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January 14, 2022

Amanda Maxwell,
 Executive Director and Secretary
 Washington Utilities & Transportation Commission
 621 Woodland Square Loop SE
 Lacey, Washington 98503

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 COMMISSION

RE: UE-210832 - Avista Utilities Updated Draft 2022 All-Source Request for Proposals

Dear Mrs. Maxwell:

On November 1, 2021, Avista Corporation, dba Avista Utilities (Avista or the Company), filed its Draft 2022 All-Source Request for Proposals (Draft 2022 RFP). Subsequently, comments regarding the Draft 2022 RFP were filed by the Staff of the Washington Utilities & Transportation Commission (Staff), Rye Development (on behalf of the companies working to develop the Swan Lake and Goldendale pumped hydro storage projects), and jointly by Renewable Northwest and the Northwest Energy Coalition (NWECC).¹ In recognition of these comments and feedback received, attached for filing with the Commission is an updated version of the Draft 2022 RFP. The following exhibits are included with this filing:

- Exhibit A – Draft Mutual Confidentiality Agreement
- Exhibit B – Draft Preliminary Proposal Information Sheet (Updated)
- Exhibit C – Draft Short Listed Detailed Proposal Requirements
- Exhibit D – Draft Evaluation Methodology (Updated)
- Exhibit E – Sample Evaluation Rubric (Updated)
- Exhibit F – Draft Customer Information Release
- Exhibit G – Draft RFP PPA (Standard Contract) Template

¹ Avista received comments directly from the Northwest Region of the Laborer's International Union of North America (LIUNA), which it also addressed in the the updated Draft 2022 RFP.

In addition to the updates pertaining to comments received, the Company has also included updates to Section II: Resource Need, to account for the change in resource requirements to meet customer load as a result of Avista’s 2020 Renewable RFP, which concluded December 30, 2021 and resulted in two separate agreements with Chelan PUD.² Table 1 within the updated Section II of the Draft 2022 RFP includes the winter and summer seasonal capacity needed to satisfy requirements for both Idaho and Washington customers. The figures in this table reflect Avista’s updated peak load forecast and the resource acquisition from Chelan PUD. At this time, Avista is not including potential reductions to the capacity need from the Western Resource Adequacy Program (WRAP). Avista anticipates these estimates to change as the WRAP further develops compliance requirements and will update bidders if future changes are material. Table 2 in this same section reflects updates to the monthly system energy shortfall to meet its customer energy obligations in Idaho and Washington, taking into account contingency reserves.³ Avista does not intend to use the 2022 Draft RFP to satisfy all of these requirements and may use future market purchases to satisfy some of this need.

The Company also added Table 3, which outlines the anticipated renewable energy required to meet Washington’s 2030 clean energy requirements detailed in Washington’s Clean Energy Transformation Act (CETA).⁴ The quantities shown are in average megawatts for the remaining energy required to meet 80 percent of retail load in 2030. Excess monthly energy may count towards the 20 percent alternative compliance. Avista will consider resources added to the system beginning in 2026 to meet the 2030 goal. Avista is awaiting on final rules regarding the interpretation of “use” for compliance with the 2030 clean energy standard and therefore the amounts in Table 3 are indicative of Avista’s expectations of final rules and approval of its CEIP. Avista will update these requirements and notify bidders if the quantities in this table materially change.

In support of this filing, included at the end of this letter is a matrix summarizing the comments received, along with the Company response to each comment. Additionally, a checklist

² The first contract with Chelan PUD was signed in March 2021 and factored into the Company’s updated IRP. The second contract was signed on December 31, 2021, which resulted to the change in resource needs discussed herein.

³ Contingency reserves currently require additional energy in the event of low hydro conditions or above average load.

⁴ WAC 480-100-610(2).



of the relevant requirements outlined in WAC 480-107-025 and WAC 480-107-035 (newly added as requested by Staff), and where the required information can be found within the Draft 2022 RFP and associated exhibits that accompany this filing, is also provided.

If you have any questions regarding the Draft 2022 RFP, please contact Chris Drake at 509-495-8624 or via email at chris.drake@avistacorp.com or myself at 509-495-2782 or via email at shawn.bonfield@avistacorp.com.

Sincerely,

/s/ *Shawn Bonfield*

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy



2022 All-Source RFP Public Comment Matrix



WUTC Staff Comments	Avista Response
Extend RFP requirements checklist to include other applicable rules such as the bid ranking procedures in from WAC 480-107-035.	Added WAC 480-107-035 to the RFP Requirements Checklist and cross-referenced to where each requirement is considered in the RFP.
Ensure transparency of major changes, as applicable, due to 2020 Renewable RFP, updated peak and energy load forecasts, NWPP WRAP requirements, and adoption of “use” rules.	Avista will identify changes, if applicable, and communicate with stakeholders and advisory groups, as appropriate. Section II – Resource Need, updated Tables 1 and 2 and added Table 3 to reflect closing out 2020 Renewable RFP due to the Chelan 20-year cost plus deal signed that was 12/30/21. Also added clarification to possible impacts to resource need and opportunity for adjusted proposals.
Provide proper notification and opportunity to modify bids if ranking criteria is modified.	Added footnote to the Evaluation Criteria table provided in Exhibit D.
Continue to discuss and incorporate WRAP and resource contribution to capacity requirements.	Any updates will be shared to the extent publicly available and any changes to the RFP will be provided to bidders and stakeholders.
Utilize DNV NEI findings, as applicable.	Avista agrees, but unfortunately, the study will not be done in time for the Draft 2022 RFP. If results are beyond what the Company is already requiring, Avista will look at incorporating changes.
Staff encourages incorporating CBIs into resource acquisition decisions.	Avista currently has CBIs incorporated in the “Non-Energy” criterion within the Evaluation Methodology and Evaluation Rubric provided in Exhibits D and E. A Community and Equity section has been added to the Preliminary Information form provided in Exhibit B.
Staff is concerned about the weight given to the non-energy impact criteria.	Avista discussed this concern with Staff and it was clarified that Avista and PSE’s weightings are more similar than originally thought by Staff. Added specific criteria and scoring to Exhibits D and E, Evaluation Methodology and Evaluation Rubric. Weighting has proven examples of overcoming meaningful net-value gaps.
Add “information identifying energy and nonenergy benefits or burdens” that contribute to equitable distribution of clean energy transition.	Added a Community and Equity section to the Preliminary Information form found in Exhibit B.

Add additional DEI scoring in Exhibit B.	Added criteria to Non-Energy Impacts to score plans with more specific experience.
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RYE Development Comments	Response
Consider longer term PPA.	Avista prefers 20-year PPAs but will consider other PPA lengths. Provided clarification in Section II – Resource Need of the draft 2022 All-Source RFP.
Confirm fuel supply risk scoring can treat pumped hydro (and not default deduction) by clarifying it falls in “other” rather than “none of the above”.	Pumped hydro doesn’t have a fuel supply risk but a market energy price risk.
Generation Project Development Experience – consider developer experience.	Developer experience will be scored bases on specifically related projects and proposals
Commercialized technology – consider pumped hydro as commercialized.	Avista agrees and the Evaluation Methodology criteria allows for bidders to demonstrate where specific technology is currently utilized.
Low QCC for pumped storage.	Currently utilizing regional Resource Adequacy.

Joint Renewable Northwest and NW Energy Coalition Comments	Response
WRAP PRM.	PRM went from 23 to 16. No additional changes at this time.
Quantitative elements of Evaluation Methodology should be made public.	Quantitative elements are now included in the Bidder version of the Evaluation Methodology.
Consider longer term PPA.	Avista prefers 20-year PPAs but will consider other PPA lengths. Provided clarification in Section II – Resource Need of the draft 2022 All-Source RFP.
Nameplate capacity clarification.	Added clarification of AC generating capability in Section II – Resource Need.
Strike Section IV.3 “Avista may disqualify...”	Avista notes it may grant an opportunity to cure.
Allow/encourage conditional firm transmission service.	Firm transmission is not a requirement of eligibility.

