

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) **CASE NO. AVU-E-21-04**
CORPORATION’S 2021 ELECTRIC)
INTEGRATED RESOURCE PLAN) **NOTICE OF FILING**
)
) **NOTICE OF**
) **INTERVENTION DEADLINE**
)
) **ORDER NO. 35022**

On March 31, 2021, Avista Corporation dba Avista Utilities (“Company”) filed its 2021 Electric Integrated Resource Plan (“Electric IRP” or “IRP”). The IRP outlines and analyzes the Company’s strategy for meeting its customers’ projected energy needs over the next 24 years. The Company files an IRP every two years and uses it to guide resource acquisitions.¹ With this Order, the Commission provides notice that the Company has filed its 2021 Electric IRP and sets deadlines for interested persons to petition to intervene in the case.

NOTICE OF IRP FILING

YOU ARE HEREBY NOTIFIED that the Company’s 2021 Electric IRP is about 315 pages long and is accompanied by about 1,105 pages of appendices. The 2021 Electric IRP includes the following sections: (1) Executive Summary, (2) Introduction & Stakeholder Involvement, (3) Economic & Load Forecast, (4) Existing Supply Resources, (5) Energy Efficiency, (6) Demand Response, (7) Long Term Position, (8) Transmission and Distribution, (9) Supply-Side Resources, (10) Market Analysis, (11) Preferred Resource Strategy, (12) Portfolio Scenarios, (13) Energy Equity, (14) Action Items, and Clean Energy. The information set forth below is taken from the Executive Summary. Further details may be found in the IRP’s remaining chapters and appendices.

YOU ARE FURTHER NOTIFIED that the 2021 Electric IRP guides the Company’s resource strategy planned procurements over the next 24 years. It provides a snapshot of the

¹ The Company was granted a six-month extension to file its 2019 IRP. Order No. 34312. The Commission changed the caption for the Company’s filing to the “2020 Electric Integrated Resource Plan” when it issued the Notice of Filing. Order No 34609. The Company’s 2020 IRP was acknowledged on October 15, 2020. Order No. 34814.

Company's resources and loads and guides future resource acquisitions over a range of expected and possible future conditions. IRP at 1-1.

YOU ARE FURTHER NOTIFIED that the Company states that its 2021 Preferred Resource Strategy ("PRS") development depends on modeling techniques to balance cost, reliability, rate volatility, and environmental goals and mandates. The Company's management team and Technical Advisory Committee ("TAC") guide the IRP development by providing input and feedback on modeling and planning assumptions. TAC members include customers, Commission Staff, the Northwest Power and Conservation Council, consumer advocates, academics, environmental groups, utility peers, government agencies, and other interested parties. *Id.*

YOU ARE FURTHER NOTIFIED that, in describing its resource needs, the Company reports it expects its highest peak loads in the winter under extreme cold weather conditions. The Company explains its peak-planning includes operating reserves, regulation, load following, wind integration, and resource adequacy requirements. The Company states it can meet peak-load requirements through December 2025 using existing resources and energy efficiency. Load growth and the loss of Colstrip, Lancaster, Northeast, Boulder Park, and expiring hydro contracts drive the Company's resource deficits. *Id.*

YOU ARE FURTHER NOTIFIED that the Company explains that it develops its PRS through a multi-step approach. First the Company identifies and quantifies fundamental changes in the Western Interconnect between 2022 and 2045. The Company includes potential new generation resources to serve projected electricity demand across the West as regional loads transform and older resources are retired. Monte Carlo-style analyses vary hydroelectric and wind generation, weather, forced outages, and natural gas price data over 500 iterations of potential market conditions to forecast the Mid-Columbia electricity marketplace through 2045. *Id.* at 1-2.

YOU ARE FURTHER NOTIFIED that the Company's 2021 IRP forecasts the Mid-Columbia electricity price for the Expected Case, including the price range over the 500 Monte Carlo iterations, to be a levelized price of \$27.13 per megawatt hour in nominal dollars over the 2021-2045 timeframe. The Company observes that electricity and natural gas prices are highly correlated because natural gas fuels marginal generation in the Northwest most of the year. The Company reports that nominal levelized Expected Case natural gas prices at the Stanfield trading

hub, and the forecast range from the 500 Monte Carlo iterations performed for the Expected Case, result in an average \$3.45 per dekatherm over the next 24 years. *Id.*

YOU ARE FURTHER NOTIFIED that the Company's 2021 IRP includes a Conservation Potential Assessment ("CPA") and a Demand Response potential study to estimate the potential for those applications in its service area. The CPA estimated that energy efficiency will serve 68% of future load growth. Based on the study, the Company reports that its conservation efforts since 1978 have decreased its load requirements by 14.5%. The Company states Demand Response programs will be integral to serving peak load using several cost-effective programs and rate redesigns. *Id.* at 1-3.

