



Avista Corp.

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October 18, 2021

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd. Bldg. 8, Ste. 201-A
Boise, Idaho 83714

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2021 OCT 18 PM 2:43
IDAHO PUBLIC
UTILITIES COMMISSION

RE: AVU-E-21-15 **Avista Utilities "My Clean Energy Program" Schedule 95 Proposed Changes**

Dear Ms. Noriyuki,

Attached for filing with the Commission is an electronic copy of Avista Corporation's dba Avista Utilities (Avista or the Company) proposed modifications to its Tariff Schedule 95, "My Clean Energy Program." The proposed additions are included in the following tariff sheets, WN U-28:

Fifth Revision Sheet 95	Canceling	Fourth Revision Sheet 95
Third Revision Sheet 95A	Canceling	Second Revision Sheet 95A

Please note that Appendix A and B include CONFIDENTIAL information and should be treated as CONFIDENTIAL.

I: INTRODUCTION

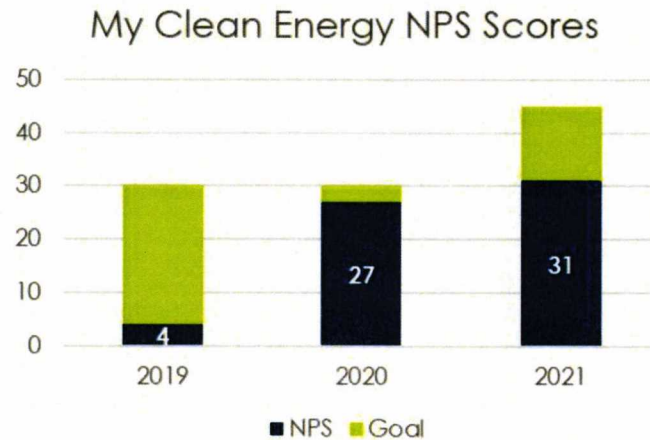
The purpose of this filing is to modify the My Clean Energy Program (Program) price structure based on changing market conditions and to meet the legislative requirement of all costs and benefits being confined to the program, while optimizing value for program participants.

Since implementing national and regional program options, approved by the Commission on March 2, 2020,¹ as well as a 100% renewable option approved by the Commission on March

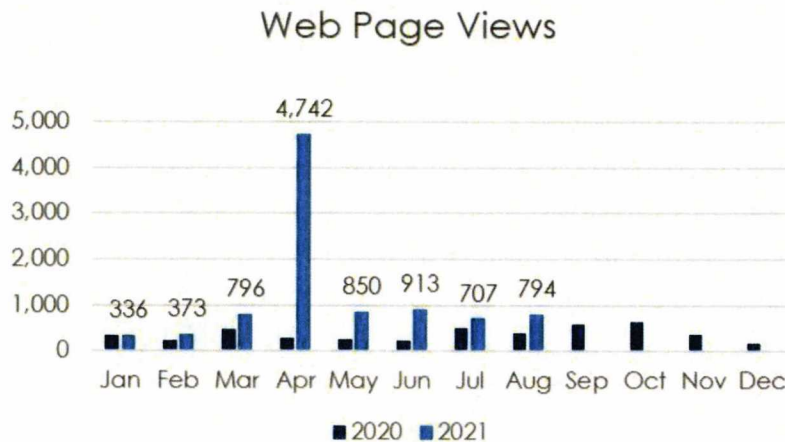
¹ Order No. 34566 in Case No. AVU-E-19-12.

16, 2021,² the Company has made meaningful progress towards improving performance across all program Key Performance Indicators (KPIs):

- **Customer Satisfaction and Loyalty:** Net Promoter Score (NPS) has improved from a +3 year one baseline (2019) to a +31 year three results (2021).

