

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	CASE NO. AVU-G-22-01
CORPORATION’S PROPOSED TARIFF)	
SCHEDULE 195—OPTIONAL RENEWABLE)	
NATURAL GAS)	ORDER NO. 35520
_____)	

On March 1, 2022, Avista Corporation dba Avista Utilities (“Company”) applied for authority to implement a new tariff Schedule 195—Optional Renewable Gas (“Schedule 195”). The Company proposes to implement a voluntary Renewable Natural Gas (“RNG”) program that provides customers an opportunity to purchase RNG as part of their regular monthly service. The Company requested a May 1, 2022, effective date.

On March 25, 2022, the Commission issued notice of the Company’s Application and set a 21-day intervention deadline for persons wishing to be joined as parties. The Commission further suspended the Company’s proposed effective date of May 1, 2022, in accordance with *Idaho Code* § 61-622(4). Order No. 35355. No parties intervened.

On May 2, 2022, the Commission issued a Notice of Modified Procedure establishing public comment and Company reply deadlines. Order No. 35391. Staff filed the only comments to which the Company replied.

Having reviewed the record in this case, we now issue this final Order approving the Company’s Application.

BACKGROUND

The Company conducted a commercial customer research project in 2019 focused exclusively on energy and the environment plus internal research geared at residential customers’ RNG programs. Application at 2. With ample RNG supply available to support a voluntary RNG program for its natural gas customers, positive customer sentiment towards an RNG program, and increased customer enrollments amongst its Washington gas customers, the Company believes offering a voluntary RNG program in Idaho is important for its interested customers. *Id.* at 3.

THE APPLICATION

The Company plans to offer customers the opportunity to purchase blocks of RNG where each block includes environmental attributes represented by the equivalent to 1.5 therms of RNG for \$5.00 per block (the “Program”). *Id.* The Company states that the charges would be separated

on customer's monthly bills and would be in addition to the customer's regular natural gas charges. *Id.* The Company states it has structured the price to confine the costs and benefits strictly to Program participants, including the supply of RNG attributes and Program administration costs. *Id.*; see also Attachment A to the Company's Application.

The Company signed an agreement with Puget Sound Energy ("PSE") to acquire the necessary RNG to support the Program. PSE has signed a contract for RNG with Klickitat Public Utility District to acquire an estimated 550,000 dekatherms ("Dth") annually for the first three years with significantly more RNG in the years following. Application at 3.

Interested customers may enroll online or over the phone. *Id.* Customers may participate in the Program with no contract and may cancel participation at any time. *Id.* at 4. Natural gas customers will be notified of the Program on the effective date of Commission approval. *Id.*

The Company identified key performance indicators and will establish baseline metrics to track Program performance to meet its primary objectives of customer satisfaction, customer awareness, and customer participation. *Id.* The Company will monitor customer awareness through external web traffic on the Program's page and participation will be measured by customer enrollment. *Id.* For participating customers, the Company states it will utilize the Midwest Renewable Energy Tracking System ("M-RETS") for purposes of the Program and retiring environmental attributes on behalf of participating customers. *Id.*

THE COMMENTS

Staff Comments

Staff evaluated the Company's filing to understand if the proposed RNG Program provides benefits to Idaho customers and that non-participants will not bear the cost of the voluntary RNG Program. Staff recommended Commission approval because the RNG Program is voluntary, funded by its participants, and will not harm non-participating customers.

Staff discussed the Company's plans for the RNG it purchases for customers, noting that it will be unbundled—a process that separates the commodity or energy from the thermal certificate associated with the RNG.¹ According to Staff, "the unbundled cost of the energy will

¹ The environmental attribute associated with RNG—Renewable Thermal Certificate ("RTC")—is the environmental value component of the RNG. Without the RTC, the RNG would be valued at the current natural gas commodity cost. Staff Comments at 3.

not be included in the RNG Program costs and the thermal certificate is then held to be retired on behalf of RNG Program participants.”² Staff Comments at 3.

Staff reviewed the Company’s contract with PSE and believes it provides the Company reliable access to gas to satisfy customer demand, and also protects the Company because it requires the Company to purchase *only* the gas that is required to meet RNG Program enrollment. Staff encouraged the Company to monitor the future availability of RNG from PSE’s supplier—Klickitat PUD—because Klickitat PUD is currently selling the majority of its RNG to the market, not PSE.

