

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA) CASE NO. AVU-E-25-02
CORPORATION’S APPLICATION TO)
UPDATE AND ESTABLISH ITS CAPACITY) NOTICE OF APPLICATION
DEFICIENCY PERIOD TO BE USED FOR)
AVOIDED COST CALCULATIONS) NOTICE OF MODIFIED
) PROCEDURE
)
) ORDER NO. 36480
)

On January 29, 2025, pursuant to Order Nos. 32697, 32802, and 35810, Avista Corporation d/b/a Avista Utilities (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) for approval of the Company’s capacity deficiency period used for its avoided cost calculations. The Company outlined its methodology and projected its first deficit to occur on January 1, 2030.

The Commission now issues this Notice of Application and Notice of Modified Procedure setting deadlines for interested persons to comment on the Application and for the Company to reply.

BACKGROUND

A capacity deficiency case is used to determine when new qualifying facilities begin avoiding capacity costs for a utility and are therefore eligible to start receiving capacity payments. *See* Order No. 32697. Originally, each utility was required to file its capacity deficiency date case when a utility submitted its Integrated Resource Plan (“IRP”) to the Commission, and the capacity deficiency determined through the IRP planning process would be the starting point subject to the outcome of the proceeding. *See* Order No. 32697. In 2017, the Commission amended Order No. 32697 to require “that each Idaho electric utility shall submit its updated capacity deficiency filing after the Commission has acknowledged its IRP report, rather than upon its IRP filing....” Order No. 33917 at 4. On June 8, 2023, the Commission further adapted this instruction in Order No. 35810 and required Idaho Power Company, Rocky Mountain Power, and the Company to file a capacity deficiency case within 30 days of their respective IRPs being filed. The Company filed its IRP with the Commission on December 30, 2024.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company stated that its 2025 IRP identified January 1, 2030, as its first long term deficit date. The Company stated that this was earlier than the January 1, 2034, capacity deficiency date that was projected in its 2023 IRP.

YOU ARE FURTHER NOTIFIED that the Company summarized major changes in its generation and stated that these changes were the reason for projecting an earlier capacity deficiency date. These changes included a new wind PPA, closure of a qualifying facility, increased industrial demand, the addition of hydroelectric projects, and a portion of Chelan PUD's capacity. The Company also indicated that several thermal plants were also scheduled for retirement.

YOU ARE FURTHER NOTIFIED that the Company's forecast reflected January 2024's record peak load. The Company cited its IRP and stated that, although temporary capacity shortfalls appeared in 2026, these would be addressed through market purchases. The Company proposed using 2030 as the capacity deficiency date since earlier deficiencies were minimal and manageable through procurement strategies.

YOU ARE FURTHER NOTIFIED the Company outlined its methodology and stated that it determined its 2030 capacity shortage by comparing peak load plus planning reserve margin against expected resource capacity. The Company stated that this metric—the 5% Loss of Load Probability standard—aimed to meet extreme conditions in 95% of scenarios. The Company conducted hourly simulations with 1,000 different futures varying weather and outages to establish a 24% winter planning reserve margin. The Company further stated that instead of developing its own resource capacity values, it adopted Western Resource Adequacy Program metrics for efficiency and consistency. However, the Company adjusted these figures for long-term planning by incorporating expected declines in variable energy resource capabilities. The Company validated these projections through reliability studies for both 2030 and 2045.

YOU ARE FURTHER NOTIFIED the Company stated that it incorporated Commission Staff's previous recommendation and based its reliability metrics on the Company's own studies rather than regional requirements. The Company stated that this approach yielded similar results to previously approved methods since both identified the same resource deficits—differing only in how existing resource capacities were accounted for.

YOU ARE FURTHER NOTIFIED that the Application is available for public inspection during regular business hours at the Commission's office. This document is also available on the Commission's website at www.puc.idaho.gov. Click on the "ELECTRIC" icon, select "Open Cases," and 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 MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter, and it will review the case through written submissions under the Commission's Rules of Modified Procedure Rules 201-204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that persons desiring to state a position on this Application may file a written comment explaining why they support or oppose the Application. Persons who would like a hearing must specifically request a hearing in their written comments. **Persons shall have until March 20, 2025, to file written comments.** Comments must be filed through the Commission's website or by e-mail unless computer access is unavailable. To comment electronically, please access the Commission's website at www.puc.idaho.gov. Click the "Case Comment Form" and complete the form using the case number as it appears on the front of this document.

To file by e-mail, persons must e-mail the comments to the Commission Secretary and all parties at the e-mail addresses listed below. Persons submitting a comment by e-mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by e-mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101(13), and all information provided by such person is available for public and media inspection.

If computer access is unavailable, then comments may be mailed to the Commission and the Parties at the addresses below. Persons submitting a comment by mail must provide their name,

address, and the Case Number under which they are commenting. Persons submitting a comment by mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101(13), and all information provided by such person is available for public and media inspection.

**For the Idaho Public Utilities
Commission:**

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YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by March 27, 2025.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that the Company's Application be processed by Modified Procedure, Rules 201-204. Persons interested in submitting written comments must do so by March 20, 2025. The Company must file any reply comments by March 27, 2025.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

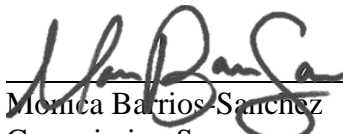
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th day of February 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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