SUB 03/04/20

Seventh Substitute Thirteenth Revision Sheet 621 Canceling

Second Substitute Twelfth Revision Sheet 62

RECEIVED AUG. 09, 2019 WA. UT. & TRANS. COMM **ORIGINAL**

WN U-28

AVISTA CORPORATION dba Avista Utilities

SCHEDULE 62 **QUALIFYING FACILITIES** WASHINGTON

(T)

AVAILABLE:

In all the electric territory served by Avista in the State of Washington.

APPLICABILITY:

(T) (T)

Except as expressly provided herein, this schedule is only applicable to any individual, partnership, corporation, association, governmental agency, political subdivision, municipality, or other entity (the "Customer") installing, owning and generating electricity for delivery to the Company at a point of delivery on the Company's electrical system in the State of Washington where: a) the facility is a Qualifying Facility ("QF"), meaning either a cogeneration facility or a small power production facility, pursuant to Section 201 of the Public Utility Regulatory Policies Act of 1978 and defined in WAC Chapter 480-106, and b) output is offered for sale to Avista pursuant to WAC Chapter 480-106.

(C)

Avista's contracting procedures and standard contract provisions filed with the Commission shall be used where applicable.

(C) (D) (N)

POWER RATES:

(N)

Avista will pay the following avoided cost rates for delivered electricity, paid in United States dollars based on megawatt-hour (or partial megawatt-hour) production:

(T) (T)

(N)(D)

- I. Power Rate Options Available to Qualifying Facilities with a nameplate rating of five (5) megawatts alternating current (MW-AC) or less.
- (1) Specified Term-Standard Power Rates
 - (a) Total payment will be the summation of energy and applicable capacity values in their associated tables.
 - (b) The capacity contribution for existing resources, with an operating history of thirty-six (36) to sixty (60) months or longer shall be its average on-peak delivery rate for all historical years up to the past five (5) years divided by its nameplate capacity. On-peak is defined as hours 6:00 am through 10:00 pm all days during the months of November through February.
 - (c) The capacity contribution for new resources, or for resources without a full thirty-six (36)-month operating history, shall use the Specified-Term Standard Power & Short-Term Time of Delivery Capacity Rates table.
 - (d) This schedule does not provide compensation for RECs; they remain the property of the customer.

(N)(D)

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By Patrick Ehrbar, Director, Regulatory Affairs

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(N)(D)

(D)

Seventh Substitute First Revision Sheet 62A Canceling Second Substitute Original Revision Sheet 62A

WN U-28

Specified Term-Standard Power Energy Rates

Hourly Values (\$/MWh)

