

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA’S 2020) **CASE NO. AVU-E-19-01**
ELECTRIC INTEGRATED RESOURCE)
PLAN)
) **ORDER NO. 34814**
)

On January 30, 2019, Avista Corporation (“Avista” or “Company”) petitioned the Commission to extend the August 31, 2019 filing date for Avista’s 2019 Electric Integrated Resource Plan (“2019 Electric IRP”) by six months. Avista asked for the extension because Montana, Oregon, and Washington were considering significant energy bills that could affect Avista’s resource planning

On February 22, 2019, the Commission issued a Notice of Petition and Notice of Modified Procedure establishing comment and reply comment deadlines for Avista’s requested extension. Order No. 34250.

On April 16, 2019, the Commission issued a final order approving Avista’s petition and granting a six-month extension until February 29, 2020. Order No. 34312.

On February 28, 2020, Avista filed its amended 2019/2020 Electric Integrated Resource Plan (“2020 Electric IRP”).

On March 25, 2020, the Commission issued a Notice of 2020 Electric Integrated Resource Plan and Notice of Intervention Deadline. Order No. 34609. Idaho Conservation League (“ICL”) intervened and, along with Avista and Commission Staff, is a party to the case.

On July 9, 2020, Staff held a virtual public workshop with both live-stream and telephonic options provided. The workshop allowed Staff to discuss the 2020 Electric IRP with the public, answer questions, and get feedback from Avista customers. Following the Staff workshop and in response to public requests, the Commission scheduled and held an August 5, 2020 public hearing so Avista’s customers and other members of the public could testify on the record. *See* Order No. 34736.

Now, having reviewed the record, the Commission finds that Avista’s 2020 Electric IRP complies with the Commission’s IRP requirements. The Commission thus acknowledges the 2020 Electric IRP.

OVERVIEW OF THE IRP PROCESS

An IRP is a status report on the utility's ongoing, changing plans to adequately and reliably serve its customers at the lowest system cost and least risk over a planning period of at least 20 years; in this case 25 years. The IRP is a "freeze frame" look at the utility's fluid resource planning process. *See* Order No. 22299. The IRP serves as a base line against which future resource decisions are gauged, but the utility does not have to follow the plan without deviation. Order No. 25260. The IRP identifies how the utility intends to meet future load over the planning period. The IRP is based on numerous well-vetted assumptions and forecasts using supply and demand-side resources to mitigate risks across different scenarios and identify a least-cost resource portfolio.

Avista must update its IRP at least every two years and allow the public to participate in developing the IRP. Order No. 22299. The final IRP must include the subjects required by the Commission's prior Orders, including Order Nos. 22299 and 25260. In summary, the final IRP should explain Avista's present load/resource position, expected responses to possible future events, and the role of conservation in those responses. It also should 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.

Order No. 22299. The IRP should separately address Avista's:

- "Existing resource stack," by identifying all existing power supply resources;
- "Load forecast," by discussing expected 20-year load growth scenarios for retail markets and for the federal wholesale market including "requirements" customers, firm sales, and economy (spot) sales. This section should summarize the utility's present load condition, expectations, and level of confidence; and
- "Additional resource menu," by describing the utility's plan for meeting all potential jurisdictional load over the 20-year planning period, referring to expected costs, reliability, and risks inherent in the range of credible future scenarios.

Id. If the Commission finds the IRP discusses these required subjects, then it will acknowledge that Avista filed the IRP. By acknowledging the IRP, the Commission recognizes Avista's ongoing planning process, not the conclusions or results reached through that process.

THE 2020 ELECTRIC IRP

A. Stakeholder Involvement

Avista developed the 2020 Electric IRP in consultation with its Technical Advisory Committee ("TAC"). 2020 Electric IRP at 2-1. The TAC consists of over 100 invited participants, including customers, staff from the Idaho and Washington commissions, academics, environmental organizations, government agencies, consultants, regional utilities, and other interested parties. *Id.* The Company held six TAC meetings for the 2019/2020 Electric IRP cycle. *Id.* at 2-2. Avista states it actively solicits input from interested parties in the IRP process and that it continues to expand TAC membership and diversity of the public process. *Id.* at 2-3.