YOU ARE FURTHER NOTIFIED that the Company states that its management and the TAC guided the development of the 2021 PRS after considering the information gathered and analyzed in the IRP process. The resulting 2021 PRS meets future reliability and clean energy requirements with upgrades at existing generation facilities, energy efficiency, natural gas peakers, energy storage, contracts, new renewable resources, and demand response. The resource selections are based on an economic decision-making process using societal and resource cost estimates. *Id.* at 1-4.

YOU ARE FURTHER NOTIFIED that the Company states its 2021 PRS is the lowest-reasonable cost plan to meet both reliability and environmental requirements. However, major changes from the 2020 IRP include the return of natural gas peakers as long-term energy storage is not yet cost effective as estimated in the 2020 IRP for the Company's 2026 capacity need. The PRS also lowers the estimated demand response, wind acquisition, and hydro upgrade quantities. *Id.*

YOU ARE FURTHER NOTIFIED that the Company also states it values each new supply- and demand-side resource option against the Mid-Columbia electricity market forecast to identify its future value and inherent risk measured by year-to-year portfolio cost volatility. The Company then inputs these values and their associated capital and fixed operation and maintenance costs into a PRS Linear Programming Model (PRiSM) that optimally mixes new resources. *Id.*

YOU ARE FURTHER NOTIFIED that the Company explains that its PRS provides a lowest-reasonable cost portfolio that minimizes future costs and risks within actual and expected environmental constraints. *Id.* at 5. The Company states the PRS is a balance between cost and

risk. The Company likens the approach to finding an optimal mix of risk and return in an investment portfolio: as expected returns increase, so do risks. Conversely, reducing risk generally reduces overall returns. The Company notes that lower power cost variability comes from investments in more expensive—but less risky—resources like wind and hydroelectric upgrades. *Id.* at 1-5.

YOU ARE FURTHER NOTIFIED that the Company states that acquiring an additional 375 Megawatts of new clean energy resources by 2031, along with upgrades to its hydro and biomass facilities, will position the Company to meet or exceed Washington’s clean energy requirements. This PRS allows the Company to meet 78% of its corporate clean energy goal to provide customers with 100 percent net clean energy at competitive prices by 2027. The Company also states it will exceed its obligations under Washington’s Energy Independence Act by relying on output from the Palouse and Rattlesnake Flat Wind contracts, generation from the Kettle Falls biomass facility, and upgrades to the Clark Fork and Spokane River hydro developments. *Id.* at 1-6.

YOU ARE FURTHER NOTIFIED that the Company states its shift to clean energy will reduce its greenhouse gas footprint significantly. In 2030, emissions will be 74 percent below 2019 levels. This represents an annual reduction of 2.2 million metric tons.² The Company notes that when accounting for its contributions through incentives and programs to shift transportation fuel to electricity, regional greenhouse gas emission reductions could exceed those from the removal of coal and natural gas plants. *Id.* at 1-7.

YOU ARE FURTHER NOTIFIED that Washington’s Clean Energy Transformation Act expands the Company’s commitment to bring affordable clean energy to customers including Highly Impacted Communities and vulnerable populations. The Company began to identify vulnerable populations in its service area to understand the difference in energy burden and reliability for those populations. The Company is committed to developing programs to increase energy affordability for populations identified as vulnerable in its next IRP and Clean Energy Implementation Plan. To being, the Company is developing an Equity Advisory Group and a low-income energy efficiency pilot program. *Id.* at 1-8.

² Figure 1.7 shows the Company forecasted greenhouse gas emissions from generation. The Company notes that for comparison purposes, and due to uncertainty, Figure 1.7 shows emissions including Colstrip through 2025 and excluding Colstrip starting in 2022.

YOU ARE FURTHER NOTIFIED that the Company's IRP and supporting workpapers are available for public inspection during regular business hours at the Commission's office. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "ELECTRIC" icon, select "Open Cases," then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons who wish to intervene in this matter to obtain the rights of party (e.g., to file formal discovery, or present evidence, or cross-examine witnesses at a hearing) must file a Petition to Intervene with the Commission under the Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and .073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days from the service date of this Order.** Such persons shall also provide the Commission Secretary with their e-mail address to facilitate further communications. After the intervention deadline runs, the Commission Secretary shall issue a Notice of Parties that identifies the parties and assigns exhibit numbers to each party. Once the Notice of Parties has issued, Commission Staff shall informally confer with the Company and any intervening parties about how to further process this case and shall then report back to the Commission on a proposed case schedule.

YOU ARE FURTHER NOTIFIED that persons who would like to present their views without parties' rights of participation and cross-examination are not required to intervene but may present their views by submitting written comments to the Commission.

ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene no later than 21 days from the service date of this Order. Once the deadline has passed, the Commission Secretary shall prepare and issue a Notice of Parties.

IT IS FURTHER ORDERED that, after the Notice of Parties has issued, Commission Staff shall confer with the parties regarding a procedural schedule for this matter.

IT IS FURTHER ORDERED that parties should continue to comply with Order No. 34781, issued September 17, 2020. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should also be accomplished electronically. Voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28th day of April 2021.



PAUL KJELLANDER, PRESIDENT

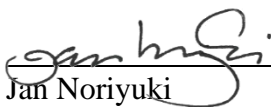


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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