

UTC Comment form for Energy Independence Act Rulemaking, WAC 480-109, Docket UE-131723

Submit this form by 5 PM Friday, May 9, 2014 via the Commission's Web portal at www.utc.wa.gov/e-filing or by e-mail to records@utc.wa.gov.

Comments on behalf of: Avista Corporation Commenter: Linda Gervais E-mail: linda.gervais@avistacorp.com Phone: 509-495-4975
Name of Organization or "self"

In the first column, fill in the section or subsection of interest in the rule. In the next columns provide the specific text, proposal for change, and rationale.

Utility general comment:

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 Submit Written Comments (Notice) issued in Docket UE-131723 on April 9, 2014. If you have any questions regarding the Company's response to the Energy Efficiency section, please contact Bruce Folsom at 509-495-8706. If you have questions regarding the Company's response to the Renewable Portfolio Standards section, please contact Clint Kalich at 509-495-4532. The Company generally supports the draft rules in WAC 480-109 that have been developed by the Commission Staff with the following proposed changes:

Comment 1	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(ii)	(ii) Develop portfolio. Develop a conservation portfolio that includes all available, cost-effective, reliable, and feasible potential, as well as pilot programs that are not yet proven to be cost-effective.	(ii) Develop portfolio. Develop a conservation portfolio that includes all available, cost-effective, reliable, and feasible potential, as well as <u>consider</u> pilot programs that are not yet proven to be cost-effective <u>for which costs are not evaluated under cost-effectiveness tests</u>	The current text would require a company to always have a pilot program in-progress regardless of function or need and would degrade the portfolio's cost-effectiveness.

Comment 2	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(ii)(B)	(B) A utility's conservation portfolio must contain programs that are not included in the biennial conservation target and are available, cost-effective, reliable, and feasible.	(B) A utility's conservation portfolio must <u>may</u> contain programs that are not included in the biennial conservation target and are available, cost-effective, reliable, and feasible.	For clarity and future reference, this would assume that "must" means compliance may be met through working with a regional entity such as the Northwest Energy Efficiency Alliance.

Comment 3	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(iii)	Implement programs. Implement conservation programs identified in the portfolio to the extent the programs remain cost-effective, reliable, and feasible. Implementation methods shall not unnecessarily restrict the uptake of conservation and shall be designed to maximize the practical uptake of conservation.	Implement programs. Implement conservation programs identified in the portfolio to the extent the programs remain cost-effective, reliable, and feasible. Implementation methods shall not unnecessarily restrict the uptake of conservation and shall be designed to maximize the practical uptake of conservation.	This section is not needed to implement the EIA. The lack of clarity in the current text creates concern about how to assure compliance.

Comment 4	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(iii)(A)	providing market-moving incentives and rebates,	providing market-moving incentives and rebates	Define “market moving” in WAC 480-109-007 and add "participation in a regional market transformation organization satisfies this requirement” The lack of clarity in the current text creates concern about how to assure compliance.

Comment 5	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(iii)(B)	evaluating the effectiveness of conservation program advertising,	evaluating the effectiveness of conservation program advertising,	The compliance requirement for this section is not clear (i.e., how and at what cost and benefit).

Comment 6	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(iii)(D)	implementing pilot projects,	<u>consider</u> implementing pilot projects,	A literal reading of the current text is that each IOU must always have at least one pilot in progress regardless of purpose, cost, and benefit.

Comment 7	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(iii)(E)	performing research regarding emerging conservation technologies,	performing research regarding emerging conservation technologies, <u>or perform in association with others</u>	Avista seeks to assure no duplication of this function, or compliance at a higher cost than currently addressed. Example: Avista currently works with NEEA, Esource and EPRI in this regard.

Comment 8	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(iii)(G)	conducting collaborative technical activities,	conducting collaborative technical activities,	This does not provide sufficient guidance for compliance.

Comment 9	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(a)(iv)	Adaptive management. Continuously manage the conservation portfolio to adapt to changing market conditions and developing technologies, as well as, performing research regarding emerging conservation technologies.	Adaptive management. Continuously manage the conservation portfolio to adapt to changing market conditions and developing technologies, as well as, performing research regarding emerging conservation technologies <u>or in association with others.</u>	The purpose of these edits is to reduce redundancy and higher costs.