B. Projected Load Growth

The 2020 Electric IRP predicts Avista's average annual load will grow 0.3% per year (down from the 2017 IRP's prediction of 0.47%). *Id.* at 3-1; Order No. 33971 at 3. Avista estimates peak load growth of 0.3% in the winter and 0.4% in the summer compared to the 2017 IRP's prediction of 0.42% peak load growth in the winter and 0.46% in the summer. *Id.* Avista anticipates continuing to be a winter-peaking system, but states that in years with mild winters and hot summers, the annual maximum peak load could occur in the summer. *Id.* at 3-18. Avista states it has adequate supply and demand-side resources to meet peak load requirements through December 2025. *Id.* at 1-1.

C. Existing Supply Resources

Avista owns and operates eight hydroelectric facilities on the Spokane and Clark Fork rivers, five natural gas-fired plants, a biomass plant, and partially owns two coal-fired units at Colstrip. *Id.* at 4-1. Company-owned hydroelectric facilities have a total 972 MW nameplate capacity. *Id.* at 4-4. Company-owned thermal resources have a total 845 MW nameplate capacity. *Id.* at 4-5. Avista owns 15% of Colstrip Units 3 and 4 for a total nameplate capacity of 247 MW of coal-fired generation. *Id.* at 4-5, 4-6. Avista also purchases energy from independent power producers and regional utilities, including 225 MW of Mid-Columbia hydroelectric contracts offered by public utilities districts in central Washington. *Id.* at 4-7, 4-8. Avista has agreements under the Public Utility Regulatory Policies Act of 1978 ("PURPA") that total 138 MW of

nameplate capacity from hydro, waste, and biomass qualifying facilities. *Id.* at 4-9. As of November 2019, Avista’s net metering program had 1,140 customers (94 in Idaho) with 8.6 MW of total nameplate capacity. *Id.* at 4-10. At winter peak, Avista’s energy supply is 50% hydroelectric and 36% natural gas-fired resources. *Id.* at 4-1.

D. Energy Efficiency and Demand Response

Avista states recent programs creating the most energy savings include residential and non-residential prescriptive lighting, residential fuel efficiency, site-specific lighting, and small business projects. *Id.* at 5-1. Avista reports that in 2018, 155 aMW of energy efficiency served its customers, which represented nearly 12.2% of its load. *Id.* Avista estimates an additional 138 aMW reduction of system sales due to energy efficiency by 2040, which it estimates will result in a 12.6% savings. *Id.* at 5-6. Avista’s study of demand-response options found that pricing options, such as time-of-use, variable peak pricing, and real time pricing generally offer the lowest cost per kW and direct load control of customer heating loads with smart thermostats offer the second lowest cost. *Id.* at 6-11.

E. Environmental Policy Considerations

In April 2019, Avista announced a corporate goal to provide 100% “carbon neutral energy” by 2027 and 100% “clean energy” by 2045, similar to Washington requirements under the Clean Energy Transformation Act (“CETA”) for 2030 and 2045. *Id.* at 11-1. The rules implementing CETA were not final during the drafting or review of the 2020 Electric IRP. *Id.* at 2-10. CETA mandates additional requirements for IRPs in Washington including the development of a Clean Energy Action Plan and a Clean Energy Implementation Plan as well as accounting for the social cost of carbon, removing coal from Washington retail rates after 2025, transitioning to 100% clean energy, distribution and transmission planning within the IRP, and accounting for economic, health, and environmental burdens and benefits. *Id.*

F. Preferred Resource Strategy

The 2020 Electric IRP’s Preferred Resource Strategy (“PRS”) states how Avista plans to meet its resource requirements over the next 25 years (previously 20) at affordable rates while complying with state mandates and maintaining system reliability. *See id.* at 11-1. Avista states it will acquire new energy and capacity resources to meet clean energy goals and capacity deficits in the next several years, starting with 200 MW of wind energy split between Montana and the Northwest. *Id.* at 11-4. Avista estimates procuring 122 aMW of clean energy before 2023 to stay

on target to meet the CETA goal of 80% clean energy by 2030. *Id.* Avista anticipates releasing requests for proposals (“RFPs”) to obtain resources with online dates between 2022 and 2023 that meet its goals of obtaining clean energy at higher-priced hours that provide peak capacity for its winter peak load. *Id.*

The 2020 Electric IRP indicates that the most economic decision for Colstrip Units 3 and 4 is to close the plant at the end of 2025. But from a regional reliability viewpoint, closing the plant at the end of the 2026 heating season would be preferable. *Id.* at 11-5. To replace the anticipated loss of Colstrip capacity and the expiration of the Lancaster PPA (which expires in October 2026), Avista seeks to add 175 MW of long-duration pumped hydro and 200 MW of Montana wind. *Id.* Avista states that long-duration storage assets may allow it to replace the natural gas-fired peaking generation identified in the 2017 IRP. *Id.*

Avista’s 2020 PRS is summarized in the table below.

