Office of the Secretary
Service Date
November 5, 2025

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA'S 2025 ELECTRIC INTEGRATED RESOURCE PLAN	)))))	**CASE NO. AVU-E-24-13** **ORDER NO. 36826**

On December 30, 2024, Avista Corporation d/b/a Avista Utilities ("Company") filed its 2025 Electric Integrated Resource Plan ("2025 IRP") with the Idaho Public Utilities Commission ("Commission"). The 2025 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.

On February 3, 2025, the Commission issued a Notice of Application and Notice of Intervention Deadline, setting a deadline for interested persons to intervene. Order No. 36453. No parties intervened.

On March 14, 2025, the Commission issued a Notice of Modified Procedure, establishing a deadline for public comments and Company reply deadline. Commission Staff ("Staff"), the NW Energy Coalition ("NWEC"), and two members of the public filed comments to which the Company replied.

BACKGROUND

The Company uses its Integrated Resource Plan process ("IRP") 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 FILING

The Company's 2025 IRP is approximately 365 pages, with approximately 1,354 pages of appendices. The 2025 IRP has 12 sections: (1) Introduction; (2) Preferred Resource Strategy; (3) Economic & Load Forecast; (4) Existing Supply Resources; (5) Resource Need Assessment; (6) Distributed Energy Resources; (7) Supply-Side Resource Options; (8) Transmission & Distribution Planning; (9) Market Analysis; (10) Portfolio Scenario Analysis; (11) Action Items; (12) Washington Clean Energy Action Plan.

The contents of the 2025 IRP were developed through a series of public meetings with a mix of traditional technical experts, such as public utility commission staff, regional utility professionals, project developers, advocacy and environmental groups, concerned state agencies, and both commercial and residential customers. Various issues are 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. The Company then develops a preferred portfolio of resources to serve future needs. According to the Company, the 2025 IRP satisfies Idaho's regulatory requirements as provided in Commission Order Nos. 22299 and 25260.

STAFF COMMENTS

Staff believed the 2025 IRP satisfies the requirements of Order Nos. 22299 and 25260 and recommended that the Commission acknowledge it. However, Staff identified several key areas in the 2025 IRP that need further review or greater focus in future IRPs. Because the 2025 IRP shows a long-term resource shortfall beginning in 2030, there is sufficient time to address these issues without affecting system reliability or increasing costs for Idaho customers. The areas of concern include resource and transmission planning assumptions, Washington's Climate Commitment Act, qualifying capacity contribution and planning reserve margin, reliability analysis, and demand-side management programs. Staff's comments on each of these issues are described more thoroughly below.

I. Preferred Resource Strategy

The Company's 2025 IRP Preferred Resource Strategy ("PRS") includes a total of 2,599 MW of new resources over the planning period. The table shown below outlines the new resources selected under the PRS for the years 2026 through 2035.

Resource	Year	Jurisdiction	Capability (MW)	Energy Capability (aMW)
Northwest Wind	2029	Washington	200	69
Northwest Wind	2030	Washington	200	69
Natural Gas CT	2030	Idaho	90	86
Northwest Wind	2031	Washington	100	34
Montana Wind	2031	System	100	44
Montana Wind	2032	System	100	44
Northwest Wind	2033	System	157	54
Total			**947**	**399**

The PRS includes a 90 MW natural gas turbine in Idaho, 500 MW of wind in Washington, and 357 MW of system wind. In May 2025, the Company issued an all-source Request for Proposal ("RFP") to determine which resources will be acquired through 2035. Staff expressed concern that the 500 MW of Washington wind, driven by state-specific environmental laws, may lead to unfair cost impacts for Idaho customers. Staff urged the Company to closely evaluate these impacts during the RFP process and ensure that generation and transmission costs are fairly allocated, especially for resources driven by Washington-specific policy requirements.

II. Resource and Transmission Planning Input Assumptions

Staff reviewed the 2025 IRP resource and transmission assumptions and found them reasonable for planning. These were compared to past IRPs, other utilities' plans, and industry data. Staff's main concern is that differing energy strategies in Idaho and Washington may create challenges for future resource and transmission allocations, especially as more state-specific projects are added and current cost allocation methods become less effective.

The 2025 IRP does not assign available transmission capacity between states, though it states the system can support up to 500 MW of wind without major upgrades. The PRS selects 500 MW of Northwest wind for Washington between 2029 and 2031. Under the current cost allocation method—roughly 65% Washington, 35% Idaho—Idaho would pay 35% of both the wind projects and the transmission used to deliver the energy, despite the projects serving Washington-specific needs.

