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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION REQUESTING) **CASE NO. AVU-E-19-12**
TO MODIFY SCHEDULE 95 TO REVISE)
THE COMPANY'S VOLUNTARY)
RENEWABLE ENERGY PROGRAM) **COMMENTS OF THE**
) **COMMISSION STAFF**
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The Staff of the Idaho Public Utilities Commission, submits the following comments regarding the above referenced case.

BACKGROUND

On November 12, 2019, Avista Corporation dba Avista Utilities (“Avista” or “Company”) filed an Application requesting Commission authorization to modify its voluntary renewable energy program Schedule 95 “Optional Renewable Power Rate” (“Program”) in an effort to effectively manage costs, provide customers with greater choice, and to support renewable energy within its region. *Application* at 1. The Company requested the Application be processed by Modified Procedure and that the proposed revisions for its Program become effective on January 1, 2020.

On December 16, 2019, the Commission issued its Notice of Application, Notice of Modified Procedure and Order wherein it suspended the proposed effective date of the Agreement for a period of five (5) months and thirty (30) days from the proposed effective date unless the Commission issues an earlier Order. *See* Order No. 34505.

Since 2002, Avista has offered its electric customers the opportunity to voluntarily support the development of renewable energy by participating in the Company's "Buck-a-Block" option under the Program. *Id.* at 2; *see also* Order No. 28948. Avista's wind power option was priced in increments, or "blocks," of \$1. *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.* The Company represents the revisions to the Program also 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, but could also come from other "Green-e certified" resources. *Id.* The revised Program continued to include voluntary participation in increments of \$1 per block. *Id.* However, blocks were modified to represent 300 kWh of renewable energy as opposed to the previous 55 kWh. *Id.*

In 2014, the Company filed additional revisions to the Program, allowing surplus funds to be used for rooftop solar grants for installations on commercial buildings in Idaho and Washington. *Id.*; *see also* Order No. 33218 at 2. The Company represents \$347,000 in grants were made to fund nine (9) projects in Idaho and Washington. *Id.* at 3.

The Company stated that in 2019 it conducted customer research to better inform revisions to the Program. *Id.* at 3. The Company stated the customer feedback it received demonstrated: 1) the Company's customers are most likely to choose participation in the Program amongst other possible offerings, and 2) the information about the Program and what value it provides is not being communicated effectively to customers. *Id.* Avista represented only 1 percent of its customers in Idaho participate in the Program. *Id.* Avista also asserted in recent years the cost of RECs have increased but the level of Program participants has decreased. *Id.* at 4. As a result, the Company stated the current operating reserves for the Program are approximately \$38,000 causing Avista concern that it may not be able to cover its costs if these trends continue. *Id.* Based on the foregoing, Avista alleged there is a need to educate customers on the benefits of the

Program. *Id.* at 4. Further, the Company is seeking to provide additional choices to its customers through revisions to the Program that improve its sustainability. *Id.*

The Company stated in order to provide more clarity, mitigate the rising costs of RECs and provide choices that matter, the Company is proposing to offer two REC options for customers to choose from, both of which will continue to offer RECs from wind, solar or other qualified alternative energy sources. *Id.* at 5. The Company is also proposing to change the name of the Program to “My Clean Energy” in an effort to help customers better understand it. *Id.*

The Company’s proposed options are: (1) National Blocks - Participants can purchase 300 kWh "blocks" for \$1 under the national option. *Id.* RECs procured under this option will be sourced from renewable generation anywhere in the United States. *Id.* The Company asserts this provides customers a low cost option to continue supporting renewable energy; and, (2) Regional Blocks - Participants can purchase 100 kWh "blocks" for \$1 under the regional option. *Id.* RECs procured under this option will be sourced from generation located in the Western Interconnection, with preference given to the Northwest region including Idaho, Washington, Oregon, California, Montana and British Columbia. *Id.* This option provides customers an opportunity to support regional renewable energy at a price point that is more reflective of the current REC market. *Id.*

The Company states under the revised Program current participants will be given the choice to participate in either the national or regional option, but will automatically be defaulted into the national option if they do not specify a preference. *Id.* at 6.

STAFF ANALYSIS

The Program is a voluntary option for customers who want to reduce the environmental impact of their electric use with the Company through block purchases of bundled RECs. Program participation declined and the evidence of rising REC prices prompted the Company to make Program updates that include additional participant education, outreach, and the creation of two block purchase options. Staff recommends the Commission allow the Company to create National and Regional Block pricing options, and to rename the Program “My Clean Energy.” Staff also recommends the Company work with Staff to conduct a yearly performance review based on filed annual Program data.