2020 PRS

Resource	Year	Capacity (MW)
Montana wind	2022	100
NW wind	2022-23	200
Kettle Falls upgrade	2026	12
Colstrip 3 & 4 exit	2026	(222)
Rathdrum CT 1&2 upgrades	2026	24
Long-duration pumped hydro	2026	175
Lancaster PPA expires	2026	(257)
Post Falls upgrade	2027	8
Montana wind	2027	200
Mid-Columbia hydro	2031	75
Northeast CT’s hydro	2035	(55)
Long Lake 2 nd powerhouse	2035	68
Liquid-air storage (16 hrs)	2036 – 2041	100
Wind (including PPA renewals)	2041 – 2043	300
Lithium-ion storage (4 hr)	2042 – 2045	300

Solar w/ storage (4 hrs)	2044	55
4-hr storage for solar	2044	50
Supply-side resource net total		1,133
Supply-side additions through 2045		1,667
Demand-Side Response through 2045		112
Energy Efficiency through 2045		187 (aMW)

Id. at 1-5, Table 1.1.

Avista uses three models to develop the PRS. Avista uses the AURORA model to develop the electric price forecast. *Id.* at 11-2. The AURORA model uses Avista’s generation resources, load estimates, and transmission links in the Western interconnect as model inputs. *Id.* at 10-1. The 20-year wholesale electric price forecast developed by the AURORA model for the 2020 Electric IRP predicts energy prices of \$26.44 per MWh on average for 2021-2040, compared to the prediction of \$35.85 per MWh developed in the 2017 Electric IRP. *Id.* Avista expects the nominal levelized natural gas prices over 20 years, a historically strong indicator of Mid-Columbia electric prices, to be \$3.47 per dekatherm, compared to the \$4.21 per dekatherm anticipated in the 2017 IRP. *See id.* at 10-9. Avista compares the electric price forecast to resource options to determine relative profitability of a resource, dispatch and other anticipated operating characteristics. *Id.* Avista uses ARAM, Avista’s Reliability Assessment Model, to evaluate the current portfolio’s reliability metrics and each resource option’s contribution to overall portfolio reliability. *Id.* at 11-2. Avista uses PRiSM, a PRS model, to aid in its resource selection using the information provided by the AURORA model and the ARAM model as inputs to evaluate the risk of different resource decisions by evaluating 500 potential market futures. *Id.* PRiSM analyzes how Avista can meet multiple objectives—such as comply with CETA and meet its peak demand—in its resource decisions. *Id.*

G. Action Items

The Action Plan highlights actions Avista intends to take over the next two years. *Id.* at 13-4. The 2020 Action Plan includes developing a plan to upgrade the Long Lake hydroelectric facility, investigating the potential for pumped hydro storage in or near Avista’s service territory,

conducting transmission and air permitting studies for a natural gas combustion turbine if pumped hydro is not feasible, releasing a renewables RFP with a preferred online date of 2022 or 2023, releasing a capacity RFP to meet the January 2026 anticipated capacity deficit, and continuing to evaluate the economic closure date of Colstrip Units 3 and 4. *Id.* at 13-4, 5. The Action Plan also identifies future areas of analysis including continuing to study the costs of intermittent resources and benefits of resources such as storage, natural gas-fired peakers, and hydroelectric resources, integrating greenhouse gas emissions from resource construction, manufacturing, and operations in its analyses, examining whether to use a third party to develop electric market price forecasts in conjunction with an internally developed dispatch model, actively participating in CETA rulemaking, and discussing regional resource adequacy and market development. *Id.* at 13-5.

The 2020 Electric IRP reports Avista’s progress on the 2017 IRP Action Plan. Avista reports it decided to join the regional energy imbalance market (“EIM”) beginning in April 2022 and estimates the EIM will provide benefits of \$5.8 million per year. *Id.* at 13-1. Avista also studied the value of ancillary services provided by pumped hydro storage and flow batteries and intends to conduct additional analysis once sub-hourly modeling is available in the Avista Decision Support System (“ADSS”) model. *Id.* at 13-2. Avista reports continued efforts on other aspects of the 2017 Action Plan.

