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October 16, 2009

David Danner
Executive Director
Washington Utilities & Transportation Commission
P. O. Box 47250
1300 S. Evergreen Park Drive S. W.
Olympia, Washington 98504-7250

Via Electronic Mail - records@utc.wa.gov

RE: Avista Comments in Docket No. U-090222 (Review of PURPA Standards in the Energy Independence and Security Act of 2007)

Dear Mr. Danner:

Avista Corporation dba Avista Utilities ("Avista" or the "Company") hereby submits for electronic filing its comments regarding the Review of PURPA Standards in the Energy Independence and Security Act of 2007, Public Law 110-140 (EISA). The Company's comments are responsive to the draft rule relating to PURPA Standard 18 (A), Consideration of Smart Grid Investments – In General, contained in the Commission's September 17, 2009 Notice of Opportunity to File Written Comments. This standard would require utilities to file with the Commission a Smart Grid Technology Report which would detail the utility's evaluation and implementation of Smart Grid technologies.

Comments

WAC 480-100-xxx (1)

Comments:

Avista considers the “Smart Grid” as a “system of systems” not as a separate definable “thing.” Technologies that are typically labeled as Smart Grid may be new, but in many cases may be existing technologies applied in a different context.

The Company as part of its utility planning process evaluates new technologies and approaches to continuously improve energy efficiency, reliability, customer participation, capacity, operational efficiency and O&M expense reduction. This planning process evaluates the system as a whole and utilizes life cycle economics which includes all the key elements of the Smart Grid as typically defined. Smart Grid could be characterized as more of a strategy that is incorporated into the planning process. Technology should be deployed as required to meet strategic objectives and may be applied differently depending on circuit configuration, load profile, or customer interest to name just a few of the drivers.

Avista recognizes there is substantial hype and anticipation of benefits as well as concern about costs associated with Smart Grid concepts. Uncertainty of cost and results can cause anxiety regarding any particular implementation. The Company would like to make this reporting process more of an educational partnership, whereby together we learn by establishing a vision and subsequently generating action plans that support evaluation and implementation of solutions that can help meet the goals defined by the vision. Smart Grid deployments may take twenty or more years to implement across an entire electrical system, and as such, must be maintained on a road map that is continually updated to leverage the Smart Grid capabilities that can insure northwest residents and businesses have access to low cost, reliable energy that provides a competitive advantage as a region.

Avista would suggest that the first submitted report be the establishment of the vision and focus on the goals and expected benefits the vision is desired to achieve. Follow-up reports will contain additional details regarding evaluations, selections, and implementation of Smart Grid solutions.

Therefore, the Company would suggest the plan to be focused on transformational Smart Grid capabilities that stand out from the day-to-day capabilities that are currently deployed.

Working together we can maximize our collective knowledge and usher in the “modern grid” that best fits the needs of the region.

Suggested Rule Language:

Purpose. The purpose of this section is to establish requirements for each electric utility to submit periodic Smart Grid Road Maps to the Commission regarding the intended application and investigation of Smart Grid technology/solutions.

WAC 480-100-xxx (2)(a)

Suggested Rule Language:

“Smart Grid Road Maps” means a report describing the utility’s plans for evaluation and implementation of Smart Grid technologies/solutions.

WAC 480-100-xxx (2)(b)

Comments:

As provided above, normal utility planning includes the evaluation of technological and process improvements. The classification of Smart Grid technology objectives is quite broad and includes every day utility objectives, many of which can be cost-effectively met with current technologies that may be classified as “Smart Grid technologies” because they involve digital information. For example, utilities have relied on digital and analog information for transmission and distribution operations and protection for decades. It would be safe to say that current discussions about the Smart Grid imply *transformational* technologies that dramatically change the current practices. Avista would suggest that this “technology road map” focus on those transformational technologies which can more easily be identified.

Suggested Rule Language:

“Smart Grid technology/solution” means any technology/solution intended to be *transformational* with respect to grid operations that may improve reliability, increase energy efficiency, provide improved operational efficiency, or reduce operating costs of electrical transmission and distribution systems by enabling one or more Smart Grid functions.

WAC 480-100-xxx (2)(c)(i)

Comments:

It can be argued that an Advanced Meter Reading (AMR) system can provide usage information, store that information, apply billing determinants, and provide information relevant to management of the grid. AMR technology would not be considered a “Smart Grid technology” based on its lack of two way communication capability. The desire for real-time, or near real-time use of data, digital or analog to manage the grid should be required in the definition of a Smart Grid technology implementation.

Suggested Rule Language:

The ability, in real-time or near real-time, to develop, store, send and receive information concerning electricity use, costs, prices, time of use, storage, or information relevant to management of the electricity grid, utility operations, or customer energy use.

WAC 480-100-xxx (2)(c)(ii)

Comments:

Normal utility operations already include the ability to sense local disruptions and are protected with relaying schemes that insure the high reliability that is currently provided for customers. Terms such as self healing, automated restoration, and predictive equipment failure should be included as these are the *transformational* Smart Grid concepts.

Suggested Rule Language:

The ability to sense local disruptions and power flows, as well as predict equipment failures, enables the grid to become self-healing with automated system response.

WAC 480-100-xxx (2)(c)(iv)

Comments :

Many utilities currently deploy digital equipment for plant control and protective relaying schemes. Simply replacing an analog device with a digital device may provide no additional capability.