AVISTA CORPORATION dba Avista Utilities

		_	_	_	_							_	_		_			_					_	_	
2035	47.71	41.49	55.99	17.47	(5.07)	(6.18)	19.24	44.11	38.00	37.10	41.06	51.19	2035	51.63	46.98	76.24	32.37	(21.50)	(18.34)	20.17	41.16	45.72	42.29	40.92	49.31
2034	44.32	43.19	50.38	22.45	(7.84)	(4.63)	20.33	38.29	36.23	35.03	42.24	52.09	2034	49.54	46.07	69.17	35.73	(17.12)	(15.69)	22.44	37.06	38.50	40.54	43.59	50.51
2033	43.52	40.61	48.38	18.03	(9.10)	(4.56)	23.80	38.24	35.80	34.96	38.38	48.73	2033	46.30	43.50	65.04	28.61	(19.61)	(15.17)	22.77	38.33	38.68	36.40	40.27	49.18
2032	43.00	35.98	39.53	18.79	(8.71)	(4.76)	27.48	37.30	35.24	33.59	35.52	45.79	2032	43.23	38.57	52.20	28.77	(18.28)	(14.02)	25.01	35.56	35.96	34.57	38.58	46.89
2031	42.08	33.86	38.42	20.98	(6.41)	(4.35)	30.04	37.27	34.73	31.19	31.96	42.54	2031	43.19	35.88	53.96	36.61	(14.39)	(14.10)	23.91	35.63	35.32	31.24	36.27	45.65
2030	40.07	32.09	34.76	16.37	(7.70)	(5.11)	27.83	36.57	32.36	28.93	32.57	42.38	2030	40.47	34.57	45.77	28.63	(16.51)	(14.30)	22.93	33.64	33.37	31.24	35.43	43.56
5029	38.67	31.42	26.09	15.13	(8.78)	(1.14)	29.62	36.42	32.13	29.80	31.00	39.33	5029	38.37	34.74	34.17	29.62	(13.41)	(9.72)	21.55	31.81	32.07	29.01	31.80	39.82
2028	36.76	30.72	26.00	13.69	(2.09)	3.41	28.29	35.00	31.61	27.58	30.77	39.53	2028	36.42	32.76	30.72	27.47	(9.76)	(6.15)	21.71	28.40	30.12	28.20	32.16	39.08
2027	35.85	28.49	22.26	13.37	(2.93)	3.94	27.05	33.50	30.32	26.64	28.30	37.06	2027	35.53	30.89	25.79	23.63	(11.02)	(4.73)	21.38	26.94	27.70	24.98	29.33	36.81
2026	32.58	26.57	21.17	17.57	(3.04)	10.31	26.36	32.13	28.97	27.41	29.15	38.71	2026	32.33	27.40	23.31	26.02	(7.98)	1.12	21.61	26.51	26.08	25.95	30.10	35.72
2025	27.89	22.85	18.04	18.64	1.87	11.31	22.98	28.74	27.35	24.30	22.58	30.50	2025	23.90	19.63	17.45	22.10	(5.19)	4.67	19.90	20.23	20.64	18.18	20.89	25.70
2024	26.24	22.11	16.29	16.41	1.85	11.42	20.25	27.93	23.27	22.17	20.89	26.70	2024	22.42	18.98	15.46	18.90	(5.56)	7.31	16.04	18.23	17.19	16.50	18.87	23.64
2023	24.10	19.56	16.10	14.61	2.78	13.67	18.13	23.94	22.21	19.20	19.21	24.55	2023	19.03	16.31	14.86	16.81	(4.24)	6.97	15.24	15.44	15.99	14.21	16.82	21.15
2022	24.74	20.13	16.64	12.52	5.42	12.99	18.59	24.76	22.32	20.62	17.87	23.43	2022	20.44	16.48	13.79	11.63	(1.17)	7.19	12.72	14.82	14.58	15.80	15.63	19.35
2021	26.10	22.20	17.65	12.65	4.31	13.06	18.26	25.07	21.79	20.13	19.90	25.44	2021	21.72	18.58	14.33	11.95	(3.63)	7.65	14.50	15.40	14.52	13.45	17.55	22.61
H	Jan	Feb	Mar	Apr	May	Jun	Inf	Aug	Sep	Oct	Nov	Dec	표	Jan	Feb	Mar	Apr	May	m	3	Aug	Sep	ö	Nov	Dec

RCW 80.80.40 compliant must execute 5-year contracts. All new resource contracts must begin delivery within 3 years of execution; * New resources must sign contracts through the end of 2035. Existing resources must execute 10-year contracts. Resources not renewal QF contract terms must begin at time of existing contract expiration.

** HLH (heavy load-hours) are defined as 6:00 am until 10:00 pm all days. LLH (light load-hours) are defined as all other hours. *** QF may cease deliveries during periods where prices are negative.

