



Avista Corp.  
1411 East Mission, P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170

Received  
Records Management  
Jun 8, 2023

June 8, 2023

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

**RE: Avista Corporation Affiliated Interest Filing pursuant to RCW 80.16.020**

Dear Ms. Maxwell:

Pursuant to RCW 80.16.020 and WAC 480-100-245, please find enclosed for electronic filing with the Washington Utilities and Transportation Commission (Commission, or UTC) a Professional Services Agreement (PSA or Agreement) between Avista Corporation (Avista or the Company) and Open Energy Solutions Inc. (OES), an affiliate of Avista. The Company is providing notice to the Commission that it is Avista's intent to enter into an Agreement with OES to provide Avista with professional services supporting the installation, testing and deployment of OpenDSO, an open source grid operating system platform, as part of a grant (the Grant) awarded by the United States Department of Energy (DOE)<sup>1</sup> for the implementation of an interactive grid management project collectively entitled Connected Communities (the Project). With this filing, Avista hereby requests Commission approval of the Agreement (or otherwise take no action), attached hereto as Confidential Attachment A.

**Background**

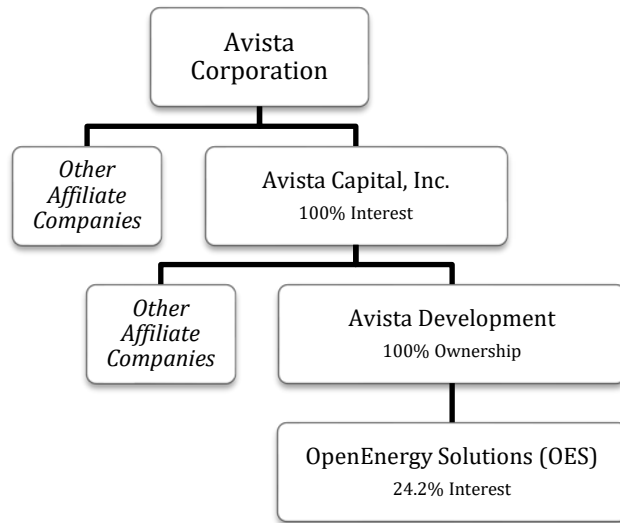
As illustrated in the organizational chart below, Avista Development, Inc. (Avista Development), a subsidiary of Avista Capital Inc. and, by extension, Avista Corporation, holds a

---

<sup>1</sup> Connected Communities Grant, Award No. DE-EE009775.

24.2% ownership interest in OES. Consequently, OES is an affiliate. Previously-filed affiliated interest agreements related to the Project—for purposes of a Subrecipient Agreement with Avista affiliate Spokane Edo, LLC—were provided to the Commission in Docket No. UE-220937. The PSA between Avista and OES, as it relates to the Connected Communities project described below, is attached hereto as Confidential Attachment A.

**Organizational Chart**



---

**About the DOE Grant, Edo and Avista**

OES is a joint venture between Avista Development and Duke Energy (Duke), combining the strengths of two of the most progressive utilities in the United States. Having determined that the future of the grid would require much better interoperability of hardware and software, greater scalability to support distributed resources, and non-proprietary and agile solutions that can be delivered to any device at the grid edge, Avista partnered with Duke – who had reached a similar conclusion and, as a result, is the founder of OpenFMB, the interoperability protocol used to communicate between grid devices and included in OpenDSO.

OpenDSO is an open-source software platform that bundles services designed for peer-to-peer communication, enabling grid solutions to be distributed to any appropriate devices connected to the grid, regardless of ownership. The platform is governed by the utility industry and is open

sourced for maximum developer engagement. OES was tasked with the initial software development, funded by Avista and Duke Energy. OpenDSO will be deployed as a part of the Connected Communities project, which intends to enable grid edge devices such as solar, energy storage, building management systems, water heaters, air handlers, and electric vehicle chargers to be complimentary components responding to customer and grid needs. Solution packages will be offered to customers that target their specific premise and load shape for maximum shared value.