Program Updates

Program participation has decreased and the price of RECs has increased. Accordingly, the Company proposes to provide additional education, outreach, and customer choices to ensure the Program remains sustainable. *See* Application at 3. Surveys, customer panels, interviews, and additional Company research revealed that participation may increase with renewed effort to communicate Program value and benefits. *Id.* at 3 and 6. The Company proposes new block purchase options and REC pricing to increase customer options for participation and has requested a program name change to “My Clean Energy” to make the intent of the Program clear. *Id.* at 5. The Company also states it will modify the language and positioning on the Company’s website in a manner that drives participation and promotes customer awareness and support of renewable energy. *Id.* at 6.

Two New Block Purchase Options

Currently, the Program lets customers buy a 300 kWh block of renewable energy for \$1. The Company proposes two new block options for participants of the Program: National Blocks or Regional Blocks. *See* Application at 5. The National Blocks option continues to allow participants to purchase 300 kWh blocks for \$1. This option is sourced from renewable generation throughout the United States and may provide a better opportunity to purchase RECs at the most competitive price. The Regional Blocks purchase option sources RECs from the Northwest, but at a reduced quantity of 100 kWh for \$1. This option allows participants to support renewable resources located in the Northwest. Both the National Blocks and Regional Blocks purchase options will fund solar grants in Idaho and Washington, when Program revenues exceed costs.

If the Commission approves the two new block options, the Company will ask participants to choose either the National or Regional Blocks purchase option. *Id.* at 5. The Company requested that participants who do not respond be assigned to the National Blocks option. *Id.* Staff finds it reasonable for existing participants to default to the National Blocks option because it allows them to buy at their current Program rate and kWh selection.

Financial Analysis

Staff reviewed the Company's REC purchases from 2015 to 2019 as well as a projected 2020 budget for the Program with the proposed two blocks. Staff found the changes in REC prices reflect the Company's assertions of rising prices for RECs in the Application. *Id.* at 4. The Company purchased approximately 70 percent of its RECs in this Program from 2015 to 2019 from Washington, Oregon and Idaho, with 34 percent of RECs purchased from Idaho. The Company's purchase of RECs outside Washington, Oregon, and Idaho do not appear to be less expensive than local REC purchases, but Staff believes the Company may find cheaper RECs to purchase on a national level.

The Company's proposed 2020 budget for the Program appears reasonable and includes some surplus funds that could support solar grants or unexpectedly higher costs for REC purchases or operating expenses.

Program Implementation and Audit

The Company currently files an annual Buck-a-Block report, including program data, with the Commission in February, and the Program is certified through the Center for Resource Solutions. The Company proposes to track Program performance to determine customer satisfaction, awareness, and participation in a similar manner. *Id.* at 7. The enrollment and voluntary participation details of the Program remain unchanged, but the Company will notify current participants that the Program name will change, additional block purchase options will become available, and existing participants have the choice of which block purchase option they would like to support. *Id.* at 6.

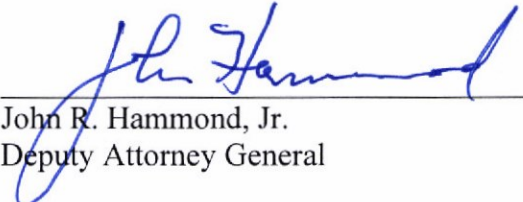
Staff recommends that the Company continue to file a Renewable Energy program annual report with Program data that includes: (1) annual and cumulative subscription data; (2) REC purchase detail with generator, location, quantity, price per REC, year, total annual purchase, and weighted average price 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.

STAFF RECOMMENDATIONS

Staff recommends:

1. The Commission allow the Company to create the National Blocks purchase option of 300 kWh for \$1 in the Program, to become effective upon the Commission's final order.
2. The Commission allow the Company to create the Regional Blocks purchase option of 100 kWh for \$1 in the Program, to become effective upon the Commission's final order.
3. The Commission allow the Company to rename the "Buck-a-Block" program to "My Clean Energy."
4. The Commission direct the Company to file the annual report with Program data and work with Staff to evaluate yearly Program performance.

Respectfully submitted this ^{6th} day of January 2020.



John R. Hammond, Jr.
Deputy Attorney General

Technical Staff: Brad Iverson-Long
Rachelle Farnsworth

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 6TH DAY OF JANUARY 2020, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-19-12, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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