

January 6, 2020

Via Electronic Filing

Chair David Danner
Commissioner Ann Rendahl
Commissioner Jay Balasbas
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

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COMMISSION

Re: Avista PURPA Compliance Filing –
Comments in Response to Avista’s December 3, 2019 Revised Filing and December 13,
2019 Comments
Docket Nos. UE-190663 – Avista

Dear Commissioners:

The Northwest and Intermountain Power Producers Coalition (“NIPPC”) and the Renewable Energy Coalition (“REC”) are pleased to have reached a common understanding with Puget Sound Energy in terms of how best to proceed with compliance filings for QFs, however, we find it necessary to submit these Comments on Avista’s Public Utility Regulatory Policies Act (“PURPA”) Compliance Filing submitted in Docket No. UE-190663. These comments specifically respond to Avista’s December 3, 2019 Revised Filing and December 13, 2019 Comments. These comments do not address each of the issues discussed previously by NIPPC and REC, but simply provide a high-level response to Avista’s revised filing and comments to pinpoint the issues that still remain and citations to previous comments where NIPPC and REC discuss the issues in detail. If Avista does not agree to reach a mutually agreeable resolution of these issues, NIPPC and REC plan to recommend that its compliance filing be suspended pending Commission investigation.

I. SUMMARY

The table below highlights the issues that remain in this docket:

Issue	Avista’s Position	NIPPC/REC’s Position
Options for QFs that provide less than all generation power	“The vast majority of the small QFs that may decide to use some of their output to serve their own load and sell the remainder to the utility are solar QFs. These QFs cannot provide a firm commitment to the utility; rather, they	NIPPC and REC maintain their previously stated position in Comments filed on December 3, 2019 and November 15, 2019. Avista admits that a QF that sells some but not all of its generation

	<p>will simply provide whatever is left over after they serve their own load. This is, by definition, an as-available sale. . . [L]arger QFs, such as co-gen, decide to sell some but not all of their output, those QFs will get a negotiated rate and a negotiated contract. . . including the potential for compensation for reducing utility capacity obligations. . . To the extent that the Commission is concerned that there are some small QFs providing significant capacity, such as hydro or co-gen QFs, . . . the Commission can solve that issue by simply lowering the published avoided cost rate cap from 5 MWs to 100 kW solely for those types of QFs.”¹</p>	<p>can reduce the utility’s capacity obligation, but asserts that only large QFs should be compensated for this capacity value, or that smaller QFs that want to be compensated for the capacity value, then be required to negotiate a contract. Avista’s proposal is inconsistent with the Commission’s rule to require published avoided cost prices for small QFs. The reason published prices and standard contracts are important for small QFs is to remove or reduce the transactional costs involved in negotiation. Avista’s proposal defeats that purpose.</p>
<p>Capacity Contribution Values</p>	<p>The capacity contribution for wind and solar is zero.²</p>	<p>NIPPC and REC maintain their previously stated position in Comments filed on November 14, 2019 that Avista’s capacity contribution values are not well supported. Avista should be required to perform an actual capacity contribution study and provide detailed support for the capacity contribution values.</p>
<p>Capacity contribution for new QFs</p>	<p>“The capacity contribution for new resources, or for resources without a full thirty-six (36)-month operating history, shall be based on the capacity contribution from a similar resource in the Company's latest IRP.”³</p>	<p>NIPPC and REC maintain their previously stated position in Comments filed on November 14, 2019 that: 1) all capacity contribution values should be expressed in Schedule 62 rather than by reference to the IRP; and 2) all non-wind, non-solar resources should be assumed to be baseload resources with a 100% contribution.</p>

¹ Avista December 13, 2019 Comments at 9-10.
² *Id.* at 10.
³ Avista Revised Schedule 62 at Sheet 62 (Dec. 3, 2019).

Avoided Cost of Energy	Avista maintains the appropriateness of its avoided cost of energy. ⁴	NIPPC and REC maintain their previously stated position in Comments filed on November 14, 2019 that Avista’s Mid-C market forecast inappropriately and without explanation underestimates market prices.
LEO Standard	Regarding “Avista’s proposal that the Commission is to determine whether the Customer or the Company failed to comply with any material requirement of the contracting procedures or otherwise acted unreasonably before it establishes a LEO. . .[I]n the absence of an executed contract there is no clear standard for determining when a QF has committed to sell its output to the utility and, more fundamentally, no way to enforce any such commitment. Without a clear standard—such as the one proposed by Avista—for when the Commission will step in and establish a LEO, there is substantial potential for harm to utility ratepayers and protracted disputes to be resolved by the Commission.” ⁵	NIPPC and REC maintain their previously stated position in Comments filed on November 15, 2019 that Avista’s LEO language inappropriately changes the Commission’s standard of review by requiring a finding that the utility failed to comply with its contracting procedures or otherwise acted unreasonably before determining whether a LEO has been established. A LEO may still be established where both parties are acting reasonably and in compliance with the applicable procedures.
Energy Shaping Factors	Avista maintains the appropriateness of its energy shaping factors. ⁶	NIPPC and REC maintain their previously stated position in Comments filed on November 14, 2019 that Avista’s energy shaping factors create unnecessary variance over the course of the year and could more appropriately be converted into daily or seasonal on- and off-peak prices consistent with Commission rules.
Contracting Process and Timeline	Avista maintains that its contracting process and timeline is appropriate. ⁷	NIPPC and REC maintain their previously stated position in Comments filed on November 15,

⁴ See *id.*

⁵ Avista December 13, 2019 Comments at 7-9.

⁶ Avista Revised Schedule 62 at Sheet 62A.

⁷ Avista December 13, 2019 Comments at 2-7.

		<p>2019 that:</p> <ol style="list-style-type: none"> 1) consistency among utilities is desirable in the contracting timelines and processes; 2) separate contracting procedures for small and large projects would aid in creating clarity; 3) Avista should commit, in its tariff, to respond to QF requests for changes to the draft PPA with a new draft PPA within 15 business days to create certainty and avoid utility delay; 4) a QF should not be required to request a meeting with Avista if it has minor changes to the draft contract that do not need to be discussed to avoid the potential for delay in the overall contracting process; 5) deadlines should be flexible if there are family emergencies or other reasonable issues which may cause a QF to miss a deadline; and 6) Avista should notify QFs in the contracting queue if it makes an out-of-cycle avoided cost filing.
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II. Other Issues

It is NIPPC and REC’s understanding that the remaining issues related to Avista’s compliance filing will be resolved on the following schedule:

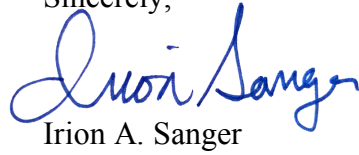
- The methodology for negotiating non-standard prices will be filed by Avista in a separate filing before January 31, 2020.
- The PPA contract terms and conditions will be addressed in early 2020.

III. Conclusion

NIPPC and REC appreciate the opportunity to submit comments, and will recommend that the Commission suspend the filing for further investigation should these issues not be resolved prior to the open meeting.

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Sincerely,



Irion A. Sanger

cc: John Lowe, Executive Director REC
Carol Opatrny, Interim Executive Director NIPPC