

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. AVU-E-19-12
OF AVISTA CORPORATION REQUESTING)
TO MODIFY SCHEDULE 95 TO REVISE THE)
COMPANY'S VOLUNTARY RENEWABLE) ORDER NO. 34566
ENERGY PROGRAM)
)

On November 12, 2019, Avista Corporation dba Avista Utilities (“Avista” or “Company”) applied for approval to modify its voluntary renewable energy program (“Program”), Schedule 95 “Optional Renewable Power Rate.” The Company requested its Application be reviewed under Modified Procedure and that the Program modifications become effective on January 1, 2020. *Application* at 7.

On December 16, 2019, the Commission issued its Notice of Application, Notice of Modified Procedure and Order. *See* Order No 34505. The Commission also suspended the Company’s proposed effective date for the modified Program. *Id.* at 4. The Commission Staff (“Staff”) and the Idaho Conservation League (“ICL”) filed written comments on January 6 and 7, 2020, respectively. Avista submitted reply comments on January 13, 2020.

Having reviewed the record, the Commission enters this Order approving the Company’s Application.

THE APPLICATION

Avista seeks to modify the Program so it can effectively manage costs, provide customers with greater choice, and support renewable energy within its region. *Application* at 1. Starting in 2002, Avista began offering its electric customers the opportunity to voluntarily support renewable energy development by participating in the Company's "Buck-a-Block" option under Tariff Schedule 95 “Optional Wind Power Rate.” *Id.* at 2; *see also* Order No. 28948. Avista represents its wind power option was priced in \$1 increments, or "blocks." *Id.* Each \$1 block of wind purchased by customers equaled 55 kilowatt-hours ("kWhs"). *Id.*

In 2004, the Company modified the Program from an Optional "Wind" Power Rate to an Optional "Renewable" Power Rate. *Id.*; *see also* *Avista Tariff Advice No. 04-02-E* (approved July 28, 2004). The modified Program included the cost of renewable energy certificates ("RECs") associated with the renewable resource. *Id.* The RECs were primarily from wind power generated

at the Stateline Wind Energy Center, and could also come from other "green-e certified" resources.¹ *Id.* The Program continued to include voluntary participation in \$1 block increments. *Id.* However, the blocks were modified to represent 300 kWhs of renewable energy instead of 55 kWhs due to lower wholesale costs of wind power to Avista. *Id.*

In 2014, the Commission approved additional Program modifications that allowed Avista to use surplus funds from it for grants that would provide funding for installing rooftop solar generation on commercial buildings in the Company's service territories in Idaho and Washington. *Id.*; *see also* Order No. 33218 at 2. The Company represents it awarded \$346,722.80 in grants to fund nine projects in Idaho and Washington. *Id.* at 3.

Avista states that, in 2019, it conducted customer research to better inform revisions to the Program.² *Id.* at 3. Avista states its customer feedback demonstrated: 1) the Company's customers are most likely to participate in the Program instead of other possible offerings, and 2) the information about the Program and what value it provides is not being communicated effectively to customers. *Id.* Avista represents only one percent of its Idaho customers participate in the Program. *Id.* Further, in recent years, the cost of RECs has increased while Program participation has decreased to a point where the Program now only has about \$38,000 in operating reserves. *Id.* at 4. The Company expressed the Program may not cover its costs if these trends continue. *Id.* As a result, Avista believes it must educate customers on the Program's benefits. *Id.* at 3. Further, Avista proposes to modify the Program to provide customers with additional participation options that the Company hopes will provide for its sustainability. *Id.* at 5. Last, the Company proposed to rename the Program "My Clean Energy." *Id.*

COMMENTS OF THE PARTIES

1. Staff Comments

According to Staff, Avista's customers can use the Program to reduce the environmental impact of their electric power consumption by purchasing blocks of bundled RECs. *Staff Comments* at 3. However, Staff notes that Program participation has declined, and the price of RECs has increased. *Id.* at 4-5.

¹ The Company represents the Green-e Renewable Electricity Certification Program is administered by the non-profit Center for Resource Solutions based in San Francisco, California. *See Application* at 2, footnote 1; *see also* <https://www.green-e.org/>.

² The Company asserts it conducted a residential customer research project in 2016 using the Shelton Group, and an internal research project in 2019 regarding the Buck-a-Block program. *See Application* at 3, footnote 2.