Comment 10	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(4)(b)(iii)	code enforcement,	code enforcement, <u>with costs excepted from cost-effectiveness tests.</u>	Phrase as permissive (not mandatory) and recognize these costs should not be included in the cost-benefit analyses.

Comment 11	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-010(6)	Energy savings. A utility must use unit energy savings values and protocols approved by the Regional Technical Forum, unless the utility documents that a specific unit energy savings value or protocol is more appropriate for its service territory.	Energy savings. A utility must use unit energy savings values and protocols approved by the Regional Technical Forum, unless the utility documents that a specific unit energy savings value or protocol is more appropriate for its service territory <u>or unless RTF UES or derivative values do not exist.</u>	Not all measures have UES's developed by the RTF.

Comment 12	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-AAA(2)	Advisory Group Meetings. A utility must meet with its conservation advisory group at least four times per year. Conservation advisory group members may request additional meetings.	Advisory Group Meetings. A utility must meet with its conservation advisory group at least four times per year, <u>in-person or by conference call or webinar.</u> Conservation advisory group members may request additional meetings.	Avista's Advisory Group is geographically dispersed and, therefore, seeks clarification about format for meetings.

Comment 13	Current Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-BBB(2)(b)(ii)	Expected and actual electricity savings from conservation	Expected and actual claimed electricity savings from conservation	For filings on or before June 1 in odd-numbered years, verified (or actual) savings have not been evaluated by a third party entity. Therefore, these are claimed savings. The verification of these savings for this period occurs in the following year.

Comment 14	Current Text	Proposed Text	Rationale for proposed change
Regarding Informal Draft WAC 480-109-020(3)	All eligible renewable resource generation and all renewable energy credits used for utility compliance with the renewable energy standards must be registered in WREGIS.	All eligible renewable resource generation and all renewable energy credits used for utility compliance with the renewable energy standards must be registered in WREGIS.	<p>The Company is recommends removing this requirement for eligible renewable resource generation for the following reasons.</p> <ul style="list-style-type: none"> • WREGIS is designed for the registration and tracking of RECs. Because incremental hydro generation is not a REC, but is considered qualifying generation, the Company believes incremental hydro should be excluded from this requirement. • Section 480-109-040(2) does not require WREGIS to be used to document the sale of incremental hydro. The addition of this new section will now change this requirement. • Avista does not have control over WREGIS registration of resources owned by other qualifying utilities (i.e., qualified incremental hydro generation such as Wanapum).

Comment 15	Current Text	Proposed Text	Rationale for proposed change
<p>Regarding Informal Draft WAC 480-109-020(7)(c)</p>	<p>Method three. A pilot method that a utility may use to demonstrate compliance only for target years 2014 to 2017. Method three is a one-time calculation of the quantity of renewable energy performed by:</p> <ul style="list-style-type: none"> (i) Determining the river discharge for the facility over a historical period of at least XX consecutive years; (ii) Using a production model to calculate the facility’s generation in megawatt-hours under the river discharge of each year in the historical period for the pre-upgrade state and the post-upgrade state; (iii) Calculating the arithmetic mean generation of the pre-upgrade and post-upgrade states over the historical period in megawatt hours; and (iv) Subtracting the arithmetic mean pre-upgrade generation from the arithmetic mean post-upgrade generation to determine the amount of eligible renewable generation for the target year. (v) In the utility’s 2017 renewable portfolio standard report, providing an analysis comparing the amount of incremental hydropower the utility reported in the five previous years using method three to the amount of incremental hydropower the utility would have reported over the same period using one of the other two methods. A utility may not use method three to demonstrate compliance for a target year after 2017 unless granted an exemption from this rule by the commission. 	<p>Method three. A pilot method that a utility may use to demonstrate compliance only for target years 2014 to 2017. Method three is a one-time calculation of the quantity of renewable energy performed by:</p> <ul style="list-style-type: none"> (i) Determining the river discharge for the facility over a historical period of at least XX10 consecutive years; (ii) Using a production model to calculate the facility’s generation in megawatt-hours under the river discharge of each year in the historical period for the pre-upgrade state and the post-upgrade state; (iii) Calculating the arithmetic mean generation of the pre-upgrade and post-upgrade states over the historical period in megawatt hours; and (iv) Subtracting the arithmetic mean pre-upgrade generation from the arithmetic mean post-upgrade generation to determine the amount of eligible renewable generation for the target year. (v) In the utility’s 2017 renewable portfolio standard report, providing an analysis comparing the amount of incremental hydropower the utility reported in the five previous years using method three to the amount of incremental hydropower the utility would have reported over the same period using one of the other two methods. A utility may not use method three to demonstrate compliance for a target year after 2017 unless granted an exemption from this rule by the commission. 	<p>The Company offers the following general comments regarding the calculation of incremental hydro generation.</p> <ul style="list-style-type: none"> • In the case of incremental hydro transferred from a one qualifying utility to another. The calculated amount of incremental hydro by the owning utility should be used as the incremental hydro estimate as long as the methodology has been approved by its governing body. • Avista does not believe Method 3, agreed to by parties at prior workshops, is or should be treated as a pilot. The proposed language includes a bias and pre-judgment that the 2017 reporting on Method 3 will find its application invalid. Avista believes Method 3 is entirely valid and meets Washington State law. Any determination of Method 3 should be postponed until after the 2017 reporting.