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Seventh Substitute Original Revision Sheet 62B

AVISTA CORPORATION dba Avista Utilities

Specified-Term Standard Power & Short-Term Time of Delivery Capacity Rates Hourly Values (\$/MWh)

RCW 80.80.40 Compliant Resources - Contracts Ending in 2035 First Hourly Capacity Value <3 Year History 3+ Year Delivery On-System Montana Solar + History 4Hr Batt Wind Wind Year Solar Hydro Other \$/kW-mo 2021 1.83 10.10 0.98 7.68 15.18 11.66 8.51 10.97 1.06 8.34 16.47 9.24 2022 1.99 12.66 2023 2.17 11.96 1.16 9.10 17.97 13.81 10.08

F	RCW 80.80.40 Compliant Resources - Renewal Contracts Ending after 10 Years														
First		Hourly	Capacity Va	lue <3 Year I	listory		3+ Year								
Delivery	On-System	Montana		Solar+			History								
Year	Wind	Wind	Solar	4Hr Batt	Hydro	Other	\$/kW-mo								
2021	1.17	6.43	0.62	4.89	9.66	7.42	5.42								
2022	1.49	8.22	0.80	6.25	12.35	9.49	6.93								
2023	1.83	10.09	0.98	7.67	15.15	11.65	8.50								

RC	RCW 80.80.40 Non-Compliant Resources - Renewal Contracts Ending after 5 Years														
First		Hourly	Capacity Va	lue <3 Year I	History		3+ Year								
Delivery	On-System	Montana		Solar +			History								
Year	Wind	Wind	Solar	4Hr Batt	Hydro	Other	\$/kW-mo								
2021	0.00	0.00	0.00	0.00	0.00	0.00	0.00								
2022	0.00	0.00	0.00	0.00	0.00	0.00	0.00								
2023	0.58	3.21	0.31	2.44	4.82	3.70	2.70								

- Capacity payments are based on an annual capacity value multiplied by the standardized on-peak capacity contribution divided by a standardized capacity factor. Once QF output exceeds that of the assumed capacity factor level, capacity payments will cease until the next contract year.
- 2. Existing resources with 3 years of operating history will receive a \$/MWh payment derived using the \$/kW-mo rate. To convert the \$/kW-mo rate to a per-MWh rate, multiply the \$/kW-mo rate by 12 months and multiply it again by the capacity contribution factor defined in tariff and then divide that figure by the average capacity factor over the same number of years used to define the capacity contribution factor.
- On-Peak Capacity Contribution Assumptions <3 Years Operating History:
 On-System Wind: 5% Montana Wind: 42% Solar: 2% Solar + 4Hr Battery: 15%
 Hydro: 48% Other: 100%
- 4. Standardized Capacity Factor Assumptions <3 Years Operating History: On-System Wind: 32% Montana Wind: 48% Solar: 24% Solar + 4Hr Battery: 23% Hydro: 37% Other: 100%
- 5. Fixed rate is for contracts ending in 2035. Shorter terms will receive capacity payment based on value provided over the term of the contract.
- 6. Capacity contribution payment with batteries is based on the size of the resource itself, not the summation of the battery and resource. Battery size is assumed to be equal to a multiple of the underlying resource capacity (e.g., 2 MW solar + 4 hr battery = 8 MWh battery).

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Seventh Substitute Original Revision Sheet 62C

AVISTA CORPORATION dba Avista Utilities

(2) Short Term-Time of Delivery Power Rates

- (a) Total payment will be the summation of the energy and applicable capacity payment on a per-delivered MWh basis.
- (b) The energy payment shall be equal to the summation of all metered net output of the QF multiplied by the Powerdex Hourly Mid-Columbia Electricity Index ("Mid-C Index") price in effect at the time of the delivery. Where the Mid-C Index ceases to exist, its successor will be used. Where no successor exists, another index shall be agreed to by the parties.
- (c) The capacity contribution for existing resources, with an operating history of thirty-six (36) to sixty (60) months or longer shall be its average on-peak delivery rate for all historical years up to the past five (5) years divided by its nameplate capacity. On-peak is defined as hours 6:00 am through 10:00 pm all days during the months of November through February.
- (d) The capacity contribution for new resources, or for resources without a full thirty-six (36)-month operating history, shall use the Specified-Term Standard Power & Short-Term Time of Delivery Capacity Rates table.
- (e) This schedule does not provide compensation for RECs; they remain the property of the customer.

