



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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June 26, 2018

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, Washington 98504-7250

RE: Avista Corporation's 2007-2016 Energy and Emissions Intensity Report
Docket UE-170684

Dear Mr. King:

This is Commission staff's response to Avista Corporation's (Avista) June 1, 2017, Energy and Emissions Intensity (EEI) Metrics Report, which is required by WAC 480-109-300. This rule governing EEI metrics is relatively new. The commission adopted WAC 480-109-300 in 2015, in response to amendments to the Energy Independence Act. Under the rule, Washington investor-owned utilities must annually report their respective EEI metrics to the commission. The reports "must include annual values for each metric for the preceding ten calendar years." *Id.* at (1). Here, commission staff recommends the commission acknowledge Avista's 2007-2016 EEI Report and direct the company to follow the guidance set forth in the commission's order adopting the reporting requirement, as described below.

In its order adopting WAC 480-109-300, the commission stated that "each utility must document in detail the sources of data and methods used to make each calculation required under WAC 480-109-300."¹ The commission outlined a methodology to be used to calculate energy and emissions from known generation sources, but did not clearly identify any methodology to be used to calculate energy and emissions from unknown generation sources,² recognizing that methodologies "[m]ay become available in the future that would more effectively ascertain ... the short tons of CO₂ emissions allocated to a utility's electric generation."³

On March 23, 2017, the commission issued an acknowledgement letter to Avista regarding its 2006-2015 EEI report. In that letter, the commission noted that the reporting of energy sales and

¹ Docket UE-131723, General Order R-581, at ¶ 20.

² *Id.* at ¶ 19. The order specified the method for calculations required by WAC 480-109-300(2)(d)-(e). Unknown generation sources are addressed in WAC 480-109-300(3).

³ *Id.* at ¶ 21.

Mark L. Johnson
June 26, 2018
Page 2

purchases was both a topic for discussion and an area for improvement. The unknown sources reporting issue was one of the key topics discussed at a recessed open meeting on April 18, 2017.

Staff commends Avista for incorporating much of the feedback and guidance provided during last year's review into its 2016 report. Staff worked with the company to identify a handful of additional improvements which would enable Avista to better achieve the clarity and consistency required in the commission's order adopting WAC 480-109-300.

Staff provided informal feedback to Avista based on its 2016 report in April of this year. Staff includes the informal feedback as an attachment to this letter to document staff's expectations for the company's future reports.

Staff appreciates the company's willingness to consider this feedback as it developed its 2017 report, which was filed on June 1, 2018, under docket UE-180480. A preliminary review of Avista's 2017 EEI report leads staff to believe that many of these items in the attachment have been sufficiently addressed. Staff will perform a more thorough review of the 2017 report and submit a letter to the Executive Director and Secretary, filed to docket UE-180480, by October 31, 2018. Thank you for your consideration.

Sincerely,

Kyle Frankiewich
Regulatory Analyst
Conservation and Energy Planning

ATTACHMENT

Staff feedback re: Avista's 2007-2016 EEI Report

1. *Differentiating between known and unknown sources*: Staff requests additional narrative explaining how Avista determines whether a source is known or unknown. If the company makes any assumptions or adjustments regarding any unknown sources, it should clearly describe these assumptions or adjustments and explain why the company made them. Staff assumes that all purchases which are not unit-specific are classified as unknown, regardless of the identity of the counterparty.
2. *Differentiating between known and unknown sources – Bonneville Power Administration (BPA)*: Staff commends Avista for providing additional nuance where available, and for striving for ways to improve the report's accuracy. However, staff worries that using an alternative emissions intensity factor for BPA transactions may not align with assumptions contained in the Department of Commerce's fuel mix estimates, and runs against the appropriately conservative presumption that all purchases which are not unit-specific should be classified as unknown. Staff is amenable to adding this nuance to BPA purchases if Commerce and the other investor-owned electric utilities agree that it is appropriate. Until then, and until the other two electric utilities also implement this nuance, the commission's principles of clarity and consistency prompt staff to request that Avista use the Commerce fuel mix figure for any non-unit-specific purchases, including those from BPA.
3. *Unknown Sources – Purchase and sales reporting methodology*: Several rounds of discussion and a review of analysis performed by the utilities inform staff's belief that the appropriate methodology for reporting purchases and sales is the net-by-counterparty approach:
 - (a) for each transaction partner whose generation is from an unknown resource, subtract the total annual sales to this party from the total annual purchases from this party;
 - (b) if the result is positive, apply the Department of Commerce fuel mix emissions intensity factor to calculate emissions associated with the net purchase;
 - (c) if the result is negative, apply an aggregate, fleet-wide emissions intensity factor for the utility's known sources to calculate emissions associated with the net sale.Staff contends that the net-by-counterparty approach represents an optimal balance among the three competing priorities of accuracy, consistency, and burden on company and commission resources.
4. *Unknown Sources – multiple reporting methodologies*: After discussions with staff, Avista included multiple methodologies in its 2007-2016 report. In retrospect, however, staff believes that Avista's inclusion of these multiple methodologies within the body of the report worked against principles of clarity and consistency. Having multiple methodologies in the body of the main report caused confusion regarding which methodology was used for a given graph, table or paragraph of narrative analysis. Staff encourages Avista to continue exploring other analytical approaches, but requests that any alternative approaches to unknown source emissions be included as an appendix. Staff further requests that any data tables and graphs comparing methodologies also be contained in the appendix, and that the data included and discussed in the main body of the report be solely based on the net-by-

counterparty methodology.

5. *Total Load Served and Busbar MWh*: Staff requests that the company include in its narrative text an explanation of the differences between the “Total Load Served” figure found in the “Energy Intensity Metrics” section of the yearly report worksheet, and the sum of “Busbar MWh” figures for known and unknown sources serving Washington, also found in the “Emissions Intensity Metrics” section of the yearly report worksheet.