Staff supports the Company's proposed modifications to the Program. *Id.* First, Staff agrees the Company should provide additional participant education, outreach, and customer choices to ensure the Program remains sustainable. *Id.* Second, Staff believes the two proposed block purchase options and REC pricing are reasonable steps to increase customer choices for Program participation. *Id.* The "National Blocks" purchase option would continue to let participants buy 300 kWh blocks for \$1 that are sourced from renewable generation throughout the United States. Purchasing RECs throughout the United States through the National Blocks option could provide more opportunities to buy RECs at the most competitive price. *Id.* The "Regional Blocks" purchase option would be sourced with RECs from the northwest, but at smaller 100 kWh blocks for \$1. *Id.* These purchase options would still fund solar grants in Idaho and Washington when Program revenues exceed costs. *Id.* Staff notes that the Company will ask participants to choose which block they wish to participate in. Those who do not respond will be assigned to the National Blocks option. *Id.* Staff believes this is reasonable because it allows current participants to buy blocks at their present Program rate and kWh selection. *Id.* Third, Staff supports the Company's proposal to change the Program's name to "My Clean Energy." *Id.*

Staff believes the proposed 2020 Program budget is reasonable and includes surplus funds that could support solar grants or cover higher costs for RECs or operating expenses if necessary. *Id.* Staff notes the Company files an annual report with the Commission that should disclose the Program's results in February of each year and recognizes the Program is certified through the Center for Resource Solutions. *Id.* Staff also supports the Company's proposal to track Program performance to determine customer satisfaction, awareness, and participation. *Id.*

Staff recommends the Company continue to file a Renewable Energy Program report each year that includes: (1) annual and cumulative subscription data; (2) REC purchase detail with generator, location, quantity, price per REC, year, total annual purchase, and weighted average price by year; (3) a detailed breakdown of administrative and marketing costs; (4) a summary of Program marketing efforts and community education and outreach; (5) surplus fund balance and detailed account information; (6) carbon offset content label, and; (7) detailed grant project information that includes implementation dates and costs.

In summary, Staff recommends the Commission:

1. Authorize the Company to create the National Blocks purchase option of 300 kWhs for \$1 in the Program, to become effective on the service date of the Commission's Final Order;
2. Authorize the Company to create the Regional Blocks purchase option of 100 kWhs for \$1 in the Program, to become effective on the service date of the Commission's Final Order;
3. Authorize the Company to rename the "Buck-a-Block" program to "My Clean Energy;" and
4. Direct the Company to file the annual report with Program data and work with Staff to evaluate yearly Program performance.

Id. at 6.

2. ICL Comments

ICL requests that Avista provide clearer and more accessible information to its Idaho customers about what portion of the Company's distributed electricity is produced from renewable versus fossil fuel sources. *ICL Comments* at 2. ICL believes customers need this information to determine how much to pay into the Program to correctly offset their fossil fuel emissions. *Id.* ICL also asserts the information Avista provides about its energy mix is three years out-of-date and not specific to Idaho customers. *Id.* ICL believes Idaho customers must understand how Avista accounts for and manages RECs produced by Avista's renewable energy resources. *Id.* Further, ICL asserts Avista should explain how it manages Idaho's share of RECs produced from Avista-owned energy resources. *Id.*

ICL requests that Avista source its Regional Blocks with RECs coming from Idaho. *Id.* at 3. If RECs from Idaho are not available then they should be sourced from the northwest region of the United States, excluding California, and not from British Columbia. *Id.* ICL believes RECs sourced from Idaho, or secondarily from the northwest United States, will improve the likelihood that Idaho customers would benefit from participating in the Program. *Id.*

ICL also supports Avista's intention to improve its communications, education and facilitation of the Program but believes the Company only vaguely describes how this will be accomplished. *Id.* ICL also requests that Avista report how much solar grant funding it has awarded from the Program's surplus funds to Idaho-based projects compared to Washington-based

projects since 2002. *Id.* at 4. Finally, ICL requests that Avista explain how it determines the amount of surplus funding to be allocated between its Idaho and Washington service territories. *Id.*

3. Avista's Reply Comments

Avista contends several ICL concerns regarding the Company's energy mix are directly related to the Company's Integrated Resource Planning process and are distinct from the issues in this case. *Reply Comments of Avista Corporation* at 1. Despite this, the Company states it called ICL to discuss its comments to find ways to address those concerns. *Id.*

Regarding ICL's other suggestions, Avista first asserts it already provides the Company's fuel mix annually on its webpage as required by the Commission's Energy Consumption Reporting Rules. *Id.* at 2; *see also* IDAPA 31.81.01.001 *et seq.* This information also references the percent of the electricity that comes from renewable resources. *Id.* Avista asserts this level of detail is "sufficient" for customers who enroll in the Program. *Id.*

