

Agenda Date: May 22, 2025  
Item Number: A1

**Docket:** UE-250155  
**Company:** Avista Corporation d/b/a Avista Utilities

**Staff:** Molly Morgan, Regulatory Analyst

### **Recommendation**

Issue an Order approving Avista Corporation's amended All-Source Request for Proposals filed on May 8, 2025, in Docket UE-250155, subject to the following condition:

As shown in Exhibits D and E, remove the following two criteria from Avista's evaluation methodology.

- "Bidder is not rated by Standard & Poor's and/or Moody's, but collateral in the form of a letter of credit, a cash deposit, or another form of collateral acceptable to Avista is offered. Minus 15 points."
- "Bidder is not rated by Standard & Poor's and/or Moody's, but a guarantee from an investment grade parent company or other credit support provider. Minus 30 points."

Avista may instead make these minimum bid requirements, without any point deduction.

### **Background**

Avista Corporation d/b/a Avista Utilities (Avista or Company) filed its 2025 Integrated Resource Plan (IRP) with the Washington Utilities and Transportation Commission (Commission) on January 1, 2025. The IRP is important in the energy planning process because if the utility identifies a **resource need** within the following four years, the utility **must file** a proposed request for proposals (RFP) and accompanying documentation with the Commission within 120 days.<sup>1</sup> An RFP is a document to solicit bids for energy and/or capacity, to fulfill a resource need.

On March 10, 2025, Avista filed with the Commission its Draft All-Source RFP in Docket UE-250155, as required by rule.

On March 12, 2025, the Commission issued a Notice of Opportunity to Provide Written Comments (Notice). The public participation schedule included a 45-day period for public review and comments, and a 75-day period for the Commission to deliberate.<sup>2</sup>

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<sup>1</sup> WAC 480-107-017 (1).

<sup>2</sup> WAC 480-107-017.

On April 24, 2025, Commission Staff (Staff) filed written comments in this docket, as did several other interested parties. Staff made seven recommendations for the Company to either include in a revised RFP filing, or to include in supplemental information to the docket.

On May 8, 2025, Avista submitted an amended RFP filing to address various recommendations from the interested parties.

### **Discussion**

In reviewing the revised RFP Avista filed on May 8, Staff believes Avista has adequately addressed most of the recommendations in our comments. Staff believes the information provided in the cover letter did not fully address our recommendation to expand on the methods the Company uses to ensure its self-build bid team and its RFP evaluation team are kept entirely separate. Staff discussed this with the Company and understands this may have simply been an unintentional oversight. As such, to address this recommendation, Staff asks the Company to either expand on this subject at the open meeting, or file its intended response in the docket.

Staff appreciates Avista's commitment to a transparent and collaborative public process. Of the changes Avista made, Staff highlights the following:

- Un-redacting the scoring information and clarifying the scoring methodology.
- Including how Avista will reach out to under-represented bidders.
- Adding a request for information from bidders on relevant customer benefit indicators (CBIs).

Staff expects the Company to improve iteratively on equitable processes within the RFP, and will continue to engage with the Company in that work. Staff expects that this work will include conducting equitable outreach to bidders, and how Avista can design future RFPs to solicit the most useful information related to the Company's CBIs.<sup>3</sup>

Further, Staff expects that Avista will continue to refine how it models demand response programs in its IRP, based on the results of this RFP. We also expect that Avista will align its demand response specific target within its 2025 Clean Energy Implementation Plan (CEIP)<sup>4</sup> with the results of this RFP. Lastly, if this All-Source RFP does not yield demand response results, Staff expects Avista will issue a targeted demand response RFP, as the Company has committed to in this RFP.<sup>5</sup>

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<sup>3</sup> "Customer benefit indicator" means an attribute, either quantitative or qualitative, of resources or related distribution investments associated with customer benefits described in RCW [19.405.040](#)(8).

<sup>4</sup> WAC 480-100-640 (3)(a).

<sup>5</sup> Docket UE-250155 Amended All Source RFP at page 4.

### **Interested Party Comments**

Staff reviewed the comments submitted by the Public Counsel Unit of the Attorney General's Office (Public Counsel), Renewable Northwest (RNW), and the Northwest & Intermountain Power Producers Coalition (NIPPC).

Staff believes that Public Counsel's recommendation to un-redact the previously confidential elements of the RFP was addressed. Staff believes that most of RNW's recommendations were fulfilled in Avista's amended RFP filing.

Staff discussed a few of the most salient topics raised in NIPPC's comments with NIPPC, the independent evaluator<sup>6</sup> (Procure Power) and Avista, independently. NIPPC contends that after Avista filed its amended RFP on May 8, several of their recommendations were not resolved.