Staff inquired whether the Company had considered alternative resource allocation methods to address Idaho and Washington's differing strategies. The Company acknowledged that it has done some preliminary research but had yet to propose any specific changes. Staff recommended the Company continue exploring allocation methods, keep the Commission updated, and during the RFP process, evaluate the cost impact and fair allocation of resources for Idaho, especially related to Washington-specific projects.

III. Washington's Climate Commitment Act ("CCA")

Staff reviewed how the Company modeled the CCA in the IRP, focusing on Idaho's costs, the market link between Washington and California, and market prices. Staff also corrected several pricing errors and informed the Company.

a. CCA Costs Associated with Idaho

The 2025 IRP included CCA costs for Idaho, like the Boulder Park plant, in its total cost. The Company asserted that this will not affect IRP results or Idaho ratepayers since the IRP is a planning tool, not a cost recovery request. Staff disagreed, noting that CCA assumptions can change resource choices and portfolio costs. Also, the preferred portfolio impacts future rate decisions and prudence reviews. Staff recommended the Company address these concerns in the next IRP.

b. Washington and California Market Linkage

Staff indicated that the Washington Department of Ecology expects Washington and California's CCA markets to link by 2026 or 2027. The IRP assumes this linkage in all scenarios except one without the CCA policy. Linked markets will likely lower allowance and electricity prices due to increased liquidity. However, because of regulatory uncertainty, Staff recommended the Company include a scenario without market linkage in the next IRP.

c. Market Prices without the CCA

The 2025 IRP showed market prices with and without the CCA. Without the CCA, there are two price types: one assuming no CCA policy exists, and another where energy is delivered outside Washington to avoid CCA obligations. However, the 2025 IRP didn't clearly label or explain these differences. Staff recommended the Company improve clarity on this in the next IRP to prevent confusion.

d. Market Price Errors

The 2025 IRP included several errors in reported market prices, which Staff corrected in Attachment A to its Comments.

IV. Qualifying Capacity Contribution ("QCC") and Planning Reserve Margin ("PRM")

Although the QCC values were based on the Western Resource Adequacy Program ("WRAP") rather than generation capacity relative to peak load, Staff believes the resulting capacity positions are reasonable. This is because the Planning Reserve Margin ("PRM") was calculated using QCC values to meet the Company's 5% Loss of Load Probability reliability target. Staff also finds the Company has complied with Order No. 36056, which required PRM to be based on this reliability target.

V. Reliability Analysis

Staff remained concerned about the Company relying on WRAP planning requirements, as they reflect a short-term regional view rather than the Company's system needs. However, Staff appreciated the development of the Avista Resource Adequacy Model ("ARAM") to calculate the Company's own PRM and additional reliability metrics. The 2025 IRP continued using WRAP for capacity planning but used ARAM to evaluate reliability for select portfolios in 2030 and 2045. While ARAM addresses many past concerns, Staff recommended expanding the analysis to include more portfolios and years across the full planning horizon.

VI. Demand Side Management Programs

a. Energy Efficiency

Energy Efficiency ("EE") remains important in the Company's planning, but Staff indicated the accuracy of its 2025 IRP estimates is uncertain. The PRS projects 870 GWh of cumulative savings, reducing future load growth by 32%, with 26% of new savings from Idaho. Most Idaho savings come from interior lighting (55.7%) and HVAC (23.8%). While residential lighting savings are declining due to federal standards and high-efficiency adoption, commercial lighting—especially high bay and linear fixtures—still offers significant potential, as reflected in the Conservation Potential Assessment ("CPA").

