



Avista Corp.

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

November 8, 2019

Diane Hanian, Commission Secretary
Idaho Public Utilities Commission
11331 W Chinden Blvd.
Boise, ID 83714

Re: Avista Application No. AVU-E-19-12

Dear Ms. Hanian:

Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), respectfully requests approval to modify its voluntary renewable energy program (program) in Schedule 95 "Optional Renewable Power Rate" in an effort to effectively manage costs, provide customers with greater choice, and to support renewable energy within our region. The proposed additions are included in the following tariff sheets, I.P.U.C No. 28:

| | | |
|--------------------------|-----------|--------------------------|
| Third Revision Sheet 95 | Canceling | Second Revision Sheet 95 |
| First Revision Sheet 95A | Canceling | Original Sheet 95A |

Enclosed for filing with the Commission is an original and 7 copies of the Company's application.

Please direct any questions on this matter to myself at (509) 495-4975.

Sincerely,

Manager, Regulatory Policy & Strategy
Avista Utilities
linda.gervais@avistacorp.com

Attachments

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2019 NOV 12 AM 11:21
IDAHO PUBLIC
UTILITIES COMMISSION

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2019 NOV 12 AM 11:21
IDAHO PUBLIC UTILITIES COMMISSION

1 DAVID J. MEYER
2 VICE PRESIDENT AND CHIEF COUNSEL FOR
3 REGULATORY AND GOVERNMENTAL AFFAIRS
4 AVISTA CORPORATION
5 P.O. BOX 3727
6 1411 EAST MISSION AVENUE
7 SPOKANE, WASHINGTON 99220-3727
8 TELEPHONE: (509) 495-4316
9 david.meyer@avistacorp.com

10

11 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

12 IN THE MATTER OF THE APPLICATION)
13 OF AVISTA CORPORATION REQUESTING) CASE NO. AVU-E-19- 12
14 TO MODIFY SCHEDULE 95 TO REVISE)
15 THE COMPANY'S VOLUNTARY)
16 RENEWABLE ENERGY PROGRAM)

17 **I. INTRODUCTION**

18 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at
19 1411 East Mission Avenue, Spokane, Washington, respectfully requests approval to modify its
20 voluntary renewable energy program (program), Schedule 95 "Optional Renewable Power Rate"
21 in an effort to effectively manage costs, provide customers with greater choice, and to support
22 renewable energy within our region.

23 During 2019, Avista evaluated the Company's program by conducting customer research,
24 analyzing program costs and customer participation levels, and reviewing comparable programs
25 at other investor owned utilities. After completing the review, the Company determined that
26 updates to the program are necessary in order to meet the needs of our customers and ensure that
27 funds collected from the program participants are sufficient to cover expenses.

28 The Company requests that this filing be processed under the Commission's Modified
29 Procedure rules.

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1 Communications in reference to this Application should be addressed to:

2 David J. Meyer, Esq.
3 Vice President and Chief Counsel for
4 Regulatory and Governmental Affairs
5 Avista Corporation
6 P.O. Box 3727
7 1411 E. Mission Avenue, MSC-13
8 Spokane, WA 99220-3727
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Linda Gervais
Senior Manager, Regulatory Policy & Strategy
Avista Corporation
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1411 E. Mission Avenue, MSC-27
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12 II. BACKGROUND

13 Beginning in 2002, Avista, offered electric customers the opportunity to voluntarily
14 support the development of renewable energy by participating in the Company's "Buck-a-Block"
15 program under Tariff Schedule 95 "Optional Wind Power Rate." Avista Utilities' wind power
16 option was priced in increments, or "blocks", of \$1. Each \$1 block of wind purchased by
17 customers equaled 55 kilowatt hours (kWhs).