Staff Concerns

Staff discussed its concern regarding the Company’s adoption of the M-RETS trading platform and use of RTCs. Staff believes that using RTCs for the RNG Program is unnecessary and the more standardized Renewable Identification Numbers would have provided the same result for the Company. Since the Company is currently using RTCs for its Oregon and Washington State RNG programs, Staff concluded that it makes economic sense for the Company to use the same tracking system for all jurisdictions, including Idaho. According to Staff, “the M[-]RET’s tracking system will verify that the RTCs the Company is purchasing from PSE have not been sold to any other party or used for any other program prior to their transfer to the Company.” *Id.* at 4. Staff believes the Company should develop and implement processes that validate the RTC data provided by PSE and Klickitat PUD, as well as information contained in M-RETS.

Although the Company will measure customer satisfaction, awareness, and participation, Staff believes the Company should also file an annual RNG Program report that includes: “(1) the [RNG Program] budget from the previous year, (2) operating expenses, (3) RNG Program participation by month, (4) all RTC purchases made and retired for Idaho customers, and (5) where those RTCs were produced.” *Id.* at 5. Staff also recommends the Company distribute notification to its customers with Idaho specific information, including an effective date.

² “The Company stated that it will use the M-RETS for the proposed RNG Program. M-RETS is an online platform that provides certificate management similar to Renewable Energy Certificate (“REC”) tracking systems. RECs represent the environmental and non-power attributes of renewable electricity. For thermal technologies, the M-RETS system issues one RTC for every Dth of Renewable Thermal generation.” *Id.*

Tariff Discrepancies

In its review of the Company's proposed tariff, Staff discovered several discrepancies, notably: (1) the inclusion of language that claims the RNG sourced for the RNG Program should be tracked as required by the "Idaho State Legislature;" (2) language regarding "renewable hydrogen;" and (3) the omission of the new tariff on its tariff index page. Staff suggests that if approved the Company should file a conforming tariff that removes the incorrect language and includes the updated tariff index page.

Company Reply Comments

The Company filed reply comments noting that it would submit the updated tariff sheet upon Commission approval and proposed that the annual reports be provided annually by April 30th. The Company also addressed Staff's concerns about the M-RETS clarifying that it does have a process in place to verify RNG and the attached RTCs are transferrable from PSE to the Company at the time of purchase. The Company states:

Gas Schedulers will purchase appropriate amounts of RNG to support the customers enrolled in its Optional RNG Program. Once the purchase is made the RTCs (for each Dth of gas purchased) will be transferred to Avista's MRETS account upon delivery of the RNG. The Gas Scheduler will then verify the RTCs have been transferred from PSE to Avista, ensuring that no other party is utilizing the same RTCs or being used under any other greenhouse gas reduction program.

Company Reply at 1.

The Company also clarified Staff's statistic claiming the Company only had 69 Washington State customers signed up for the voluntary RNG program, noting that it has 517 customers enrolled as of June 21, 2022.³

COMMISSION DISCUSSION AND FINDINGS

The Company is a gas utility subject to the Commission's regulation under the Public Utilities Law. *Idaho Code* §§ 61-117 and 61-129. The Company's rates, charges, classifications, and contracts for gas service in the State of Idaho are subject to the Commission's jurisdiction. The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. 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,

³ 378 customers in Washington State and 139 in Oregon.

discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

We have reviewed the record, including the Application and comments. Based on our review, we approve the Company's Application. We appreciate the Company seeking to make the RNG Program available to interested customers in Idaho. Our approval is based on the Program being optional and our understanding that customers who elect to participate will cover the RNG costs and administrative costs, meaning no Program costs will be passed along to non-participating customers.

We find the annual Idaho-specific report proposed by Staff would be beneficial for the Commission given the nature of the Program and our desire to ensure that no costs are passed on to non-participating customers. The report will provide valuable insight into trends in the natural gas market and Idaho customers' demands for RNG. This report shall be filed annually by April 30th. After issuance of this Order, the Company shall also provide notice to Idaho customers with information on the Program.

Finally, we direct the Company to file updated tariffs correcting the errors contained in the proposed tariffs, as discussed in Staff's Comments.

ORDER

IT IS HEREBY ORDERED that the Company's Application is approved pending its submission of corrected tariffs.

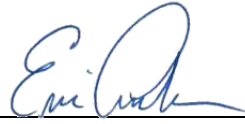
IT IS FURTHER ORDERED that the Company shall file an Idaho-specific RNG Program report by April 30th annually.

IT IS FURTHER ORDERED that the Company shall distribute notification to Idaho customers informing them of the optional RNG Program.

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 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. *See Idaho Code* § 61-626.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 2nd day of September 2022.



ERIC ANDERSON, PRESIDENT

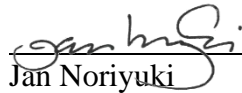


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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