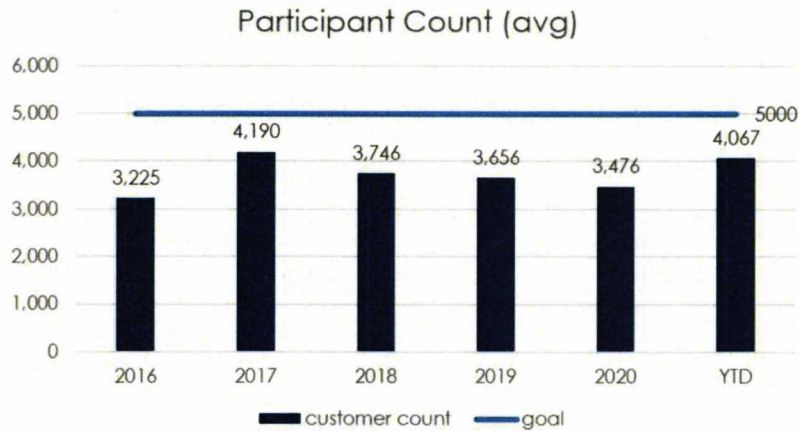


- **Customer Awareness:** Measured based on web page views. All customer communications and messaging direct customers to the Program page of Avista’s website. External web traffic continues to grow as shown in the chart below.



- **Customer Acquisition:** The program has reversed the trend on customer loss and is seeing growth for the first time in three years and currently includes 4,067 customers across Washington and Idaho.

² Order No. 34963 in Case No. AVU-E-20-14.



II: PROPOSED PROGRAM CHANGES

While there is positive momentum with the Program as indicated above, there has been a recent dramatic increase in the price of renewable energy credits (RECs) that are purchased on behalf of the program. During 2019 Avista evaluated the Company’s Program by conducting customer research, analyzing program costs and customer participation levels, and reviewing comparable programs of other investor owned utilities.

Since that time, REC prices in the market have increased substantially, well beyond anything Avista could have anticipated based on historic and recent conditions. Over the course of the 2021 calendar year, Avista has seen the market price for RECs rise significantly. Industry reports, included as Confidential Appendix A and B, show a nearly 10x price increase for the price of TX Green-e Wind which has risen since 2019. Similarly, regional RECs for the Western Interconnection (WECC) have risen more than 5x and Washington compliant Green-e RECs have more than doubled. It is uncertain whether these prices will remain inflated or decline closer to historical prices, but it is clear that the pricing that is currently in place for the Program is creating significant revenue loss and is not sustainable.

Entering into 2021, the program had a surplus of \$97,000. This is partially due to the timing and reconciliation of REC purchases and account balances. Avista energy marketers have been assessing the market all year to purchase RECs within the approved margin of the Program, but have not been able to support the needs of the Program. Currently, the Program forecasts a \$267,000 surplus at year end before purchasing an estimated 70,000 RECs needed to fulfill 2021

customer purchases. Avista recently authorized the purchase of 30,000 RECs at \$4.95 to partially meet this need which will cost a total of \$175,000 and bring the surplus down to \$92,000 with another 40,000 RECs yet to be purchased.

The current tariff includes three purchase options: 1) a national block option where customers can purchase 300 kwh for \$1 a month with RECs sourced from anywhere through the United States; 2) a regional option where customers can purchase 100 kwh for \$1 a month for RECs procured within the WECC, with preference given to the Northwest region including WA, ID, OR, CA, MT and BC;³ and 3) a 100% clean option that is charged per kWh rather than block purchases and is priced at \$0.01/ per kWh. In this option, the amount of kWhs purchased will vary each month to match the customers actual kWh usage.

In order to prevent further loss of revenue within the Program, the Company is proposing the following revisions to the pricing structure.

National Blocks – Participants can purchase **100 kWh “blocks” for \$1.00**. 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.

Regional Blocks – Participants can purchase **100 kWh “blocks” for \$1.30**. RECs procured under this option will be sourced from generation located in the WECC, with preference given to the Northwest region including WA, ID, 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.

100% Renewable Option – One (1) kWh of renewable power from a Regional source located in the WECC, with preference given to the northwest region including WA, ID, OR, CA, MT, and BC will offset every kWh used at the customer selected meter. **Each kWh is priced at \$0.013 / per kWh** and the amount of kWhs purchased will vary each month to match the customers actual kWh usage.