18 In 2004, the Company filed revisions to the Buck-a-Block program including a change
19 from Optional "Wind" Power Rate to Optional "Renewable" Power Rate. These revisions also
20 reflected a lower wholesale cost of wind power to Avista, and represented the cost of renewable
21 energy certificates (RECs) associated with that resource. The RECs were primarily from wind
22 power generated at the Stateline Wind Energy Center, however they could also come from other
23 "green-e certified" resources.¹ The revised program continued to include voluntary participation
24 in increments of \$1 per block. However, each block was modified to be equal to 300 kWh of
25 renewable energy rather than the previous block amount of 55 kWh.

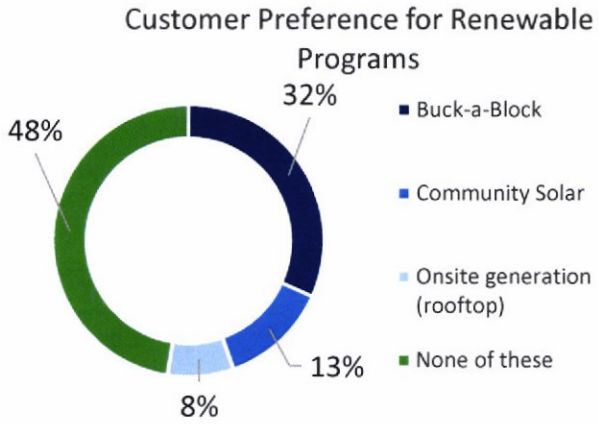
26 In 2014, the Company filed additional revisions to the program, allowing surplus funds to
27 be used for issuing rooftop solar grants for installations on commercial buildings in Idaho and
28 Washington. This was primarily due to the availability of low-cost RECs in past years and a plateau
29 in subscription levels. The program had surplus revenues that exceeded the costs by approximately

¹ The Green-e Renewable Electricity Certification Program is administered by the non-profit Center for Resource Solutions, based in San Francisco, California.

1 \$200,000 (Idaho and Washington combined) prompting the Company to offer solar grants using
2 excess funds collected from the program. Since these revisions were approved by the Idaho Public
3 Utilities Commission (Commission), \$347,000 in grants and funded nine (9) projects in Idaho and
4 Washington.

5 **III. CUSTOMER FEEDBACK**

6 In 2019, the Company conducted
7 customer research in order to better inform
8 revisions to the program.² This involved a
9 variety of activities including surveys,
10 customer panels and individual interviews.
11 When customers were presented with
12 several options for renewable programs
13 and asked what option they were most
14 likely to choose, including an option not to



15 participate in any program, 32% of customers selected the Buck-a-Block program. However, less
16 than one percent (1%) of the Company’s customers actually participate. In order to understand the
17 difference in actual participation, the Company conducted additional research. Avista discovered
18 that most customers, even active program participants, said that “lack of information” is a problem
19 and they don’t understand the value of the program.³ There is clearly a need to further educate
20 customers on the benefits of the program. Additionally, the Company is seeking to provide
21 additional choices to our customers based on their feedback.

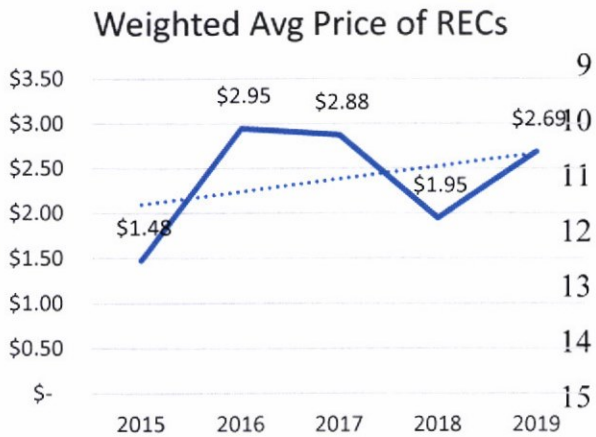
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² The Company conducted a residential customer research project in 2016 using the Shelton Group, a leading research firm focused exclusively on energy and the environment. Avista also conducted internal research specifically regarding the Buck-a-Block program in 2019.