THE COMMENTS

Commission Staff, ICL, and numerous Avista customers commented on Avista’s 2020 Electric IRP, and Avista replied. Parties recommended the Commission acknowledge Avista’s 2020 Electric IRP but expressed concerns about parts of it, in particular Avista’s analysis of its Colstrip retirement plans. Members of the public supported Avista’s transition to clean energy and encouraged accelerating the timeline.

A. Staff

Staff recommended the Commission acknowledge Avista’s 2020 Electric IRP but with reservations. Staff stated “the [2020 Electric] IRP contains several significant shortcomings including . . . the coal plant retirement analysis, load forecasting, and future resource planning.” Staff Comments at 2. Staff also expressed concern that Washington legislation—the Washington Energy Independence Act and CETA—could constrain Avista’s ability to use existing resources and select new resources that would achieve a least-cost/least-risk plan under Idaho’s standards. *Id.* Staff stated that Avista designed its portfolio analysis to support three important near-term

resource decisions: (1) remove Colstrip from Idaho and Washington portfolios after 2025; (2) evaluate the replacement energy and capacity needed in 2026 and issue two RFPs; and (3) incorporate Washington's CETA and clean energy goals. *Id.* at 3.

Staff pointed to concerns raised in the 2017 IRP cycle about Avista's Colstrip analysis, including coal supply uncertainties, plant operator uncertainties, and environmental compliance and repair costs. *See Id.* at 4-5. Staff stated that Avista assured Staff that the next IRP would include a more detailed and complete Colstrip analysis. *Id.* at 5. Despite the concerns it expressed and the assurances it received, Staff stated the Colstrip analysis in the 2020 Electric IRP was insufficient and unclear. *Id.* Staff maintained it learned through the news media that Colstrip Unit 4 would need \$20 million in repairs, and this was emblematic of Avista's reluctance to discuss any aspect of Colstrip. *Id.*

Staff further reported there was significant uncertainty about whether and how to treat Colstrip retirement differently for Washington and Idaho service territories. Avista initially proposed to treat Colstrip as offline in Washington after 2025 but allow the plant to continue to serve Idaho after 2025. Staff expressed concern about the apparent contradiction in both retiring (for purposes of Washington bookkeeping) and continuing to run the same plant (to serve Idaho load) on an integrated system. Avista also considered modeling the electric system separately for Idaho and Washington and creating state-specific IRPs, but this also does not align with how Avista operates its system. Finally, Staff expressed concern that Idaho customers would be responsible for any Colstrip decommissioning costs that were not known and allocated before Washington's 2025 exit from the plant. *Id.* at 5-6.

In the 2020 Electric IRP, Avista proposed to retire Colstrip for Washington and Idaho customers after 2025, with a depreciation end of life date of December 31, 2027 for Idaho. *Id.* at 6. Avista provided an analysis showing that retiring Colstrip at the end of 2025 was more cost effective than running the plant until 2035. However, Staff stated this analysis is deficient because it only compared the 2025 and the 2035 retirement date and did not allow the resource optimization software to select the most economic retirement date. *Id.* Staff reported that Avista performed additional economic analysis on the Colstrip retirement, which supported removing Colstrip energy for Idaho at the end of 2025. But Staff cautioned that resource adequacy was not included in the analysis and should be evaluated in more detail. *Id.* Staff acknowledged Avista's status as a minority partner in Colstrip and that contractual obligations might complicate an early exit. *Id.*

Staff recommended the Commission require Avista to file an annual report on Colstrip with updated economic analysis, estimated retirement dates, closure plans, a progress report on closing plans and activities, and an annual accounting for decommissioning and remediation. *Id.* Staff further recommended the Commission require Avista to notify the Commission within 30 days of partner decisions and plant issues that could materially affect Idaho customers. *Id.*

Staff expressed concern with Avista's use of RFPs as a resource strategy. *Id.* at 18. Staff also expressed concerns that complying with CETA may result in resource decisions that potentially increase costs for Idaho customers and decrease system reliability. *Id.* at 4. Further, Staff stated its concern that Avista's peak load forecasting method may underestimate peak load growth and that Avista's identification of winter-peaking events as the drivers of future capacity needs, rather than summer peaking events, may be misguided. *Id.* at 8. Staff noted Avista's natural gas price forecasts are low but reserves critique on this issue until the anomalies that caused significant volatility in the natural gas markets in 2020 are resolved. *Id.* at 11. Staff disagreed with Avista's assessment that Liquid-Air Energy Storage is a market-ready storage technology. *Id.* at 11-13.