Avista intends to contract with OES to provide the following products or services:

- OpenDSO design architecture
- OpenDSO/OpenFMB protocol adapter configuration
- Develop any new OpenFMB adapter as needed
- OpenDSO node deployment
- Optimization algorithm deployment
- Application of laminar coordination frameworks
- OpenDSO training for Project personnel
- Application software as needed

OpenDSO is in the early adopter phase and OES is currently the only provider of OpenDSO services. As such, Avista considers OES to be the sole provider of such offerings within its Washington service territory and is unaware of any other potential vendors that can offer a comparable level of expertise.

### **Terms of the Agreement**

A summary of the primary terms of Agreement, a copy of which has been included as Confidential Attachment A, are as follows:

- The Agreement will become effective upon approval by the Commission; if the Agreement is not approved by the Commission, the Agreement will be considered null and void, and all obligations of Avista waived.
- If approved by the Commission, the Agreement will remain in effect in accordance with the terms of the Agreement, unless terminated or extended by mutual written agreement between OES and Avista.

- In return for the satisfactory performance of the services as outlined in the Agreement’s Statement of Work (SOW), Avista will pay OES via the milestone schedule a total of \$480,000 (plus tax).

### **The Agreement with OES is in the Public Interest**

Avista has invested in OES to build OpenDSO, which the Company believes to be an essential component in transforming how the utility operates its distribution system. A carbon-free future will require the solutions that are made possible by OpenDSO.

As noted by the DOE in its announcement of Connected Communities projects, this collaboration will allow the DOE to have “10 pilot projects that will deploy new technology to transform thousands of homes and workplaces into state-of-the-art, energy-efficient buildings. These Connected Communities can interact with the electrical grid to optimize their energy consumption which will substantially decrease their carbon emissions and cut energy costs.”<sup>2</sup> The Project, which will be deployed across four neighborhoods in Spokane, WA (including two Named Communities<sup>3</sup>), is intended to explore and demonstrate clean, equitable products and solutions for commercial and residential customers which optimize grid utilization, increase resilience, and reduce energy burden. This Project provides the utility the ability to dispatch customer assets to improve grid utilization without compromising customer needs and comforts. It will combine utility assets and customer devices behind the meter to reduce greenhouse gas emissions, unlock demand flexibility and achieve energy savings. The Connected Communities project leverages OpenDSO, but also enhances existing customer programs for energy efficiency, active energy management, Advanced Metering Infrastructure (AMI) analysis, and electric vehicles as well as future programs. .

OES participation with Avista on the Project will accelerate OpenDSO adoption, improve the underlying services, and allow Avista to model, simulate, and test advanced grid edge solutions as a part of the early adopter program. The Project, as a whole, will make it feasible to incorporate large quantities of distributed energy resources in a way that is familiar to utility operators and can

---

<sup>2</sup> See <https://www.energy.gov/articles/doe-invests-61-million-smart-buildings-accelerate-renewable-energy-adoption-and-grid>.

<sup>3</sup> Prompted by the Clean Energy Transformation Act (CETA) in 2019, WAC 480-100-605 provides definitions for the terms “Highly impacted community” and “Vulnerable populations”—collectively referred to as Named Communities. Specific Named Communities are further identified within Avista’s Clean Energy Implementation Plan (CEIP). See Docket No. UE-210628.

deliver solutions to address location-specific issues. For the reasons discussed herein, Avista believes this Agreement is in the public interest. Avista respectfully requests that the Commission complete its review of this Agreement and promptly notify the Company if it believes that the Agreement is inconsistent with public interest.

In accordance with WAC 480-07-160, Avista Corporation requests confidential treatment of the Agreement provided as Attachment A. This Attachment is marked "Confidential". Please direct any questions regarding this filing to Stephanie Myers at (509) 495-4620.

Sincerely,

A handwritten signature in black ink that reads "Patrick D. Ehrbar". The signature is written in a cursive style with a long horizontal flourish at the end.

Patrick D. Ehrbar  
Director of Regulatory Affairs

Enclosures