³ 58% of customers surveyed said that “lack of information” about the program was the largest detractor.

1 **IV. RISING COSTS**

2 In recent years the cost of RECs has increased
 3 and the level of program participants has decreased.
 4 The current operating reserves for the program are
 5 approximately \$38,000, which is well below previous
 6 years. The Company is concerned that the program
 7 may not be able to cover its costs if these trends
 8 continue.



9 The average cost to administer the current
 10 program is approximately 25% of present
 11 voluntary customer funding, so under the
 12 current pricing structure, the Company must
 13 purchase RECs for less than \$2.50 in order to
 14 cover the cost of the REC, as well as program
 15 administration expenses.⁴

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 17 The average cost to purchase a REC in 2019 (year-to-date) was \$2.69, which is higher than the
 18 budgeted amount. The cost for RECs is somewhat volatile from year to year, however the
 19 Company believes that the increased demand for RECs due to Federal and state regulations, will
 20 continue to increase the demand for RECs and therefore the price. In order to prevent the program
 21 from losing money due to the increasing costs of RECs, it is necessary to propose a new pricing
 22 structure.

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⁴ Program participants currently pay \$1 for a 300kWh “block”. RECs are the equivalent of 1000kWh of energy, so it takes just over three blocks to equal one REC. This means the Company can purchase a REC for a maximum of \$3.33, not including administration costs.

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V. PROPOSED REVISIONS

In order to provide more clarity around the program, mitigate the rising costs of RECs, and provide choices that matter to our customers, the Company is proposing the following revisions to the program. First, Avista is proposing to offer two REC options for customers to choose from, all of which will continue to offer RECs from wind, solar, or other qualified alternative energy sources. The price point for each option allows the Company to continue to cover the administrative costs, REC costs, and to provide grant funding. Through the proposed revisions, the Company has sought to establish options at different price points to help sustain the program during volatility in the REC market over the next 5-10 years. Avista will continue to monitor costs and manage the program in a fiscally prudent manner. Second, the Company is proposing to change the name of the program to “My Clean Energy” in an effort to help customers understand the program. The proposed options are listed below and described in more detail throughout this section.

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National Blocks – Participants can purchase 300 kWh “blocks” for \$1 under the national option. RECs procured under this option will be sourced from renewable generation anywhere in the United States. This provides customers a low cost option to continue supporting renewable energy.

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Regional Blocks – Participants can purchase 100 kWh “blocks” for \$1 under the regional option. RECs procured under this option will be sourced from generation located in the Western Interconnection (WECC), with preference given to the Northwest region including ID, WA, OR, CA, MT and BC. This option provides customers an opportunity to support regional renewable energy at a price point that is more reflective of the current REC market.

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Offering customers REC options provides a variety of benefits to them, as well as to the Company. The national option provides customers with an opportunity to continue participating in the program at the current price point because the Company anticipates being able to acquire national RECs between \$1 to \$3. Current participants will be given the option to select either of the two options, but will automatically be defaulted into the national option if they do not specify a different option under the revised program. Offering the regional option at the recommended price point will allow customers to support existing renewable energy projects in our region, while also enabling the Company to continue to offer grants for new projects, further increasing regional

1 renewable generation. Making these options available to our customers allows them to support
2 renewable energy in a way that best aligns with their personal desires and is structured similar to
3 other investor-owned utilities.

4 The Company has structured the prices to account for program administration, which will
5 include increased education for our customers in order to help them understand the program and
6 the value it provides. Avista's research clearly indicated that customers desire more information
7 about the program.

8 VI. IMPLEMENTATION

9 Enrollment will remain simple for our customers and can be done online or over the phone,
10 as currently available today. Customers will continue to have the opportunity to participate with
11 no contract required and will have the option to enroll and/or cancel participation at any time in a
12 given month. The ease of enrollment and no contractual obligations have been validated as a
13 customer satisfier in recent surveys and customer feedback sessions. All charges related to the
14 program are in addition to the customer's regular electric charges. Charges will appear on the
15 customers' regular monthly bill as a separate line item and include appropriate taxes.