(3) As-Available Power Rates

The As-Available Power Rate shall apply to all customers providing QF output to the Company on an as-available basis. It shall be based on the Powerdex hourly Mid-C Index for electricity, calculated on an hourly or monthly basis as determined by the Company. Where the Mid-C Index ceases to exist, its successor will be used. Where no successor exists, another index shall be agreed to by the parties. There will be no capacity payment made for As-Available deliveries. This schedule does not provide compensation for RECs; they remain the property of the customer.

- II. Power Rates Available to Qualifying Facilities with a nameplate rating exceeding five (5) MW-AC.
 - (1) <u>IRP-Based Rates</u> IRP-Based Rates are calculated using a Commission-approved methodology. In the absence of an approved methodology, IRP-Based Rates will be calculated in a manner consistent with the last acknowledged Integrated Resource Plan. For illustrative purposes, the present forecasts of capacity and energy, both independently and combined, are provided below.

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Fifth Substitute Original Revision Sheet 62D

AVISTA CORPORATION dba Avista Utilities

Combined Energy and Capacity Value Assuming Flat Delivery All Hours in a Year -- Example Rates For Large QF Resources, Not Applicable to Small QF Hourly Values (\$/MWh) **Estimated Avoided Costs**

HLH 2021	Jan 26.10 2	Feb 22.20 2	Mar 17.65 1	Apr 12.65 1	May 4.31	Jun 13.06 1	Jul 18.26 1	Aug 25.07 2	Sep 21.79 2	Oct 20.13 2	Nov 19.90 1	Dec 25.44 2	LLH 2021 2	Jan 21.72 2	Feb 18.58 1	Mar 14.33 1	Apr 11.95 1	May (3.63) (Jun 7.65	Jul 14.50 1	Aug 15.40 1	Sep 14.52 1	Oct 13.45 1	Nov 17.55 1	22 77 74
2022	24.74	20.13	16.64	12.52	5.42	12.99	18.59	24.76	22.32	29.02	17.87	23.43	2022	20.44	16.48	13.79	11.63	(1.17)	7.19	12.72	14.82	14.58	15.80	15.63	10.01
2023	24.10	19.56	16.10	14.61	2.78	13.67	18.13	23.94	22.21	19.20	19.21	24.55	2023	19.03	16.31	14.86	16.81	(4.24)	6.97	15.24	15.44	15.99	14.21	16.82	74.45
2024	26.24	22.11	16.29	16.41	1.85	11.42	20.25	27.93	23.27	22.17	20.89	26.70	2024	22.42	18.98	15.46	18.90	(5.56)	7.31	16.04	18.23	17.19	16.50	18.87	22 54
2025	27.89	22.85	18.04	18.64	1.87	11.31	22.98	28.74	27.35	24.30	22.58	30.50	2025	23.90	19.63	17.45	22.10	(5.19)	4.67	19.90	20.23	20.64	18.18	20.89	טר דר
2026	32.58	26.57	21.17	17.57	(3.04)	10.31	26.36	32.13	28.97	27.41	29.15	38.71	5026	32.33	27.40	23.31	26.02	(7.98)	1.12	21.61	26.51	26.08	25.95	30.10	25
2027	55.32	47.96	41.72	32.84	13.54	23.40	46.52	52.97	49.78	46,11	47.77	56.52	2027	55.00	50.36	45.25	43.09	8.44	14.73	40.85	46.40	47.17	44.44	48.80	00 01