Staff noted that Avista changed its planning reserve margin from 16% to 18% to achieve Avista's 5% Loss of Load Probability ("LOLP") goal in order to accommodate more intermittent resources planned to come on the system. *Id.* at 4. Staff encouraged Avista to further investigate potential PRS cost impacts associated with the increased planning margin. *Id.* Staff also stated that applying a single planning reserve margin to all portfolios may not adequately compare costs across different portfolios when those portfolios have large differences in variable energy. *Id.* at 14-15. Staff also expressed concerns that Avista's reliability analysis only looked at the PRS in a single year, 2030, rather than all portfolios in all years of the IRP timeframe. Staff maintained that the latter approach would provide a greater assurance of reliability and better cost comparison between portfolios. *Id.* at 15.

Staff expressed concerns that Avista may have overestimated the peak reductions that can be achieved by its energy efficiency and demand-response programs. *Id.* at 15. Staff also believes Avista should evaluate the potential for energy efficiency and demand-response programs to reduce peak demand, not just evaluating reduction of average demand. *Id.* at 16. Staff also expressed concern that Avista's identification of winter-peaking events rather than summer

peaking may cause Avista to tailor its energy efficiency and demand-response programs to winter programs when perhaps summer programs could more effectively reduce future peak loads. *Id.*

B. ICL

ICL supports the 2020 Electric IRP's general direction and Avista's PRS, which plans for a Colstrip exit no later than 2025 and identifies 300 MW of wind in the next three years and renewables paired with battery storage as the least-cost replacement portfolio. ICL Comments at 3. But ICL requested the Commission order four "process improvements" that would resolve deficiencies in the 2020 Electric IRP: 1) require Avista to apply the social cost of carbon in its analysis; 2) require more detail and analysis regarding Colstrip Units 3 and 4; 3) use publicly available gas price forecasts; and 4) explain and fully account for how Avista treats Renewable Energy Credits ("RECs") created by Idaho resources. *Id.*

ICL stated that the 2020 Electric IRP's failure to include the social cost of carbon in its analysis is contrary to Commission requirements that IRP planning account for all "expected costs, reliability, and risks inherent in the range of credible future scenarios." *Id.* citing Order No. 33971. ICL argued that *Idaho Code* § 61-302 requires the Commission to ensure that utilities maintain facilities "as shall promote the safety, health, comfort, and convenience" of the public, and that including the social cost of carbon in Avista's models would satisfy this mandate. *See id.* at 4.

ICL emphasized the economic rationale for exiting Colstrip, apart from Washington's most recent energy legislation, and noted the rapidly changing circumstances at the plant, including closure of Units 1 and 2 in January 2020, two years earlier than planned. *Id.* at 7. ICL noted that Units 3 and 4 were unexpectedly taken offline last summer because the plant was violating air toxics standards, and that other Colstrip partners are looking to negotiate exits. *Id.* at 7-8. ICL recommended the Commission encourage Avista to use the 2021 IRP to develop an exit plan similar to that negotiated by Idaho Power for exit from the North Valmy coal-fired plant, and detail how Avista will protect Idaho customers from costs caused by plant co-owners beyond 2025. *Id.* at 8.

ICL recommended that future IRP's use publicly available gas prices rather than undisclosed consultants with undescribed assumptions so parties can assess the credibility of the assumptions underlying the forecasts and the overall credibility of the work. *See id.* at 9. ICL requested a standalone section in Avista's 2021 Electric IRP for RECs that would more clearly

and robustly describe how Idaho's share of RECs are used on Avista's system and the carbon intensity of resources assigned to Idaho. *Id.* at 9-10.

C. Public Comments

The Commission conducted a telephonic public hearing at which 35 people testified, most of whom were Avista customers. The Commission also received numerous written public comments. Public commenters supported Avista's long-term plans to move to clean energy and encouraged Avista to more rapidly decarbonize its resource portfolio to address climate change for economic, environmental, and public health reasons. Public commenters detailed numerous local effects of climate change including drier forests and increased property risk and air pollution from forest fires, greater uncertainty for farmers growing crops, diminished snowpack and more uncertain runoff that impacts the hydroelectric system. The public also expressed concern about the unsettling of mining waste in Lake Coeur d'Alene due to warmer waters, negative impacts on fish and wildlife and the tourism and recreation industries, and other impacts from climate change that are currently being felt and are likely to become more pronounced. Public commenters speculated about the greater risk and uncertainty for the electric supply system from a destabilized climate. A large number of public commenters also supported the Commission directing Avista to include a social cost of carbon in the resource analysis to account for the costs and risks of continuing to burn fossil fuels.