Comment 16	Current Text	Proposed Text	Rationale for proposed change
Regarding Informal Draft WAC 480-109-020(8)(c)	(c) A utility that owns a qualified biomass energy facility may not transfer or sell renewable energy credits associated with qualified biomass energy to another person, entity, or utility.	(c) A utility that owns a qualified biomass energy facility may not transfer or sell renewable energy credits associated with qualified biomass energy to another person, entity, or utility <u>for compliance with WAC 480-109-020.</u>	Without this clarification it is not clear if the utility may sell RECs for other reasons apart from compliance.

Comment 17	Current Text	Proposed Text	Rationale for proposed change
Regarding Informal Draft WAC 480-109-040(2)(a)	Incremental cost calculation. To calculate its incremental cost, a utility must: (i) Determine the levelized cost of energy for each eligible resource, including integration costs, expressed in dollars per megawatt hour;	Incremental cost calculation. To calculate its incremental cost, a utility must: (i) Determine the levelized cost of energy for each eligible resource, including integration costs, expressed in dollars per megawatt hour; (ii) <u>Resources and/or contracts either acquired or in development prior to November 2006 have zero incremental cost. Additionally, resources that have been in service for their original intended life (prior major life extension investments), shall have zero incremental cost.</u>	Resources acquired or committed/contracted for prior to the enactment I-937 were meant for a different purpose than for compliance with the law. Including the costs/benefits for these resources would detract from the intent of calculating the incremental cost of complying with the renewable requirement. For this reason the Company proposes that resources or contracts acquired or in development prior to November 2006 have zero incremental costs. Further, if a qualifying facility has been in service beyond its original intended service life it should have zero incremental cost as it is fully depreciated or a new analysis should be performed if investments are made to extend the service life.

Comment 18	Current Text	Proposed Text	Rationale for proposed change
<p>Regarding Informal Draft WAC 480-109-040(2)(a)(ii)</p>	<p>(ii) Select and document the lowest-reasonable-cost, non-eligible resource available to the utility. The non-eligible resource may not be a spot market purchase, and must have the same contract length or facility life as the eligible resource;</p>	<p>(ii) Select and document the lowest-reasonable-cost, non-eligible resource available to the utility. The non-eligible resource may not be a spot market purchase, and must have the same contract length or facility life as the eligible resource <u>(the analysis shall be limited to the first 20 years of the project life);</u></p>	<p>Avista disagrees with the exclusion of spot market purchases as an alternative resource for intermittent renewable resources. Intermittent resources in operation affect the amount of purchasing and selling market power, rather than replacing traditional generation.</p> <p>The acquisition of intermittent resources such as wind and solar do not replace the utility’s need to acquire traditional generation technology due to the general lack in intermittent generation’s dependable capacity to meet peak loads. Given the difference in the resources, it is not good practice to use traditional resources as a comparison for an incremental cost calculation.</p> <p>Avista recommends limiting the cost comparison to the first 20 years of the project lives. Forecasting costs and benefits beyond 20 years can be difficult due to unknown costs of future maintenance and project life extension costs.</p>

Comment 19	Current Text	Proposed Text	Rationale for proposed change
Regarding Informal Draft WAC 480-109-040(2)(d)(i)	(i) Each resource's WREGIS registration status and use of renewable energy credits, whether it be for annual target compliance, a voluntary renewable energy program as provided for in RCW 19.29A.090, or owned by the customer, and		Avista recommends excluding incremental hydro generation from this requirement for the same reasons as described above.