2028	56.57	50.53	45.81	33.50	14.72	23.22	48.10	54.81	51.42	47.39	50.58	59.33	2028	56.23	52,57	50.53	47.28	10.04	13.66	41.52	48.21	49.92	48.01	51.97	20 00
2029	58.94	51.68	46.35	35.40	13.48	19.12	49.88	26.68	52.39	50.06	51.27	59.60	2029	58.63	55.00	54.43	49.88	6.85	10.54	41.81	52.07	52.33	49.27	52.06	11
2030	60.67	52.70	55.36	36.97	12.91	15.49	48.43	57.18	52.97	49.54	53.17	65.99	2030	61.08	55.18	66.38	49.23	4.09	6.30	43.53	54.24	53.97	51.85	56.04	68.46
2031	63.14	54.92	59.48	42.05	14.65	16.71	51.10	58.34	55.79	52.26	53.02	63.60	2031	64.25	56.94	75.03	57.67	6.67	6.97	44.97	56.69	56.38	52.30	57.33	
2032	64.51	57.50	61.05	40.31	12.80	16.76	48.99	58.82	92.95	55.11	57.04	67.31	2032	64.75	60.09	73.72	50.29	3.23	7.49	46.53	57.08	57.47	56.09	60.10	20 00
2033	1 65.38	62.47	70.24	1 39.89	12.76	5 17.30	45.65	60.10	57.66	1 56.82	60.24	1 70.59	2033	68.16	65.36	86.90	50.47	3 2.25	9 6.68	3 44.63	8 60.19	60.54	58.26	62.13	
2034	66.64	65.50	12.69	44.77	14.47	17.68	42.64	60.61	58.54	57.34	64.56	74.41	2034	71.86	68.38	91.49	58.04	5,19	6.62	44.76	59.38	60.81	62.85	65.90	20 00
2035	t 70.48	0 64.26	78.76	40.24	13.70	3 16.59	42.00	1 66.87	1 60.77	1 59.87	5 63.83	13.96	2035	5 74.40	3 69.75	9 99.01	1 55.14	3 1.27	4.43	42.94	63.93	68.49	5 65,05	63.69	1
2036	3 74.54	63 03	85 33	36.17	12 97	9 15.56	41.38	73.79	63.09	7 62.51	63.10	5 73.51	2036	77 02	5 71 13	1 107 14	4 52.38	7 0.31	3 2.96	4 41 20	3 68.82	9 77 14	5 67.33	61.55	1
2037	78 83	61.83	92 44	32.51	12 28	14.59	40.76	81.42	65.49	65.26	62.38	73.07	2037	79 75	72 55	115.95	49 77	0 08	1 98	39.53	74.10	86.89	69 69	59.48	200
2038	83.37	90 65	100 16	29 22	11 63	13.69	40 15	89 83	65 29	68 13	61.68	72.62	2038	82.56	73.99	125.47	47.28	0.02	1.32	37.92	77 61	92 86	72.13	57 48	
2039	88 17	59 50	108 51	26 26	11 01	12 84	39 54	99 12	70 58	71 13	86 09	72 19	2039	85.48	75 47	135 79	44 91	00 0	0.88	36 38	85 88	110 23	74.65	55.55	
2040	93.25	58 36	117 56	23 61	10 42	12 05	38 95	109 37	73.27	74 27	60.28	71,75	2040	88 50	76 97	146 94	42 67	00 0	0.59	34 91	92 46	124 15	77.26	53 69	

After 15 years rates are escalated using growth rate between year 14 and year 15.
 Rate does not include adjustments for variable energy resource integration charges.

1. HLH (heavy load-hours) are defined as 6:00 am until 10:00 pm all days. LLH (light load-hours) are defined as all other hours.

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Estimated Avoided Costs

Fifth Substitute Original Revision Sheet 62E

2040 63 44 51 78 123 96

(53.38)

(26.98)

(15,69)

(18.28)

(16.51)

(14.30)

(9.72)

(4.73) (6.15)

26.51

19.90

7.19

In

7.65

12.72

15.40

ಕ

(2.98)