LIUNA Comments	Response
Include in RFP Evaluation Methodology - Can the Bidder verify previous experience with developing, constructing and/or operating similar projects as those being proposed?	Developer experience will be scored based on specifically related projects and proposals.
Include in RFP Evaluation Methodology - Does the Bidder have any previous health and safety violations within the last five	Information is requested in Exhibit C for state and federal inspections for the last three years.



years in regards to labor standards and/or workplace violations for state and federal projects?	
Include in RFP Evaluation Methodology – Does the Bidder have any intentions of providing an Environmental Impact Statement for any projects per state requirements?	Information is requested in Exhibit C.
Include in RFP Evaluation Methodology – Does the Bidder intend to work with any local unions in regards to meeting state policy requirements surrounding local hire, apprenticeship utilization and diversity requirements for workforce development?	Information is requested in Exhibit C and an additional question was added to draft Exhibit B to identify experience and plans utilizing local labor.

**2022 All-Source RFP Requirements
Checklist per WAC 480-107**



WAC CHAPTER 480-107 REQUIREMENTS CHECKLIST

Requirement and Citation	Citation	Location in Draft 2022 All Source RFP
<p>The RFP must define the resource need, including specific attributes or characteristics the utility is soliciting, such as the amount and duration of power, time and locational attributes, operational attributes, the type of technology or fuel source necessary to meet a compliance requirement, and any additional information necessary for potential bidders to make a complete bid, including a copy or link to the complete assessment of avoided costs identified in WAC 480-100-615(12).</p>	<p>WAC 480-107-025(1)</p>	<p>Section II – Resource Need, and Section IV – Evaluation Process</p>
<p>The RFP must request information identifying energy and non-energy benefits or burdens to highly impacted communities and vulnerable populations, short-term and long-term public health impacts, environmental impacts, resiliency and energy security impacts, or other information that may be relevant to identifying the costs and benefits of each bid, such as a bidder's past performance utilizing diverse businesses and a bidder's intent to comply with the labor standards in RCW 82.08.962 and 82.12.962.</p>	<p>WAC 480-107-025(2)</p>	<p>Section IV – Evaluation Process, and Exhibit B – Preliminary Information</p>
<p>The RFP must document that the size and operational attributes of the resource need requested are consistent with the range of estimated new resource needs identified in the utility's IRP.</p>	<p>WAC 480-107-025(3)</p>	<p>Section II – Resource Need</p>



<p>The RFP must explain the specific ranking procedures and assumptions that the utility will use in accordance with WAC 480-107-035.</p>	<p>WAC 480-107-025(4)</p>	<p>Section IV – Evaluation Process Exhibit D – Evaluation Methodology</p>
<p>The RFP must include a sample evaluation rubric that quantifies, where possible, the weight the utility will give each criterion during the bid ranking procedure, and provides a detailed explanation of the aspects of each criterion that would result in the bid receiving higher priority.</p>	<p>WAC 480-107-025(4)</p>	<p>Section IV – Evaluation Process and Exhibit D – Evaluation Methodology</p>
<p>The RFP must specify a detailed timeline for each stage of the RFP process including solicitation, ranking, and selection, as well as the utility's schedule of planned informational activities and contact information for the RFP.</p>	<p>WAC 480-107-025(5)</p>	<p>Section VI – Schedule and Timeline for 2022 All-Source RFP</p>
<p>The RFP must generally identify any utility-owned assets, including merchant-side assets that the utility has available, for the purpose of receiving bids that assist the utility in meeting its resource need at the lowest reasonable cost. The utility must make reasonable efforts to provide bidders with necessary technical details they request and to allow bidders to design their bids for use in conjunction with utility-owned assets.</p>	<p>WAC 480-107-025(6)</p>	<p>Section V – Preliminary Information and and Detailed Proposal Requirements, Transmission Requirements Subsection</p>
<p>The RFP must identify any minimum bidder requirements, including for financial security requirements and the rationale for such requirements, such as proof of a bidder's industry experience and capabilities.</p>	<p>WAC 480-107-025(7)</p>	<p>Section IV – Evaluation Process</p>
<p>The RFP must include standard form contracts to be used in acquisition of resources.</p>	<p>WAC 480-107-025(8)</p>	<p>Exhibit G – RFP PPA (Standard Contract) template</p>



