block program. Preference for grant recipients will be given to school districts and buildings where the visibility of the installation will have the greatest impact for both educational purposes as well as solar energy generation. Geographic distribution throughout the Company's service territory will also be considered as part of the evaluation.

### **IV. BUDGET/COSTS**

As of June 30, 2014, the Buck-A-Block program had approximately \$200,000 in available funds. It is estimated that this would fund the installation of 6-8 small projects (5 kW or less) or 2 larger projects (20 kW or less), or a combination of both, using equipment manufactured in the state of Washington, as well as using local installers.

The potential number of projects that could be funded is based on estimates obtained through Company research and from discussions with solar installation companies. Table No. 1 shows estimated equipment costs, and Table No. 2 shows the estimated system costs. Costs may vary in the

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<sup>3</sup> Pacific Power Schedule 70

future based on market conditions, the size of the installation, and where the equipment is manufactured.

**Table No. 1 – Estimated Equipment Costs**

| Equipment                     | Washington State | Out of State |
|-------------------------------|------------------|--------------|
| Solar Panels (1kW)            | \$3,000          | \$1,000      |
| Inverter                      | \$1,000          | \$1,000      |
| Installation (racking/wiring) | \$1,500          | \$1,500      |
| Total per kW installed        | \$5,500          | \$3,500      |

**Table No. 2 – Estimated System Costs**

| System Size | Washington State Equipment | Out of State Equipment |
|-------------|----------------------------|------------------------|
| 5 kW        | \$27,000                   | \$17,500               |
| 10 kW       | \$55,000                   | \$35,000               |
| 20 kW       | \$110,000                  | \$70,000               |

After the application and screening process, grant recipients would be awarded partial or full funding that could fund the cost of a rooftop solar equipment and installation, not to exceed \$70,000 per site, on their premises. Costs and risks associated with a site feasibility or assessment study, labor and contracting costs related to the installation, and ongoing maintenance will be the responsibility of the grant recipient.

Lastly, customer's would have net-metering equipment installed, and could be eligible for the annual Washington State Renewable Energy System Cost Recovery Incentive through the year 2020. To improve their grant application, customers could agree to release this incentive to Buck-A-Block which could provide an additional opportunity to extend the funding available for future solar installation.

## **V. BENEFITS**

Grant recipients will benefit as they would be receiving partial to full funding for a solar system to be installed on their premises. Grant recipients will experience reduced electricity bills as a result of net metered generation.

The Buck-A-Block program will benefit as the new solar system grant element will build awareness about the program with the grant recipient (i.e., school), families, neighborhoods, and communities where this might not be accomplished using the same amount of funding on other marketing activities.

Customers that participate in the Buck-A-Block program will have their surplus funding being spent on additional Renewable Energy Projects in their communities. They will also have the opportunity to view the solar installation and operation as the projects must be made available for educational purposes.

Other customers, and the community in general, will have access to view and learn about solar installation and operation as the projects must be made available for educational purposes.

The Company will benefit from the experience of working with solar development vendors and projects and also be able to monitor systems to better learn and understand how they interact with the utilities electrical system.

Additional program benefits may include the increased availability and potential reduced cost of Washington manufactured solar equipment, as well as providing a utility experience with the installation of small scale distributed generation on a potentially diverse group of buildings and geographic locations in Eastern Washington.

## **VI. RENEWABLE ENERGY CERTIFICATES**

To the extent that eligible projects are able to generate Renewable Energy Certificates (RECs), grant recipients shall agree that the Company has the first right to claim a share of the project's REC output if Schedule 95 funding was used to cover all or a portion of the cost of the project. The amount of RECs the Company could claim would be equal to the percentage of financial

contribution made to the project from Schedule 95 funding. The proportional amount of these RECs will be retired on behalf of the Schedule 95 program.

## VII. CONCLUSION

In conclusion, the Company requests the Commission approve the revisions to include the use, when available, of any funds available from Schedule 95 to promote grants for rooftop solar installations, 20 kW or smaller, on commercial buildings in Washington.

Please direct any questions on this matter to Renee Coelho at (509) 495-8607 or myself at (509) 495-4975 or [linda.gervais@avistacorp.com](mailto:linda.gervais@avistacorp.com).

Sincerely,

*/s/Linda Gervais*

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Enclosures