This pricing was informed using an analysis of the current and forecasted program budgets and with the expectation that the 2021 market price for RECs will likely continue into the next calendar year or more. The goals in determining the appropriate pricing for the Program is to ensure that all costs are covered by expected revenues, setting pricing at a point that still attracts

³ Order No. 34566 in Case No. AVU-E-19-12, allowed to take effect by operation of law on March 2, 2020.

participants while tolerating REC market price volatility, and that may lead to a budget surplus that may be used to fund non-profit community solar installations. The forecasted budget analysis based on the pricing described above can be found in Appendix C.

III: CUSTOMERS COMMUNICATION

Avista will provide notice of the proposed tariff changes to Program participants through email and direct mail communications. The notice will include a statement of the proposed changes, the proposed implementation timeline, why the pricing is being modified and how customers can contact the Commission in regard to this filing. Customers will also be reminded of how they can change or cancel their subscriptions.

IV: CONCLUSION

While the cost for national and regional RECs are relatively similar today, the Company sees continued value in a slightly lower price point for national RECs, where there is a broader market to purchase such RECs, and there is more inherent value in the regional RECs. Avista will continue to offer solar grants if and when the budget surplus allows, and if it does earn a slightly higher margin on the regional options, the solar grants will fund local projects.

The Company requests the tariff changes be allowed to take effect on January 1, 2022. Please direct any questions regarding this filing to Amanda Ghering at (509) 495-7950 or amanda.ghering@avistacorp.com or me at (509) 495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager, Regulatory Policy & Strategy

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 95

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.

PROGRAM OPTIONS AND CHARGES:

Clean Energy program options available to customers will utilize the types of qualifying resources including wind, solar and biomass, but may also come from other renewable resources. Program option available to Idaho customers will include, but are not limited to the following:

National Block Option - One (1) block is equal to 100 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 \$1.30 per block, per month.

100% Renewable Option - One (1) 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 will offset every kWh used at customer selected meter. Each kWh is priced at \$0.013/ per kWh and the amount of kWhs purchased will vary each month to match the customers actual kWh usage.

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

MONTHLY BILLING

National and Regional block options - 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.

Issued October 18, 2021

Effective January 01, 2022

Issued by Avista Corporation

By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 95 – Continued

100% Renewable Option - The monthly billing shall be based on the customer's actual electric usage at the meter selected by the customer. For every kWh of electricity used, the customer will be charged \$0.013/kWh premium for renewable power. The Monthly Billing is in addition to all other charges contained in the customer's applicable tariff schedule.

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.

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 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.

Issued October 18, 2021

Effective January 01, 2022

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AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 95 – Continued

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 March 17, 2021

Effective March 16, 2021

Issued by Avista Corporation

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Patrick Ehrbar, Director of Regulatory Affairs



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SCHEDULE 95

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APPLICABLE

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

PROGRAM OPTIONS AND CHARGES:

Clean Energy program options available to customers will utilize the types of qualifying resources including wind, solar and biomass, but may also come from other renewable resources. Program option available to Idaho customers will include, but are not limited to the following:

National Block Option - One (1) block is equal to 1300 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 \$1.300 per block, per month.

100% Renewable Option - One (1) 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 will offset every kWh used at customer selected meter. Each kWh is priced at \$0.013/ per kWh and the amount of kWhs purchased will vary each month to match the customers actual kWh usage.

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Issued OctoberMarch 187, 2021

Effective JanuaryMarch 016, 2022~~1~~

Issued by Avista Corporation

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Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 95 – Continued

100% Renewable Option - The monthly billing shall be based on the customer's actual electric usage at the meter selected by the customer. For every kWh of electricity used, the customer will be charged \$0.013/kWh premium for renewable power. The Monthly Billing is in addition to all other charges contained in the customer's applicable tariff schedule.

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Issued ~~October~~March 17~~8~~, 2021

Effective ~~March~~January 01~~6~~, 2022~~1~~

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SCHEDULE 95 – Continued

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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 March 17, 2021

Effective March 16, 2021

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AVISTA UTILITIES

Tariff Schedule 95
My Clean Energy

Appendix A – 2019 Karbone Report

REDACTED

October 18, 2021

AVISTA UTILITIES

Tariff Schedule 95
My Clean Energy

Appendix B – 2021 Karbone Report

REDACTED

October 18, 2021