



Case No. AVU-E-15-08, Order No. 33463

Contact: Gene Fadness (208) 334-0339, 890-2712

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Commission accepts Avista long-range plan

BOISE (Feb. 11, 2016) – State regulators are approving a long-range planning document that details how Avista Utilities plans to meet its projected load growth over the next 20 years.

The utility, which serves about 125,000 electric customers in northern Idaho, plans to acquire nearly all its energy from energy efficiency programs, natural gas plant upgrades and the construction of natural gas peaker plants and a combined-cycle natural gas plant.

The Idaho Public Utilities Commission accepted the Integrated Resource Plan (IRP), which Avista must file every two years. Acceptance of the plan does not necessarily mean the anticipated projects will be built. Instead, the report informs the commission and its customers about the utility's plans. The resource planning process can change as circumstances change.

While population and employment growth are starting to recover from the Great Recession, the utility nonetheless revised downward – from 1% to 0.6% -- its annual load growth projection from its 2013 IRP.

Efforts in energy efficiency have reduced Avista's load requirement by 127 average megawatts, about 11% of the utility's total load. Energy efficiency and market purchases push out the first anticipated long-term capacity deficit to 2021 at the earliest.

The first anticipated resource addition is a 96-megawatt natural gas-fired peaking plant at the end of 2020 to replace expiring contracts and serve load growth. In 2026, the company anticipates building a 286-MW combined-cycle combustion turbine natural gas plant, another 96-MW peaker plant in 2027 and a 47-MW peaker plant in about 2034. (Smaller peaker plants are built primarily to meet customer demand during peak-use periods while larger combined-cycle plants run year-round to meet load requirements.)

In total, the utility plans on adding about 565 MW of new natural gas generation through 2035 and acquiring another 132 average megawatts through energy efficiency programs.

Most of Avista's generation (51% in the winter and 38% annual average) comes from hydroelectric resources. Natural gas provides about 37% in the winter and 42% of annual generation. Avista also owns a 15% share in each of two Colstrip coal plant units in Montana, from where it gets about 222 MW. Coal comprises about 13% of Avista's annual generation.

The Snake River Alliance favored acceptance of the plan, but criticized what it believes to be Avista's over reliance on natural gas plants that, it says, are subject to unknown regulations and costs. Further, Snake River Alliance said, Avista's intent to acquire 565 MW of new natural gas resources while simultaneously shutting down demand response programs sends mixed signals about the utility's ability to achieve deeper carbon emissions reductions.

Demand response programs target typically larger-use customers who voluntarily agree to reduce or shift their consumption from peak-use periods in exchange for financial credits, thus reducing demand on Avista's overall generation system. Avista claims its demand-response programs have higher costs than anticipated and are not cost-effective. Costs of the demand response programs would have to drop by nearly 50 percent to be cost-effective, Avista claims.

The commission's order and other documents related to this case are available on the commission's Website. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. AVU-E-15-08.

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