Second, Avista represents it obtains RECs that satisfy the locational and generation requirements in the Company's tariff and then reviews the RECs' cost to ensure Program participants are offered the greatest value for their subscription dollars. *Id.* at 2. Avista states RECs are purchased for the entire Program, not separately for Idaho and Washington. *Id.* This provides Avista the ability to source the lowest-cost resources in the Program. *Id.* The Company states it will continue purchasing RECs in this manner to provide participants the most value. *Id.*

Third, Avista expressed interest in deriving the maximum value out of the Program on behalf of all participants. *Id.* at 3. Avista represents it did not propose revisions until it had conducted customer interviews, surveys and usability studies to assess and inform the Company's communications and outreach. *Id.*

Lastly, Avista asserts it has awarded \$346,722.80 in grants, including \$60,811.80 of grants to Idaho projects. *Id.* Minimum Program eligibility criteria for grant recipients includes new installations on non-residential building sites with a preference given to educational institutions and/or non-profit buildings in Avista's electric service territory. *Id.* Avista also contends that, in its sole discretion, it evaluates applications based on project feasibility and readiness, installation cost and financing, geographic distribution throughout Avista's service territory, community exposure, and educational benefits. *Id.* Avista states customers can apply

for a grant to cover all or part of a project's cost and must meet the criteria outlined in the Company's tariff. *Id.*

COMMISSION FINDINGS AND DECISION

Avista is an electric corporation and public utility pursuant to *Idaho Code* §§ 61-119 and 61-129. The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

Based on our review of the record, we find that it is just, reasonable and in the public interest to approve Avista's Application and proposal to modify its Schedule 95. We find that the Company's creation of the National and Regional Blocks purchase options will provide additional opportunities for customers to participate in the Program. We also find it appropriate for the Company to change the Program's name to "My Clean Energy."

The Company represents the "lack of information' is a problem and [its customers] don't understand the [P]rogram's value. There is clearly a need to further educate customers on the benefits of the [P]rogram." *Application* at 3. The Company explains its proposed efforts to promote and educate its customers about the Program. *See Application* at 6. We support the Company's commitment to increase and improve upon the information and education it provides its customers about the Program. The Company's future outreach to its customers about the Program will be essential for its sustainability. Such efforts will be reviewed as part of the yearly Program evaluation with Staff, as set forth below.

We find it reasonable and in the public interest to direct the Company to continue filing a Renewable Energy Program annual report ("Annual Report") with Program data that includes: (1) annual and cumulative subscription data; (2) REC purchase detail with generator, location, quantity, price per REC, year, total annual purchase, and weighted average by year; (3) detailed breakdown of administrative and marketing costs; (4) summary of Program marketing efforts and community education and outreach; (5) surplus fund balance and detailed account information; (6) carbon offset content label; and (7) detailed grant project information that includes implementation dates and costs. We further find it reasonable to direct the Company to work with Staff to evaluate the yearly Program performance after the Company files its Annual Report.

Finally, consistent with our findings in Order No. 33218, the Company remains authorized to use the Program's surplus funds to support grants for rooftop solar installations on commercial buildings.

ORDER

IT IS HEREBY ORDERED that Avista's Application requesting authorization to modify its Schedule 95 is approved. The modified Schedule 95 shall take effect on the service date of this Order. The Company is directed to file the modified Schedule 95, within ten (10) days of the service date of this Order.

IT IS FURTHER ORDERED that the Commission approves the Company's request to change the Program's name to "My Clean Energy."

IT IS FURTHER ORDERED that the Company submit an Annual Report at the end of each year on the Program offered through Schedule 95 Optional Renewable Power Rate, as described above. We direct the Company to work with Staff to evaluate the yearly Program performance after the Company files its Annual Report.

IT IS FURTHER ORDERED that the Company may use surplus funds from the Program to pay for grants for rooftop solar installations on commercial buildings consistent with our decision in Order No. 33218.

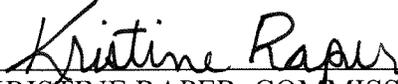
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

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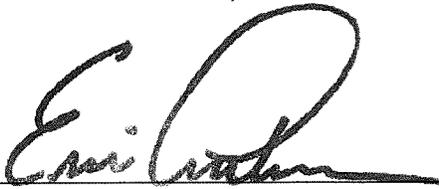
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of *2nd*
March 2020.



PAUL KULLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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