

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA’S ANNUAL)	CASE NO. AVU-E-23-13
COMPLIANCE FILING TO UPDATE THE)	
LOAD AND GAS FORECASTS IN THE)	
INCREMENTAL COST INTEGRATED)	ORDER NO. 36023
RESOURCE PLAN AVOIDED COST MODEL)	
TO BE USED FOR AVOIDED COST)	
CALCULATIONS)	

On September 19, 2023, Avista Corporation (“Company”) submitted a compliance filing requesting an order accepting its updated load forecast, natural gas price forecast, and contract information components used as inputs to calculate its incremental cost Integrated Resource Plan (“IRP”) avoided cost rates (“Filing”). The Company must update these inputs by October 15 of each year. *See* Order Nos. 32697, 32802, and 35274. IRP avoided cost rates are available to qualifying facilities (“QF”) that are above the resource-specific project eligibility cap for published avoided cost rates under Idaho’s implementation of the Public Utility Regulatory Policies Act of 1978 (“PURPA”). The Company requested its Filing be processed by Modified Procedure with an effective date of January 1, 2024.

On October 11, 2023, the Commission issued a Notice of Filing and Notice of Modified Procedure establishing public comment and Company reply deadlines. Order No. 35952. Staff filed comments, and the Company replied that it supported Staff’s recommendations.

Having reviewed the record in this case, the Commission approves the Company’s annual update subject to a compliance filing as described below.

BACKGROUND

Pursuant to the PURPA and the Federal Energy Regulatory Commission’s (“FERC”) implementing regulations, this Commission has approved the IRP Method to calculate avoided cost rates for QFs that are above the resource-specific project eligibility cap. QFs that are below the applicable project eligibility cap are eligible to receive published avoided cost rates calculated using the surrogate avoided resource (“SAR Method”). *See* Order No. 32697 at 7-8. The avoided cost rate is the purchase price paid to QFs for the energy, or the energy and capacity, that the QF provides to the utility. 18 C.F.R. § 292.101(b)(6)(defining “avoided cost”). To ensure that avoided

costs most accurately reflect the utility’s marginal cost of energy or capacity, the Commission has directed utilities to “update fuel price forecasts and load forecasts annually – between IRP filings,” and to update the Commission about their “long-term contract commitments because of [their] potential effect . . . on a utility’s load and resource balance.” Order No. 32697 at 22.

THE FILING

The Company represented the energy load forecast increases at 0.74% annual average growth rate for years 2024 through 2045.

The Company stated its natural gas forecast was developed using a combination of “the U.S. Energy Information Administration’s Annual Energy Outlook. . . and forward market prices as of July 26, 2022.” Filing at 3.

The Company noted that, since its 2022 filing, the Company has signed one new long-term PURPA contract and extended three existing Power Purchase Agreements. The Company also indicated that it has plans to extend two PURPA contracts that are set to expire at the end of 2023.

STAFF COMMENTS

Staff recommended that the Company file updated forecasts for its load and natural gas prices in a compliance filing.

i. Load and Gas Forecasts

Staff noted that Order No. 32697 requires utilities to file their applicable load and natural gas forecasts annually. The purpose of the *annual* filing is, at least in part, to ensure that the Commission is reviewing current data. Staff argued that the Company’s filing in this case is too reliant on data from last year’s filing. Staff also noted that the Company failed to comply with Commission requirements in Case No. AVU-E-21-14 by using old data from last years’ filing.

Staff noted that, through discovery, the Company indicated that it would not be able to update its load and natural gas forecasts until November and December, respectively. Staff recommended that, once the Company has this information, it should submit a compliance filing explaining the difference between last year’s forecasts and its updated forecasts.

ii. Contract Information

Staff reviewed the Company’s new and extended contracts and believed that the new contracts—and changes to existing contracts—appeared to be reasonable.

COMPANY REPLY

The Company supported Staff's recommendation and stated that it would shortly provide the data necessary for a compliance filing. The Company indicated that it expected to file its update on or before December 20, 2023.

COMMISSION FINDINGS AND DISCUSSION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -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 -503. In addition, the Commission has authority under PURPA and FERC regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.

Pursuant to this authority, we have reviewed the record in this case including the Filing, Staff's comments, and the Company's reply comments. We find that this Filing does not comply with the requirements of Order No. 32697 in that it has failed to use sufficiently current data. Rather, this Filing duplicates certain data from last year's filing. The Company stated in its reply comments that it would be able to assemble the necessary information and submit a compliance filing on or before December 20, 2023. The Company shall compile the relevant data and then submit a compliance filing that enumerates the differences between its updated forecasts and the forecasts that were submitted last year.

ORDER

IT IS HEREBY ORDERED that the Company must file an updated load and natural gas forecasts in a compliance filing that also explains the differences between its updated forecasts and the Company's forecasts from last year.

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 about 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.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th day of December 2023.


ERIC ANDERSON, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


EDWARD LODGE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Interim Commission Secretary

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