Staff found that several energy efficiency measures in the CPA were incorrectly modeled with negative costs, including lighting, ovens, faucet aerators, and other equipment. The Company confirmed this was a calculation error and worked with its vendor to correct the values to zero. However, Staff remained concerned that zero-cost assumptions may not reflect true implementation costs. Staff recommended the Company be cautious when planning Demand-Side

Management ("DSM") programs for these measures, ensure accurate cost estimates, and continue reviewing CPA results and third-party studies for errors.

b. Demand Response

The PRS of the 2025 IRP includes Idaho Demand Response ("DR") capacity, which depends on Advanced Metering Infrastructure ("AMI"). AMI rollout is expected from 2026 to 2029, with DR programs starting in 2029, including electric vehicle time-of-use and variable peak pricing, followed by battery storage in 2035. Total DR selected is 10.6 MW for winter and 4.3 MW for summer. DR is treated as load reduction in WRAP modeling, increasing its capacity value, but its effectiveness may change due to uncertainty around dispatchability and user behavior. Staff indicated that it will continue to monitor DR plans as AMI deployment progresses.

c. Avoided Costs

To select EE programs, the Company uses avoided costs to estimate the value of savings. These costs—covering energy, capacity, and transmission and distribution deferrals—are inputs in the PRS Model to determine if EE measures are cost-effective. Idaho's avoided costs, shown in Table 2.8 of the IRP, do not include clean energy premiums or social costs of greenhouse gases. Staff finds the avoided costs reasonable for DSM planning.

NWEC COMMENTS

The NWEC submitted high-level comments intended to help shape the final IRP. These comments are summarized below.

I. Load Forecast

The NWEC expressed concern over future power demand. Although uncertain, the NWEC believed rising demand presents opportunities for economic growth, emissions reductions, cost stability, and improved system reliability through demand flexibility. According to the NWEC, the growing gap between average and peak demand—highlighted in the Company's IRP—emphasizes the importance of demand response, energy efficiency, and storage, especially given lessons from recent extreme weather events. Consequently, the NWEC recommended Avista conduct further studies on demand surges and load-shaping strategies. With less immediate pressure than other utilities, the NWEC believed the Company is well-positioned to act thoughtfully.

The NWEC observed that the IRP revealed increased interest in large data centers, particularly in Idaho. These facilities, especially those supporting AI, have massive energy needs and could shift lower-cost resources away from existing customers, raise long-term costs, and require major transmission upgrades. There is also a risk of stranded assets if planned projects do not proceed. To protect current customers, the NWEC recommended that the Company and Commission consider new rate structures, long-term contracts, and cost recovery mechanisms to ensure large users like data centers do not burden residential and commercial customers. Given projected national growth in data center load, the NWEC urged careful planning.

II. Customer Energy Efficiency, Demand Response, and Storage

The NWEC proposed using the term "customer-side resources" to highlight the broad range of actions customers can take to support both their own needs and grid reliability. According to the NWEC, this concept, which aligns with the "virtual power plant" model, emphasizes collaboration between utilities and customers. However, NWEC urged a deeper evaluation of how peak conditions, seasonality, and new large loads are increasing the value of energy efficiency, which could support faster and greater acquisition.

The NWEC expressed concern over the draft IRP's limited DR targets—only 30 MW of price-based DR and 58 MW of direct load control by 2045, most after 2035. NWEC believed the Company's missing significant potential, especially from smart, automated technologies like grid-connected water heaters and EV chargers. A realistic DR target of 10% of peak load—roughly 115 MW by 2030—would be comparable to a gas peaker plant, without the associated fuel and reliability risks seen during recent extreme weather events.

The NWEC warned against "analysis paralysis" and urges the Company to accelerate DR development. Technologies such as CTA-2045 water heaters and Bring Your Own Thermostat programs, like those used by Idaho Power, offer near-term, scalable opportunities. Similarly, the growing potential of battery storage—despite current costs—should be factored in more heavily, as these resources can provide flexible, reliable capacity across many applications.

III. New Supply Resources

The NWEC expressed concern about the Company's plan to explore increased natural gas availability due to the Northwest's limited gas infrastructure and growing risks during peak demand. The NWEC urged caution, noting that greater reliance on gas—especially during critical periods—should be carefully weighed against cleaner, more reliable alternatives.

The NWEC urged the Company to prioritize expanding customer-side resources (like energy efficiency, demand response, and storage), building more transmission, and deepening participation in regional markets. For example, the Company's access to the Western Energy Imbalance Market ("WEIM") during the January 2024 gas curtailments helped maintain reliability. Any gas supply study should include a full assessment of these non-gas options.

The NWEC believed that the critical development is the move from an imbalance market to a day-ahead trading framework, which would expand access to diverse, lower-cost resources. Two competing markets are being developed: the Extended Day-Ahead Market ("EDAM"), which builds on the WEIM, and Markets+, a new initiative from the Southwest Power Pool ("SPP"). EDAM offers a broader, more connected footprint—especially with nearby utilities like Idaho Power and PacifiCorp—while Markets+ would limit Avista's trading to more distant partners, requiring more complex transmission.

The NWEC supported EDAM's governing approach through a public benefit corporation with representation for states and customers. In contrast, SPP's governance structure does not reflect Western stakeholder priorities. Accordingly, the NWEC recommended that Avista analyze the benefits of day-ahead market access and the governance structures of each option in its next IRP.

IV. Transmission

The NWEC supported the Company's interest in the proposed North Plains Connector project and encouraged continued collaboration with regional utilities. Although the 2025 IRP notes potential upgrades to the Colstrip Transmission System ("CTS"), the NWEC recommended exploring transmission expansion between CTS and the Company's system. This would be complex, but could provide valuable access to Montana wind and broader markets like MISO and SPP.

The NWEC also commended the Company's partnership with Idaho Power on the Lolo-Oxbow upgrade and securing federal funding. It also encouraged further exploration of transmission upgrades, including advanced conductors, to increase capacity and reduce congestion.

V. Resource Adequacy

The NWEC also supported the Company's participation in the WRAP, but encouraged a more nuanced use of its framework in IRP planning. According to the NWEC, WRAP's focus is on short-term operations, which may not align with the long-term dynamics of IRP. The NWEC also agreed with the Company's decision to use its own planning PRM and cautioned against directly applying other WRAP components to IRP modeling.

Despite supporting the Company's effort to adopt a climate-adjusted baseline, the NWEC recommended consistent use of Intergovernmental Panel on Climate Change methods—specifically applying Representative Concentration of Pathways ("RCP") 4.5 year-round. RCP 4.5 reflects emissions trajectories more aligned with current global commitments, while RCP 8.5 is considered increasingly unrealistic. Using different scenarios seasonally may introduce inconsistencies in analysis.

COMPANY REPLY COMMENTS

The Company briefly responded to many of Staff's recommendations, concurring with some and opposing others.

I. Resource Allocation

The Company indicated that it is not currently proposing changes to the existing Production Transmission ("PT") ratio used to allocate resource costs between Idaho and Washington. While state-specific allocation could address future challenges from differing policies, any changes would require agreement between both states and approval in a general rate case. The CCA and Clean Energy Transformation Act ("CETA") may lead to higher-cost, cleaner resources or dispatch changes, which could eventually require separate resource planning and cost allocation by state if differences continue to grow.

II. Transmission Allocation

The Company indicated that it plans to evaluate bids from the 2025 All-Source RFP using a methodology that considers both Idaho and Washington perspectives. According to the Company, although the lowest-cost projects will be selected, if chosen resources primarily benefit Washington, this could require a different cost allocation method than the current PT ratio.

III. Washington's CCA

The Company intends to exclude direct CCA costs from Idaho's cost forecast in the 2027 IRP, despite these costs currently applying to Idaho customers. The Company will also use an electric price forecast that excludes CCA pricing—specifically, a forecast for northwest energy without delivery into Washington—for avoided cost calculations.

IV. Washington and California Market Linkage

The Company anticipates wholesale electric prices to be higher at times if the California/Quebec and Washington greenhouse gas credit markets don't link, due to needing allowances for both programs. Although Washington passed legislation to enable this linkage, it hasn't happened yet but efforts are ongoing. The Company will model a scenario without market linkage or progress toward it for the 2028 forecast year, which will be included in the 2027 IRP.

V. Market Prices

The Company will present how the wholesale electric price forecast is developed and how the CCA is included at a 2027 Technical Advisory Committee meeting. Additionally, the Company will provide a price forecast for Idaho that excludes direct CCA pricing in the 2027 IRP.

VI. Reliability Analysis

The Company's 2025 IRP reliability analysis covered 2030 and 2045, but only for select scenarios focusing on reliability concerns. Although analyzing every scenario could be beneficial, all of them may be unnecessary because of their different goals. The Company anticipates conducting more reliability analysis but is limited by current tools, which use an Excel-based optimization. The Company is exploring the Aurora model to enable analysis of more years and scenarios more efficiently.

VII. Demand-Side Management

The Company disclosed that it is making major updates to its energy efficiency analysis for the 2027 IRP. The Company anticipates partnering with Cadmus to provide third-party evaluations of potential energy efficiency and demand response measures for the 2027 and 2029 IRPs.

VIII. Price Errors

The Company agreed that thoroughly evaluating third-party studies in future IRPs will help ensure the results are both reasonable and achievable.

VI. Load Forecast

The Company indicated that it is currently developing policies for large loads like data centers and cryptocurrency miners. Although it is not planning to create a separate rate class for these customers at this time, the Company stated that it is monitoring and evaluating whether such a distinction may be needed as these loads grow in the region.

VII. Customer Energy Efficiency, Demand Response, and Storage

The Company noted that its EE analysis for the 2025 IRP's CPA will be conducted by a new consultant, Cadmus, for the 2027 and 2029 IRPs. This change, along with updated load forecasting, the amount and types of cost-effective energy efficiency may differ in future IRPs.

The DR potential study for the 2027 and 2029 IRPs will also be conducted by Cadmus. The results of the 2025 All-Source RFP, which included DR bids, will help identify actionable projects if they are cost-competitive with other resource options. The Company stated that it is currently reviewing bids from the 2025 All-Source RFP. If storage proves to be a cost-effective way to address capacity needs, that will be determined through this process.

VIII. New Supply Resources

The Company stated that it will explore a comprehensive assessment of non-gas alternatives as the NWEC recommended.

IX. Transmission

The Company agreed that strengthening the Montana transmission system will benefit its customers.

X. Resource Adequacy

The Company disclosed that it plans to continue using WRAP data in its resource planning where applicable. Additionally, the Company stated that it will revisit the base climate assumptions used in the IRP forecasts and appreciates NWEC's input on using a single RCP year-round instead of different ones for winter and summer.

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 NWEC in the process and is confident that this input helps the Company develop a better and more comprehensive IRP. The Commission also notes the significant effect that diverging state resource strategies can have on the Company's resource acquisition. For example, Staff identified the potential for 500 MW of wind power in Washington, which is being developed in response to that state's environmental regulations, to impose disproportionate or inequitable costs on Idaho customers. Because it appears likely that state resource strategies will continue to diverge, we direct the Company to assess Washington-specific resources for such disproportionate or inequitable impacts on Idaho. Further, during the RFP process the Company is directed to explore and evaluate resource allocation methods that will fairly allocate generation and transmission resources for Idaho, and to keep the Commission apprised of any changes to its allocation methodology.

Closely related to these allocation concerns is Washington's CCA, which presents several unique issues the Company must address going forward. Despite the Company's contrary assertion, we find that including CCA costs for Idaho can affect both the IRP and Idaho customers. As Staff noted, CCA assumptions can influence resource selection and portfolio costs, which in turn may affect future rate decisions and prudence reviews.

A specific modelling gap observed in the 2025 IRP is the Company's omission of scenarios in which Washington's CCA persists but does not link with California's. If the two markets link, the additional liquidity will likely depress both allowance and electricity prices; however, because such linkage is uncertain at this point, we direct the Company to include non-linkage scenarios if linkage does not occur before the next IRP submission.

We appreciate the Company's efforts to model market prices both with and without the CCA in its 2025 IRP. That said, when presenting prices without the CCA the Company offered two versions, one assuming the absence of any CCA policy and another reflecting deliveries outside Washington to avoid CCA compliance costs but failed to clearly label or explain the distinction. To prevent confusion in future filings, we direct the Company to provide clearer labeling and descriptions in its next IRP and to separately identify costs associated with the Washington CCA and CETA throughout the planning period.

Turning to system planning tools, we commend the Company for developing the ARAM. To better align the analysis with the Company's long-term needs, however, we find it reasonable to direct the Company to expand the ARAM analysis to include additional portfolios and more years across the full IRP planning horizon. This will provide a fuller system perspective than the shorter-term, regional view the WRAP presently supplies.

Finally, we recognize that cost-effective DSM programs benefit both the Company and its customers, but their success depends on accurate cost estimates and robust modeling. Given potential weaknesses in the Company's DSM models, such as assuming that certain equipment would cost nothing to implement, the Company must provide detailed evidence supporting actual costs and cost-effectiveness when seeking to recover program costs. Considering errors identified in the Company's initial DSM modeling, we also direct the Company to thoroughly review future Conservation Potential Assessments and any third-party evaluations or studies to identify and correct potential errors.

ORDER

IT IS HEREBY ORDERED that the Company's Electric 2025 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.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 5th day of November 2025.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

DAYN HARDIE, COMMISSIONER

ATTEST:

Laura Calderon Robles
Interim Commission Secretary

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