(14.02) 25.01 35.56

(34 24) 13 16 62 58

45 70

37.06

38.33

35.63

33.64

31.81

28.40

20.23

33.37

29.01

38.58

45.65

39.85

35 60 46.89

AVISTA CORPORATION dba Avista Utilities

16 21) 19 62} 77 61 46 02 46.68 36 63 2039 Energy Only Value Assuming Flat Delivery All Hours in a Year -- Example Rates For Large QF Resources, Not Applicable to Small QF 37 69 2038 (1212)2037 (10.49)39.87 39 90 39 29 53 80 47 90 29 33 46.98 32.37 2035 44.32 (7.84) 20.33 36.23 35.03 52.09 49.54 42.24 46.07 35.73 2034 23.80 35.80 38.38 34.96 48.73 38.24 46.30 43.50 65.04 28.61 2033 43.00 (8.71) 27.48 37.30 35.24 33.59 45,79 38.57 28.77 43.23 52.20 35.52 2032 Hourly Values (\$/MWh) 30.04 34.73 31.96 42.54 43.19 35.88 36.61 2031 40.07 (7.70)(5.11)27.83 28.93 32.57 42.38 45.77 28.63 40.47 32.36 2030 34.57 29.62 26.09 36.42 29.80 31.00 39.33 38.37 29.62 32.13 2029 34.74 (5.93) (5.09) 28.29 35.00 27.58 39.53 2028 32.76 23.63 27.47 30.32 31.61 30.77 27.05 33.50 28.30 37.06 2027 35.53 30.89 25.79 3.94 (3.04) 32.13 38.71 32.58 26.36 32.33 23.31 10.31 27.35 28.97 27.41 22.58 29.15 27.40 26.02 2026 22.98 28.74 2025 22.10 1.87 24.30 30.50 23.90 11.31 19.63 20.89 26.70 1.85 20.25 27.93 23.27 2024 18.98 18.90 2.78 23.94 22.21 19.20 19.21 2023 24.55 13.67 16.31 16.81 5.42 22.32 17.87 20.13 12.52 12.99 24.76 20.62 23.43 2022 20.44 16.48 18.59 13.79 11.63 18.26 21.79 19.90 25.44 12.65 13.06 25.07 2021 11.95 18.58

Capacity Only Value Assuming Flat Delivery All Hours in a Year -- Example Rates For Large QF Resources, Not Applicable to Small QF Hourly Values (\$/MWh)

25 19

24.69

24 19

23 71

2039

2038

2037

1. HLH (heavy load-hours) are defined as 6:00 am until 10:00 pm all days. LLH (light load-hours) are defined as all other hours. 2. After 15 years rates are escalated using growth rate between year 14 and year 15.

3. Rate does not include adjustments for variable energy resource integration charges.

race uses not module adjustments for variable energy resource integration
 Capacity value is applied to all delivered energy during a calendar year.

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Feb

Mar

Issued by Avista Corporation

May

Sep

Oct

Nov

By Patrick Ehrbar, Director, Regulatory Affairs

Patrick Delibar

(N)

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Fifth Substitute Original Revision Sheet 62F

AVISTA CORPORATION dba Avista Utilities

- (2) <u>As-Available Power Rates</u> The As-Available Power Rate will be negotiated on a case-by-case basis reflecting the unique attributes of the QF facility and the Company's avoided costs.
- (3) Non-Binding Term Sheets for QFs with nameplate capacities exceeding 5 MW-AC can be found at: https://myavista.com/about-us/services-and-resources/interconnection.

III. Contracting Procedures.

These contracting procedures are provided by Avista pursuant to WAC 480-106-030(2) and apply to Qualifying Facilities. They apply to any Customer intending to contract to deliver the output from its Qualifying Facility to the Company at a point of delivery on the Company's electrical system in the State of Washington. These contracting procedures may be adjusted periodically.

