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Mr. Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Docket U-210183 - Relating to Electricity Markets and Compliance with the Clean Energy Transformation Act "USE" Rules – Comments of Avista Utilities

Dear Mr. Killip:

Avista Corporation, dba Avista Utilities (Avista or the Company), submits the following comments in accordance with the Washington Utilities and Transportation Commission's (WUTC or the Commission) Notice of Opportunity to File Written Comments on Draft Rules and Notice of Proposed Rule Adoption Hearing (Notice) issued in Docket U-210183 on July 18, 2025, relating to electricity markets and compliance with the Clean Energy Transformation Act (CETA) "use" rules.

Avista is largely in support of the current version of the proposed rules, having only one proposed change to draft 480-100-675(2), "Portfolio planning requirements to comply with greenhouse gas neutral standard." Avista agrees with the proposal for a planning requirement to ensure utilities sufficiently plan to meet the 100% clean or nonemitting generation requirement by 2045. Further, an hourly analysis is required for economic modeling of resources for IRPs, and it is possible to show an hourly analysis of forecasted load vs. generation. Avista provided two methods in its 2025 IRP: 1) based on market dispatch; and 2) theoretical dispatch of hydro/energy storage without markets. While this analysis is informative, Avista disagrees that it should be required for compliance with the planning standard. Instead, Avista suggests that each utility meet the requirement in subsection (1) through a monthly analysis. Specifically for the planning requirement, for each month the utility should show a forecast of its retail load, and what resources meet its primary compliance requirements.

Avista's IRP planning methodology uses hourly dispatch data given its market price forecast to inform a capacity expansion model. The capacity expansion model is a monthly time step designed to ensure the targeted capacity and energy is met, taking account of how each resource performs in the hourly simulated dispatch. This method has sufficiently been used to plan Avista's system for over a decade and proved to also select sufficient resources to meet the 2045 100% standard.

The first issue with the hourly analysis is what method the analysis should undertake? Avista studied two options in its 2025 IRP:

1) How the utility plans to dispatch the resources to the energy market and load.
2) How it could dispatch the resources if no energy market existed?

Avista found it did not meet the 100% standard when dispatching to the market as the results indicated a need to buy from the energy market to lower costs (although it was within 1% of this objective). When conducting the second method with no market, the model had perfect foresight to optimize energy storage and hydro to meet the 100% requirement with the Preferred Resource Strategy's resources. If hourly analysis is required, which method is required?

The second issue of conducting an hourly analysis for 20 years into the future is an over dependance on uncertainty of variable energy resources and dispatch decisions. While IRPs estimate hourly generation and dispatch out 20 years, it is only an estimate using information we know today, using either simulated or actual production shapes. By nature of variable energy resources, these shapes will be wrong and therefore any hourly analysis is just an estimate. Further, IRPs and other plans use generic resources and do not know what resources will ultimately get built from procurement processes - they are just placeholder resources to identify a probable resource to meet a need. The requirement of using hourly generation data for an unknown future variable energy resource creates unnecessary precision of inaccuracy. If the utility were to use monthly load vs. generation estimates, the precision would be no less wrong, but easier to understand over the 20-year planning horizon.

The third issue is markets. Based on Avista's interpretation of the proposed rules, using the energy market into the future is not prohibited to meet the 100% requirement, and in fact will be required to more economically comply with the law. How should such an hourly analysis take markets into account? Is there a limit on the amount a utility can rely on the market for in 2045? If the utility has enough generation within the month but not each hour, does this meet this compliance requirement? Given these challenges, Avista proposal of the monthly analysis solves this issue, where the market interaction does not need to be demonstrated in an analysis for 20 years since the utility will demonstrate it has enough qualifying generation to meet its retail load or primary compliance target for each month.

The fourth issue is energy storage and how it is treated for compliance and the hourly analysis. Depending on how energy storage is accounted for will have an impact on the hourly analysis, if storage is not "nonemitting generation", how does a utility meet the 100% standard for the hour when using energy storage? Does it get its own classification? Using a monthly analysis solves this issue since hourly details of energy storage are not considered. At minimum given these issues a workshop on the hourly analysis should be scheduled to discuss the Commissions expectations, however, using monthly timesteps resolves these issues and the need for further discussion on this topic.

Lastly, Avista seeks clarification on the definition of "nonemitting electric generation", which includes the phrase, "that does not emit greenhouse gases as a by-product of energy production". Avista seeks to clarify if energy storage is considered "nonemitting electric generation" since it does not produce greenhouse gas emissions during the production of generation. As a follow up, please

consider energy storage with the generation and load processes using the same device (i.e. batteries) and using separate devices (i.e. power to gas) where the charge and discharge cycle may not be in the same location.

If you have any questions regarding these comments, please contact me at 509-495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy