



Case No. AVU-E-17-08

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Regulators acknowledge Avista's long-range plan

BOISE (Feb. 8, 2018) – The Idaho Public Utilities Commission is accepting a long-range planning document outlining how Avista Utilities intends to meet customer demand for electricity over the next 20 years.

Avista's Integrated Resource Plan (IRP) indicates the utility can meet its customers' energy needs through 2026 with company-owned or contractually controlled generation resources, conservation and market purchases.

Over the longer term, Avista's preferred resource strategy calls for plant upgrades, energy efficiency measures, solar, demand response, energy storage and natural gas-fired generation.

Regulated electric utilities are required to file an IRP with the Commission every two years.

The Commission's acceptance of an IRP does not mean that it agrees with the plan's conclusions or that the projects it describes will be built, since the resource planning process can change as circumstances arise.

Instead, an IRP is a "freeze frame" look at a fluid process that is intended to inform the Commission and the utility's customers that the utility has considered a variety of scenarios for adequately and reliably providing electric service at the lowest cost and least risk over the next 20 years.

Avista developed its 2017 IRP in consultation with an advisory committee comprised of more than 100 participants, collaboration that the Commission commended in its order acknowledging the IRP.

Conservation is expected to play a key role in Avista's operations throughout the planning period. More than 8,700 options for reducing energy use were analyzed during the development process, and the IRP calls for conservation measures to offset 53.3 percent of the projected growth through 2037.

Avista's IRP anticipates growth to slow from the 0.6 percent annual rate projected in its 2015 IRP to 0.47 percent annually through the end of the planning period.

Avista's 2017 IRP also differs from its 2015 plan in that it anticipates less reliance on natural gas-fired peaker plants and energy efficiency, and calls for a delay in the need for additional generation from 2020 until 2026.

The differences are due not only to the expected slowdown in load growth but also recently signed contracts for hydropower, in addition to energy efficiency measures and new programs that temporarily reduce the demand for energy.

The 2017 IRP calls for the construction of three natural gas-fired plants, adding a combined capacity of 353 megawatts (MW).

Those consist of a 204-MW natural gas-fired peaker plant to begin operation in 2026, a 102-MW plant in 2030 and a 47-MW plant in 2034.

The company's 2015 IRP had called for 557 MW of new natural gas generation, with the first facility projected to be in service by the end of 2020.

The company also plans to construct a 15-MW solar facility for its commercial and industrial customers, and is building two energy storage facilities that would provide a total of 2.5 MWh of storage. This marks the first time energy storage appears in Avista's IRP.

In addition, the plan anticipates improvements to the company's hydropower plants, boosting their generating capacity from the current 1,080 MW.

Analysis of the company's thermal generation, which consists of five natural gas plants, a biomass facility and a 222-MW share of the output at the Colstrip coal plant, found that maintaining ownership interest in Colstrip will remain cost effective through the end of the planning period in 2037.

The Colstrip plant consists of four units located east of Billings, Mont. Avista owns 15 percent of Units 3 and 4, which began operating in 1984 and 1986, respectively.

Units 1 and 2 went into operation in the mid-1970s and are set for retirement by 2022.

Avista analyzed a number of scenarios for Colstrip Units 3 and 4 in its IRP, including early retirement and significant reductions in generation.

The Idaho Conservation League, one of two dozen commenters in the case, expressed concern over the risks for ratepayers of Avista maintaining operations at the Montana plant if other utility owners curtail or eliminate their use of Colstrip.

Commission staff contended that Avista should have “modeled scenarios” that included renewing its power purchase agreement with the owners of the Lancaster Plant, a combined-cycle combustion turbine facility near Rathdrum, before deciding to construct a new natural gas peaker plant in 2026.

In response, Avista said it is open to extending the Lancaster contract, which ends in 2026, if the move would be beneficial to customers and the company.

In its order acknowledging the IRP, the Commission urged Avista to thoroughly explore all options before building a new gas peaker plant after the expiration of the Lancaster agreement and before determining the extent of its involvement in Colstrip.

“We encourage the Company to continue evaluating all options regarding these resources, and to consider the best interests of its customers when developing the 2019 IRP,” the Commission said.

All documents related to this case, including the Commission’s order and Avista’s IRP, is available on the Commission’s web site at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to Case No. AVU-E-17-08. Or go [here](#).