(1) Procedures

- A. To obtain an indicative pricing proposal for a proposed Qualifying Facility, the Customer shall provide the Company information that is reasonably required to develop such a proposal. Indicative pricing for facilities with a nameplate generation capacity of five megawatts (5 MW) or less shall be the Power Rates contained in this schedule. Existing Qualifying Facilities that are seeking to renew an expiring contract with Avista are not required to provide information previously provided to Avista, but shall provide Avista any updates to the information previously provided. General information regarding a Qualifying Facility shall include:
 - i) Qualifying Facility owner name, organizational structure and chart, and contact information;
 - ii) generation and other related technology applicable to the Qualifying Facility;
 - iii) design capacity, station service requirements, and the net amount of power, all in kilowatts (kW), to be delivered to the Company's electric system by the Qualifying Facility;
 - iv) schedule of estimated Qualifying Facility electric output, in an 8,760-hour electronic spreadsheet format;
 - v) ability, if any, of Qualifying Facility to respond to dispatch orders from the Company;

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Fifth Substitute Original Revision Sheet 62G

AVISTA CORPORATION dba Avista Utilities

- vi) map of Qualifying Facility location, electrical interconnection point, and point of delivery;
- vii) anticipated commencement date for delivery of electric output;
- viii) list of acquired and outstanding Qualifying Facility permits, including a description of the status and timeline for acquisition of any outstanding permits;
- ix) demonstration of ability to obtain Qualifying Facility status;
- x) fuel type(s) and source(s);
- xi) plans to obtain, or actual, fuel and transportation agreements, if applicable;
- xii) where Qualifying Facility is or will be interconnected to an electrical system besides the Company's, plans to obtain, or actual, electricity transmission agreements with the interconnected system; *and*
- xiii) interconnection agreement status.
- B. Where the Company determines that the Customer has not provided some or all of the information that is required by Section (1)A, the Company shall, within ten (10) business days of the date that Customer provides information to the Company pursuant to Section (1)A, notify the Customer in writing of any deficiencies.
- C. Following the Company's receipt of all information required in Section (1)A, the Company shall, within twenty (20) business days of such receipt of information, provide the Customer with an indicative pricing proposal containing terms and conditions tailored to the individual characteristics of the proposed Qualifying Facility; provided, however, that for Qualifying Facilities eligible for Published Rates pursuant to the Washington Utilities and Transportation Commission's eligibility requirements, the indicative pricing proposal shall be the Power Rates contained in this schedule which shall be deemed to be provided to the Customer on the day the Company receives all of the information required in Section (1)A and the proposed non-price terms and conditions shall be as set forth in the Form of Power Purchase Agreement for Small Qualifying Facilities on file with the Washington Utilities and Transportation Commission.

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will become final and binding on the parties under only two conditions:

- D. The indicative pricing proposal provided to the Customer pursuant to Section (1)C will not be final or binding on either party. Prices and other terms and conditions
 - i) The prices and other terms contained in a power purchase agreement shall become final and binding upon full execution of such power purchase agreement by both parties, or
 - ii) If an irreconcilable disagreement arises during the contracting process, the Company or the Customer may petition the Washington Utilities and Transportation Commission to resolve the disagreement, which may include making a determination about whether the Customer is entitled to a legally enforceable obligation in the absence of a fully executed power purchase agreement for the output of such Qualifying Facility and, if so, the date such legally enforceable obligation occurred.
- E. If the Customer desires to proceed with contracting its Qualifying Facility with the Company after reviewing the indicative pricing proposal provided in accordance with Section (1)C, it shall provide the Company with any additional information that the Company reasonably determines necessary for the preparation of a draft power purchase agreement, which shall include:
 - i) updated information of the categories described in Section (1)A;
 - ii) evidence of site control for the entire contracting term;
 - iii) anticipated timelines for completion of key Qualifying Facility milestones, to include:
 - a. licenses, permits, and other necessary approvals;
 - b. funding;
 - c. Qualifying Facility engineering and drawings;
 - d. significant equipment purchases;
 - e. construction agreement(s);
 - f. interconnection agreement(s); and
 - g. signing of third-party transmission agreements, where applicable; and,