All RFPs must discuss the impact of any applicable multistate regulation on RFP development including the requirements imposed by other states for the RFP process.	WAC 480-107-025(9)	Section II – Resource Need
The RFP must clearly state the scope of the solicitation and the types of bids that the utility will accept consistent with WAC 480-107-024.	WAC 480-107-025(10)	Section I – Introduction, and Section III – PPA Delivery Period/Price/Ownership Structures

Requirement	Citation	Location in Draft 2022 All Source RFP
At a minimum, a utility's RFP ranking criteria must recognize resource cost, market-volatility risks, demand-side resource uncertainties and benefits, resource dispatchability, resource effect on system operation, credit and financial risks to the utility, the risks imposed on ratepayers, public policies regarding resource preference, and Washington state or federal government requirements. The ranking criteria must recognize differences in relative amounts of risk and benefit inherent among different technologies, fuel sources, financing arrangements, and contract provisions, including risks and benefits to vulnerable populations and highly impacted communities. The ranking criteria must also be consistent with the avoided cost methodology developed in the IRP the utility uses to support its determination of its resource need. The utility must consider the value of any additional net benefits that are not directly related to the specific need requested.	WAC 480-107-035(1)	Section IV – Evaluation Process Exhibit D – Draft Evaluation Methodology Exhibit E – Sample Evaluation Rubric



In choosing to remove a bid during any stage of its evaluation process, the utility may not base its decision solely on the project's ability to only meet a portion of the resource need.	WAC 480-107-035(2)	Section IV – Evaluation Process - Footnote
The utility may not discriminate based on a bidder's ownership structure in the ranking process.	WAC 480-107-035(3)	Avist will follow this requirement.
The utility and any independent evaluator selected by the utility will each score and rank the qualifying bids using the RFP's ranking criteria and methodology. If bids include unexpected content, the utility may modify the ranking criteria but must notify all bidders of the change, describe the change, and provide an opportunity for bidders to modify their bids.	WAC 480-107-035(4)	Section IV – Evaluation Process Exhibit D – Draft Evaluation Methodology - Footnote
Within thirty days after the close of the bidding period, the utility must post on its public website a summary of each bid the utility has received. Where use of confidential data prohibits the utility from identifying specifics of a bid, a generic but complete description is sufficient.	WAC 480-107-035(5)	Section VI – Schedule and Timeline for 2022 All-Source RFP
The utility may reject any bids that do not comply with the minimum requirements of the RFP or identify the costs of complying with environmental, public health, or other laws, rules, and regulations in effect at the time of the bid.	WAC 480-107-035(6)	Section IV – Evaluation Process - Footnote
Within thirty days after executing an agreement for acquisition of a resource, the utility must file the executed agreement and supporting documents with the commission.	WAC 480-107-035(7)	Section VI – Schedule and Timeline for 2022 All-Source RFP

<p>The commission may review any acquisitions resulting from the RFP process in the utility's general rate case or other cost recovery proceeding.</p>	<p>WAC 480-107-035(8)</p>	<p>Not Applicable to RFP Document</p>
<p>The commission will review, as appropriate, a utility's finding that no proposal adequately serves ratepayers' interests, together with evidence filed in support of any acquisition made outside of the RFP process, in the utility's general rate case or other cost recovery proceeding.</p>	<p>WAC 480-107-035(9)</p>	<p>Section VI – Schedule and Timeline for 2022 All-Source RFP - Footnote</p>