Suggested Rule Language :

The ability to use real-time information to automate grid operations beyond typical protective relaying schemes. It should be noted that the ability to enable automated grid operations can be implemented without the utilization of Smart Grid technologies.

WAC 480-100-xxx (2)(c)(vi)

Comments:

It is important to note that the ability to enable customer demand response programs can be implemented without the utilization of Smart Grid technologies. The Smart Grid functions noted in WAC 480-100-xxx (2)(c)(i) and (iii) would enable customer demand response programs.

WAC 480-100-xxx (2)(c)(vii)

Comments:

New end-uses, such as charging electric vehicles can be enabled without the utilization of Smart Grid technologies.

WAC 480-100-xxx (2)(c)(viii)

Comments:

The ability to interconnect and integrate power generated from customer-owned power facilities can be enabled without the utilization of Smart Grid technologies.

WAC 480-100-xxx (3)(a)

Comments:

Avista has applied for funding provided by the Smart Grid Investment Grant (SGIG) and Smart Grid Demonstration Project (SGDP) grant opportunities and therefore could provide a "Smart Grid road map" as early as September, 2010 that would include intended deployments. A more complete version with progress would be available in September of 2012.

Suggested Rule Language:

Each electric utility must file with the commission a smart grid technology/solution report no later than September 1, 2011, and subsequent reports no later than September 1 of the years 2014 and 2017.

WAC 480-100-xxx (3)(b)

Comments:

Unless otherwise ordered by the Commission, this reporting requirement shall expire after the filing of the last report due on September 1, 2017.

WAC 480-100-xxx (4)(a)

Comments:

Avista constantly evaluates technology and process as a part of the normal utility planning process. Once again, the discussion of Smart Grid technologies/solutions the utility has considered should be in the context of intended use for improved real-time grid operations that meet Smart Grid concepts for the “modern grid.” Avista would like to use the “Smart Grid road map” to provide a vision that moves our transmission and distribution system toward a smarter grid.

Suggested Rule Language:

A “Smart Grid road map” shall be provided that contains a description and anticipated timeline of each Smart Grid technology/solution the utility is considering for evaluation or implementation into its system, and the utility’s evaluation of such technologies, which may contain details applicable to the consideration of that technology, such as:

WAC 480-100-xxx (4)(b)

Comments:

Some Smart Grid technologies exist today and others do not yet exist. Avista, as previously stated, evaluates technology and process continually in the normal utility planning process and cost-effectiveness is only one part of that equation. Regulatory mandates such as security may force expenditures not considered cost-effective but necessary for Smart Grid deployments, as an example. The “Smart Grid road map” could provide a ten year vision, but will change constantly based on technology advancements.

WAC 480-100-xxx (4)(d)

Comments:

There doesn’t seem to be a need to single out pilot activities. The evaluation process for technology normally includes “testing” a specific technology/solution for effectiveness given the intended use. Pilot activities would be a test appropriate for certain types of technology and concepts and would be discussed as part of the evaluation process.

Suggested Rule Language:

After the initial report, all subsequent reports shall provide an updated “technology road map” that includes discussion of deployment and evaluation efforts that have occurred to-date.

WAC 480-100-xxx (6)

Comments:

Avista would like to approach this proposed reporting requirement as an informational opportunity and believe it would be beneficial if open dialog were to be possible in the process.

Suggested Rule Language:

Utilities required to file reports under this section will have the opportunity to collaborate as appropriate with Commission Staff to enhance the report contents for understanding of content.

WAC 480-100-xxx (8)

Comments:

The evaluation of Smart Grid technologies will very likely contain information exempt from disclosure under Chapter 42.56 RCW, such as security information protected under RCW 42.56.420 and valuable commercial information including, but not limited to, trade secrets, costs, financial information, network configuration and design information, protected under RCW 42.56.270. Therefore, rules will be necessary so that the electric utility will be able to designate and protect all security information and valuable commercial information contained in the report.

Suggested Rule Language:

All security information subject to protection under RCW 42.56.420 that may need to be included as part of this report shall not be released to the public for inspection or copying. All valuable commercial information that may need to be included as part of this report shall be protected at the highest level of confidentiality allowed for in applicable statutes and rules, including the designation of "highly confidential" for information, that if disseminated, imposes a highly significant risk of competitive harm to the disclosing party.

WAC 480-100-xxx (9)

Comments:

The purpose of the periodic reports is to inform the Commission of the utility's evaluation and plans, it is not for the purpose of determining whether or not the electric utility is subject to penalties should those plans for implementation change.

Suggested Rule Language:

The report is for informational purposes only. Should an electric utility decide not to implement Smart Grid technologies as stated in previously filed reports it shall not be subject to any penalties.

WAC 480-100-xxx (10)

Comments:

The rules would need to explain what action the Commission will take after the compliance filing is made. Avista suggests that the Commission formally indicate that the utility has met compliance with the reporting requirements.

Suggested Rule Language:

After the electric utility has filed the compliance report, the Commission, after appropriate review shall indicate that it has accepted the compliance report as meeting the requirements of the rule.

Please direct any questions on this matter to Curt Kirkeby at 509.495.4763 or myself at 509.495.4975.

Sincerely,

A handwritten signature in cursive script that reads "Linda Gervais".

Linda Gervais
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