Among other things, NIPPC recommended that Avista modify its evaluation methodology<sup>7</sup> to weigh price related factors higher, and non-price related factors lower. NIPPC cited concerns that the existing methodology could allow for too much subjectivity in ranking bids. In its amended RFP filing, Avista declined to modify the existing evaluation methodology on that basis. While NIPPC cites that the Company's price/non-price ratio is 45/55<sup>8</sup>, Staff, the independent evaluator, and Avista believe it is closer to 65/35.<sup>9</sup> Given that, Staff is comfortable with the existing evaluation methodology because it appears aligned with regional trends.<sup>10</sup> Staff also understands that the independent evaluator – whose role is to mitigate subjectivity that could favor the utility's own bid – is also comfortable with the methodology Avista is proposing.

NIPPC also recommended Avista modify the Risk Management criteria of the evaluation methodology. NIPPC recommended that for a bidder who is not rated by Standard & Poor's and/or Moody's but either offers collateral or a guarantee from an investment grade parent company, instead of deducting points for that situation, Avista should make it a minimum bid requirement. NIPPC cites concerns that this could unfairly disadvantage Independent Power Producers (IPPs). Staff agrees that this should become a minimum bid requirement rather than a

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<sup>6</sup>Per WAC 480-107-023, Avista is using an independent evaluator approved by the Commission on February 13, 2025 in Docket UE-250024.

<sup>7</sup> UE 250155 Exhibit D and E.

<sup>8</sup> In their comments filed in UE-250155, NIPPC states they arrive at this figure by adding the Financial Evaluation and Price Risk categories together for 45%, and all else for 55%.

<sup>9</sup> Staff arrived at this estimation by reviewing each of the evaluation methodology criteria in Exhibits D and E in Docket UE-250155 and determining if each criteria might affect the price of a bid. Avista notes this approximate figure in the cover letter for the Amended RFP in docket UE-250155 on page 2.

<sup>10</sup> *All Source Competitive Solicitations: State and Electric Utility Practices* Dr. Fredrich Kahrl, 3rdRail Inc. Chapter 3.5.2, pages 27-29 (March, 2021).

point reduction. Staff discussed this with Avista, who agreed to modify its approach. Staff proposes the following condition:

**Condition 1:** Avista will remove the following two criteria from its evaluation methodology as seen in Exhibits D and E. Avista may instead make these minimum bid requirements, without any point deduction.

- “Bidder is not rated by Standard & Poor’s and/or Moody’s, but collateral in the form of a letter of credit, a cash deposit, or another form of collateral acceptable to Avista is offered. Minus 15 points.”
- “Bidder is not rated by Standard & Poor’s and/or Moody’s, but a guarantee from an investment grade parent company or other credit support provider. Minus 30 points.”

Both NIPPC and RNW recommended that Avista allow bids that use transmission service options beyond only firm-transmission.<sup>11</sup> Avista clarifies and contends that it will consider bids with non-firm transmission service, with limitations noted in the evaluation methodology.<sup>12</sup> Staff believes Avista’s amendment adequately clarifies its allowances regarding transmission service. However, Staff understands that NIPPC believes issues remain with the clarity Avista has provided on this subject.

NIPPC recommended that Avista make changes to certain form contract provisions. Avista responded noting that if a winning bid makes it to this stage, the bidder and Avista would enter contract negotiations at which point such issues could be negotiated. Staff believes this is a reasonable response.

Lastly, on May 14, Form Energy provided public comments on the amended RFP. Staff notes that these comments were submitted significantly after the April 24 deadline for public review in the Notice. However, Staff also notes that at any time, any interested party or person can file written comments on an open meeting item before the Commission or sign up to provide verbal comments at an open meeting. Form Energy makes several recommendations aimed at clarifying and refining how Avista models different durations of energy storage based on weather, and reliability factors including the qualifying capacity credit values assigned to storage. Staff believes it is reasonable to ask Avista to use the most up-to-date modeling assumptions that account for factors such as extreme weather, seasonal variation, and different durations of battery storage. Staff understands that Avista will work to clarify and confirm its battery storage modeling assumptions ahead of the open meeting.

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<sup>11</sup> Firm-transmission refers to guaranteed transmission service even during times of system constraint. Other options could include conditional firm, number of hours, or a percentage of firm transmission.

<sup>12</sup> Docket UE-250155 Amended AS RFP Exhibit D at page 6.

**Conclusion**

Staff reviewed the amended Draft RFP and believes it is reasonably consistent with Avista's 2025 IRP. Staff is satisfied with the revisions the Company made as a result of our and other interested parties' comments. Therefore, Staff recommends the Commission issue an Order to approve Avista's amended RFP, subject to the one condition in this document.