16 In order to successfully implement the proposed changes and deliver on customer
17 expectations, Avista will modify the language and positioning on the Company's website to better
18 illustrate the value of the program. This includes the addition of a value calculator, modifications
19 to the online enrollment process to illustrate the program's options, and back-end system changes.

20 All current program participants will receive a notification of the program changes and will
21 be able to select the option that best suits their needs. Customers who do not respond will
22 automatically be defaulted into the national option, which will ensure their rate (and level of kWhs)
23 won't change due to the revision. Avista also plans on distributing ongoing communications to our
24 customers in order to promote boarder awareness of the program, as well as regular
25 communications to current program participants that will include information about the renewable
26 projects they help support. These communications are intended to increase program participation
27 and deepen current program participants' engagement by providing increased visibility into the
28 benefits of the program.

1 **VII. METRICS AND PERFORMANCE**

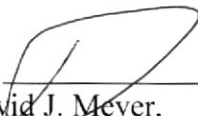
2 The Company has established baseline metrics and will continue tracking performance in
3 an effort to meet our objectives. The three primary metrics for the program will be customer
4 satisfaction, customer awareness, and customer attrition. Customer satisfaction will be measured
5 by an annual Net Promoter Score (NPS) survey on an ongoing basis.⁵ The Company will monitor
6 customer awareness through external web traffic to the program page. In 2018, total traffic was
7 1,088 external visits, the program will seek to boost the number of external visits to 4,000 each
8 year. Finally, the Company expects to see customer attrition decline and will seek to ultimately
9 grow the program from approximately 3,600 active participants to 5,000 participants over the
10 next three years. All three of these metrics will be important as the program strives for higher
11 levels of customer satisfaction and improved sentiment, ultimately driving broader awareness and
12 interest in support of renewable energy.

13 **VII. CONCLUSION**

14 WHEREFORE, Applicant respectfully requests the Commission issue its Order approving
15 the revisions to Schedule 95 to modify its voluntary renewable energy program with an effective
16 date of January 1, 2020, with this Application being processed under Modified Procedure.

17 DATED at Spokane, Washington, this 8th day of November, 2019.

18 AVISTA CORPORATION

19 By  _____
20 David J. Meyer,

21 Vice President and Chief Counsel for
22 Regulatory and Governmental Affairs

⁵ NPS measures customer experience and customers' overall satisfaction with a company's products or services.

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VERIFICATION

STATE OF WASHINGTON)
)
County of Spokane)

Linda Gervais, being first duly sworn, on oath deposes and says: that she is the Manager of Regulatory Policy & Strategy for Avista Utilities; that she has read the above and foregoing Application, knows the contents thereof, and believes the same to be true.

Linda Gervais

SIGNED AND SWORN to before me this 8th day of November, by Linda Gervais.



Patty L. Hanson
NOTARY PUBLIC in and for the State of Washington, residing at Spokane.

Commission Expires: 11/23/2021

STRIKE/UNDERLINE

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 95

OPTIONAL RENEWABLE POWER RATE MY CLEAN ENERGY PROGRAM – IDAHO

AVAILABLE

To Customers in the State of Idaho where the Company has electric service. Customers may participate in one or more available Renewable Energy Credit (REC) program options.

APPLICABLE

To all customers receiving electric service who agree to purchase blocks of renewable power under this schedule.

BLOCK

~~One (1) block equals 300 kWh of renewable power.~~

CHARGE PER BLOCK

~~\$1.00 per month. This charge shall be in addition to all other charges contained in the customer's applicable tariff schedule.~~

PROGRAM OPTIONS AND CHARGES:

Two program options will be available to customers. All options will utilize the same types of qualifying resources including wind, solar and biomass, but may also come from other renewable resources.

National Block Option - One (1) block is equal to 300 kWh of renewable power from a National source located anywhere in the United States. Each block is priced at \$1.00 per block, per month.