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- iv) additional information as explained in the Company's indicative pricing proposal.
- F. If the Company determines that the Customer has not provided sufficient information as required by Section (1)E, the Company shall, within ten (10) business days of the date that Customer provides information to the Company pursuant to Section (1)E, notify the Customer in writing of any deficiency.
- G. Following satisfactory receipt of all information required in Section (1)E, the Company shall, within fifteen (15) business days of the Company's receipt of the information required in Section (1)E, provide the Customer with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions; provided, however, that for Qualifying Facilities that are eligible for Published Rates pursuant to the Washington Utilities and Transportation Commission's eligibility requirements, the draft power purchase agreement shall be the Form of Power Purchase Agreement for Small Qualifying Facilities on file with the Washington Utilities and Transportation Commission. The draft power purchase agreement provided to the Customer pursuant to this Section (1)G shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company.
- H. Within ninety (90) calendar days after its receipt of the draft power purchase agreement from the Company pursuant to Section (1)G, the Customer shall review the draft power purchase agreement and shall: i) notify the Company in writing that it accepts the terms and conditions of the draft power purchase agreement and is ready to execute a power purchase agreement with same or similar terms and conditions as the draft contract; or ii) provide the Company with written comments and proposals based on the draft power purchase agreement. The Company shall not be obligated to commence negotiations with a Customer or draft a final power purchase agreement unless or until the Company has timely received an initial set of written comments and proposals from the Customer, or notice from the Customer that it has no such comments or proposals, in accordance with this Section (1)H.
- I. After Customer has satisfied the requirements set forth in Section (1)H above, unless the Customer has notified the Company in writing that it accepts the terms and conditions of the draft power purchase agreement and that it does not have any additional issues to discuss prior to executing a final power purchase agreement, Customer shall contact the Company to schedule a meeting to negotiate or discuss any issues regarding the draft power purchase agreement.

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The Company may request such a meeting if it has any issues regarding the Qualifying Facility or draft power purchase agreement that it wants to discuss with the Customer prior to executing a final power purchase agreement. All meetings scheduled pursuant to this Section (1)(I) shall be scheduled at such times and places as are mutually agreeable to the parties.

- J. In connection with any contract negotiations between the Company and the Customer, the Company:
 - i) shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the Customer;
 - ii) may request to visit the site of the proposed Qualifying Facility if such a visit has not previously occurred;
 - iii) shall update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed Qualifying Facility or proposed terms of the draft power purchase agreement;
 - iv) may request any additional information from the Customer necessary to finalize the terms of the power purchase agreement and to satisfy the Company's due diligence with respect to the Qualifying Facility.
- K. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, including the price to be paid for delivered power pursuant to such draft agreement, the Company shall prepare and forward to the Customer, within ten (10) business days, a final, executable version of the power purchase agreement.
- L. The Customer shall, within sixty (60) business days of its receipt of a final, executable version of the power purchase agreement, execute and return the final power purchase agreement to the Company.
- M. Where the Customer timely executes and returns the final power purchase agreement to the Company in accordance with Section (1)L, the Company will, within sixty (60) business days of its receipt of the power purchase agreement executed by the Customer, execute such power purchase agreement.
- N. Failure of the Customer to meet any timelines set forth in this Section relieves the Company of any obligation under this tariff until such time as the Customer

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resubmits its Qualifying Facility and the procedures begin anew. If the Customer does not execute the final power purchase agreement per Section (1)L, such final power purchase agreement shall be deemed withdrawn and the Company shall have no further obligation to the Customer under this tariff unless or until such time the Customer resubmits the Qualifying Facility to the Company in accordance with this Schedule.

(2) The Company's obligation to purchase a Qualifying Facility's energy and/or capacity is conditioned upon the Qualifying Facility obtaining a valid interconnection agreement prior to its first delivery of such output. Where the Qualifying Facility will be interconnected to a third-party electrical system, the Company's obligation to purchase such electrical output will be conditioned on the Customer obtaining a firm transmission agreement or agreements to deliver electrical output to the Company's system for the term of the power purchase agreement.

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