

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA’S 2023) **CASE NO. AVU-E-23-05**
ELECTRIC INTEGRATED RESOURCE)
PLAN) **ORDER NO. 36072**
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On May 31, 2023, Avista Corporation d/b/a/ Avista Utilities (“Company”) filed its 2023 Electric Integrated Resource Plan (“2023 IRP”) with the Idaho Public Utilities Commission (“Commission”). The 2023 IRP outlines and analyzes the Company’s strategy for meeting its customers’ projected energy needs. The Company files an IRP every two years and uses it to guide resource acquisitions.

The Commission requires the utility to update the IRP biennially, allow the public to participate in its development, and to implement the IRP. *See* Order Nos. 22299 and 25260. The Commission has asked that a utility’s IRP explain its current load/resource position, its expected responses to possible future events, the role of conservation in its explanations and expectations, and discuss any flexibilities and analyses considered during comprehensive resource planning, such as: (1) examination of load forecast uncertainties; (2) effects of known or potential changes to existing resources; (3) consideration of demand and supply-side resource options; and (4) contingencies for upgrading, optioning and acquiring resources at optimum times (considering cost, availability, lead time, reliability, risk, etc.) as future events unfold. *See* Order No. 22299.

The Company’s 2023 IRP is approximately two hundred and eighty (280) pages, with approximately one thousand five hundred (1,500) pages of appendices. The 2023 IRP sets forth twelve sections: (1) Introduction; (2) Economic & Load Forecast; (3) Existing Supply Resources; (4) Long-Term Position; (5) Distributed Energy Resources; (6) Supply-Side Resource Options; (7) Transmission & Distribution Planning; (8) Market Analysis; (9) Preferred Resource Strategy; (10) Portfolio Scenario Analysis; (11) Washington Customer Impacts; and (12) Action Items. 2023 IRP at v-vi.

The Company represents that the 2023 IRP process included a series of public meetings with a mix of the traditional technical experts, such as utility commission staff, regional utility professionals, project developers, advocacy, and environmental groups, concerned state agencies, and both commercial and residential customers. *Id.* The Company stated that various issues were

combined with assumptions made about them and included in analysis and modeling that provides an expectation of future prices for different resources, energy efficiency, demand response, and storage options. *Id.* at 1-2. The Company then developed a preferred portfolio of resources to serve future needs. *Id.*

STAFF COMMENTS

Commission Staff (“Staff”) reviewed the Company’s 2023 IRP filing, responses to audit and production requests, and customer and stakeholder feedback received through the public input process. Staff Comments at 2. Staff believed that the 2023 IRP met the minimum requirements set forth in Order Nos. 22299 and 25260, and Staff recommended the Commission acknowledge the Company’s 2023 IRP. *Id.* Staff noted that its recommendation was based on Staff’s active participation in the IRP Technical Advisory Committee (“TAC”). *Id.*

Staff identified several topic areas from the 2023 IRP Staff believed required additional review of, or focus on, in future IRPs including: (1) Washington Environmental Legislation; (2) Western Resource Adequacy Program Planning (“WRAP”) requirements; (3) Planning Reserve Margin (“PRM”); and (4) Demand Side Management (“DSM”) programs. *Id.* Based on those identified topics, Staff additionally recommended that the Company:

- report to the Idaho Commission regarding the status of Washington’s Climate Commitment Act (“CCA”) rules and its impact on Idaho customers, in a timely manner.
- demonstrate through evidence that the Qualifying Capacity Contribution (“QCC”) values of its resources are representative of the capacity contributions of its resources at the Company’s system peak loads in the next IRP.
- improve the IRP reliability analysis to measure resource adequacy metrics on all portfolios under evaluation across the full planning horizon.
- develop a method to determine the PRMs that are explicitly derived from the Company’s reliability target using appropriately developed capacity contribution values.
- model future Idaho Demand Response (“DR”) programs within the WRAP as a reduction to P50 peak load.
- consider and use the avoided costs provided in Supplement to Production Request No. 8 as the most recently filed avoided costs for the purposes of program planning and future cost-effectiveness calculations.
- exclude the national carbon tax and similar environmental adders, known or otherwise, from its baseline portfolio.

Id. at 9-10.

COMPANY REPLY COMMENTS

In its reply comments, the Company agreed with Staff that increased communication, especially for the CCA impacts, would be beneficial, and the Company proposed setting up a re-occurring meeting with Staff to discuss any IRP related issues, including CCA or other topics of interest. Company Reply Comments at 1.