Regional Block Option - One (1) block is equal to 100 kWh of renewable power from a Regional source located in the Western Interconnection (WECC), with preference given to the northwest region including WA, ID, OR, CA, MT, and BC. Each block is priced at \$1.00 per block, per month.

All program charges shall be in addition to all other charges contained in the customer's applicable tariff schedule.

MONTHLY BILLING

The monthly billing shall be the number of Blocks the customer has agreed to purchase multiplied by the Charge per Block. The Monthly Billing is in addition to all other charges contained in customer's applicable tariff schedule. This schedule's Monthly Billing shall be applied to the customer's billing regardless of actual energy consumption.

RENEWABLE POWER

For the purpose of this schedule, the renewable power sourced through renewable energy certificates (RECs) shall be ~~primarily from Green-e certified wind power but may also come from other renewable sources.~~ recognized via the Western Renewable Energy

Issued November 8, 2019

Effective January 1, 2020

Issued by Avista Corporation
By

Patrick Ehrbar, Director of Regulatory Affairs

AVISTA CORPORATION
d/b/a Avista Utilities

Generation Information System (WREGIS) tracking system or another REC tracking system of record with preference toward Green-e certified and primarily from these sources: Wind and solar power, but may also come from other renewable resources.

PROGRAM ADMINISTRATION:

To ensure that all costs and benefits of this program are only applied to program participants, all funds collected and spent under this Schedule will be separately identified and tracked. Funds received from Customers under this Schedule will be used to cover program costs (e.g.: program

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CLEAN

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 95 - Continued

management, accounting, communications, etc.) as well as to match block subscriptions to REC purchases.

RENEWABLE ENERGY PROJECTS/GRANTS:

In an effort to promote and build awareness of renewable energy generation options, if available, funds collected, but not otherwise required to meet program obligations may be distributed for one or more of the following renewable projects:

1. Funding for locally-owned, non-residential solar projects. Applicable customers, with a preference for community-based projects that provide for educational and environmental benefit to local communities, or otherwise receive service under this Schedule, may apply for a grant to cover all or a portion of the cost of installation.
2. Funding for research and development projects that encourage Renewable Energy market transformation in order to accelerate marketability of Renewable Energy technologies.
3. Funding for above-market costs associated with the new construction of Renewable Energy facilities or the purchase by contract of Renewable Energy that reduces the costs of Renewable Energy to be competitive with cost-effective resources.

Eligible renewable energy projects would not be considered for purposes of any Renewable Portfolio Standard requirements. Renewable energy that is generated in response to any federal or state statutory requirement to construct or contract for the renewable energy is not eligible for the funding under this Schedule.

To the extent an eligible project in Section 1, 2, and 3 above is able to generate RECs, the grant recipient agrees that the Company, on behalf of the Schedule 95 program, has the first right to claim a share of the project's REC output. The amount of these RECs is expressed as a percentage of output when comparing the Schedule 95 financial contribution to the overall cost of the project. The proportional amount of these RECs will be retired on behalf of the program.

SPECIAL TERMS AND CONDITIONS

1. Service under this schedule is subject to the Rules and Regulations contained in this tariff.
2. Customers may apply for or terminate from this schedule anytime during the year. The Company may limit availability of this program subject to available renewable power at the cost incurred under the terms described above.
3. The above Monthly Billing is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued November 8, 2019

Effective January 1, 2020

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RENEWABLE POWER

For the purpose of this schedule, the renewable power sourced through renewable energy certificates (RECs) shall be recognized via the Western Renewable Energy Generation Information System (WREGIS) tracking system or another REC tracking system of record with preference toward Green-e certified and primarily from these sources: Wind and solar power, but may also come from other renewable resources.

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To ensure that all costs and benefits of this program are only applied to program participants, all funds collected and spent under this Schedule will be separately identified and tracked. Funds received from Customers under this Schedule will be used to cover program costs (e.g.: program

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SCHEDULE 95 - Continued

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