The Company agreed that the WRAP QCCs are determined using regional loads and resource portfolio. *Id.* at 1-2. The Company proposed continuing to use the WRAP accounting mechanism for the load and resources balance and continuing to use the WRAP's QCC values for its resources. *Id.* at 2. The Company noted that it would conduct a Company load only reliability study to determine an appropriate PRM to serve its loads while limiting market purchase during peak load hours to 330 MW, and the Company would then select new resources meeting this target PRM rather than the WRAP's PRM in the 2025 IRP. *Id.*

With respect to improving the IRP reliability analysis to measure resource adequacy metrics on all portfolios under evaluation across the full planning horizon, the Company indicated that the time and computing capability to fulfill the request would be difficult to achieve. *Id.* at 4. The Company reasoned that given the agreement to conduct additional reliability work for the 2025 IRP, the Company would likely have to limit this analysis given the time to conduct this work and budget constraints, and the Company would update the TAC on the progress of this study at the July 2024 meeting. *Id.*

With respect to developing a method to determine the PRMs that are explicitly derived from the Company's reliability target using appropriately developed capacity contribution values, the Company indicated that it would select new resources meeting a new PRM based on the Company's loads rather than the WRAP's PRM. *Id.* at 2-3.

The Company represented that even though it believed DR should be treated as a resource and not reduce the planning reserve requirements, the WRAP's methodology allows this reduction in the P50 peak load, and given the Company's intends to follow the WRAP's accounting methodology, the Company would make that change in the 2025 IRP. *Id.* at 3. The Company indicated that in modeling practice, DR would be modeled as a resource, but receive its QCC value plus the PRM. *Id.* at 3 n.2.

The Company agreed with Staff's request to use the avoided costs provided in Supplement to Production Request No. 8 as the most recently filed avoided costs for avoided cost calculation

related to acquiring resources or energy efficiency; however, the Company expressed reservations regarding the full impact of that request. *Id.* at 3.

With respect to the national carbon tax and similar national environmental adders, the Company represented that it believed it should include all potential costs given their probability of happening in the future. *Id.* The Company represented that it assumed there was a 33% probability of a national carbon policy being enacted in 2030, and if the Company did not include this risk, it might select resources that would negatively impact Idaho customers if such a policy was enacted. *Id.* The Company also noted that the IRP represents meeting system loads for both Idaho and Washington customers, and that if the IRP is to be kept as a single document and analysis for both states with shared resources, it might be impossible to separate interests of some parties in each state. *Id.* The Company stated that it was willing to explore with Staff the implications and options of separating resources and/or resource plans in Washington. *Id.* at 3-4. However, the Company reasoned that when it comes to actual operations/cost recovery of assets, it would be challenging to protect Idaho customers from all impacts of not-least cost resource decisions from other states. *Id.* at 4. The Company noted that by continuing to model the Company's system as separate in planning, it would not represent the true cost to Idaho customers unless resources are no longer allocated using the Production Transmission ratio in the future. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including *Idaho Code* §§ 61-301 through 303. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501 through 503.

The Commission appreciates the active participation and input of Staff and members of the TAC in the process, and the Commission is confident that input helps the Company develop a better and more comprehensive IRP. The Commission notes the importance of using the most accurate inputs and calculations for QCC values as representative of the capacity contributions of the Company's resources at the system peak loads, and the importance of calculating PRMs using appropriately developed capacity contribution values in the Company's next IRP. The Company

is directed to continue working with Staff toward achieving such accuracy in all aspects of the IRP.

The Commission also finds it reasonable for the Company to use the avoided costs as provided in the Company's Supplement to Production Request No. 8 as the most recently filed avoided costs for purposes of program planning and future cost-effectiveness calculations.

Having reviewed the record, the Commission finds that the Company's 2023 IRP satisfies the requirements in the Commission's prior orders, and the Commission acknowledges the Company's Electric 2023 IRP. In doing so, the Commission reiterates that an IRP is a working document that incorporates many assumptions and projections at a specific point in time. An IRP is a plan, not a blueprint, and by issuing this Order the Commission merely acknowledges the Company's ongoing planning process, not the conclusions or results reached through that process.

The Commission does not approve the Company's 2023 IRP, or any resource acquisitions referenced in it, endorse any particular element in it, opine on the Company's prudence in selecting the 2023 IRP's preferred resource strategy or specific portfolio, nor allow or approve any form of cost recovery. The appropriate place to determine the prudence of the Company's decisions to follow or not follow the 2023 IRP, and the validation of predicted performance under the 2023 IRP, is in a general rate case or other proceeding where the issue is noticed.

ORDER

IT IS HEREBY ORDERED that the Company's Electric 2023 IRP is acknowledged.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* §§ 61-626 and 62-619.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 25th day of January 2024.


ERIC ANDERSON, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


EDWARD LODGE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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