D. Company Reply Comments

Avista emphasized that no party asked the Commission not to acknowledge the 2020 Electric IRP. Avista Reply Comments at 2. Avista acknowledged that modeling done in response to Staff production requests suggested an economic exit from Colstrip earlier than the end of 2025. *Id.* at 4. Avista stated that developing and implementing a viable exit strategy will take time and that there are multiple owners involved. *Id.* It says it is diligently working to find an exit path from the plant given the circumstances of the ownership arrangement. *Id.* at 14. Avista stated it will continue to update Staff and TAC members on Colstrip exit progress outside of the IRP process. *Id.* at 5. Avista reiterated that Idaho customers will not pay for any costs associated with Washington's share of the plant. *Id.* at 4.

Avista stated it will use the PRiSM model in the 2021 IRP to select new resources and allocate their costs to only Idaho, only Washington, or to both states based on needs, economics, and policy requirements. *Id.* at 5. The new optimization logic will also allow Avista to apply the

social cost of carbon, a requirement of CETA, only to Washington. Avista stated this new modeling framework will enable Avista to begin the process of determining how to allocate costs between jurisdictions if Washington law requires Avista to add resources that are not lowest cost by Idaho standards. *Id.* at 6. Avista stated it is continuing to monitor its summer peaks relative to its winter peaks. *Id.* at 6-7. Avista defended its load forecasting methods and discussed tests its model performs to ensure model stability. *Id.* at 7. Avista also defended its reliance on Liquid-Air Energy Storage following Staff's critiques and stated it is excited for the technology's potential and believes the technology can be cost effective. *Id.* at 9. Avista stated it has retained a third-party vendor, EnerNex, to assist it with an intermittent generation integration cost study to be utilized in the 2021 IRP. *Id.* Avista stated it will remove reliance on a single-year planning reserve margin in the 2021 IRP to ensure the system is reliable for customers. Avista anticipates the Northwest will develop a resource adequacy program and associated markets, which would supplement Avista's resource planning. *Id.* at 10.

Avista pointed to the stipulation and settlement approved in Case No. AVU-E-18-12 for its energy efficiency and demand-response programs and its recent compliance filing in that case. *Id.* Avista stated the energy efficiency potential study conducted by Applied Energy Group and included in the 2020 Electric IRP estimates both average energy savings and winter and summer peak savings. *Id.* at 11. Avista stated the 2021 IRP will detail specific winter and summer savings data that will address concerns about overreliance on winter-peaking measures. *Id.* at 11-12. Avista stated it is reviewing responses to its 2020 renewables RFP and will likely issue a capacity RFP that will consider all capacity resources. *Id.* at 12-13. Avista supports the recommendation that it file an annual Colstrip report until it exits the facility and notify the Commission within 30 days of plant decisions that may materially affect Idaho customers. *Id.* at 13.

In response to comments requesting Avista include the social cost of carbon in its resource decision making, Avista stated it compared all resource portfolios with a carbon price equal to the social cost of carbon for market operations and in this scenario, Avista's Clean Resource Plan portfolio performed the best. *Id.* at 14. Avista reported the Clean Resource Plan portfolio increases the Present Value of Revenue Requirement from \$11.8 billion to \$12.4 billion, which would increase average customer rates from 14.1 cents per kWh to 15.6 cents per kWh in 2045. *Id.* Avista stated it did not choose this portfolio as a preferred portfolio because of the cost

impact on Idaho customers. *Id.* Avista stated that the consultants it uses to develop its future natural gas prices are nationally known and respected and produce higher quality forecasts than are publicly available, and that confidentiality of consultant contracts is an industry standard. *Id.* at 15. Avista stated it included information on how RECs are treated in the 2020 Electric IRP and points to Figure 11.9. *Id.*

COMMISSION FINDINGS AND DECISION

Avista is an electrical corporation and public utility as defined in *Idaho Code* §§ 61-119, -129, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code, including *Idaho Code* § 61-501. Having reviewed the record, we find that Avista's 2020 Electric IRP satisfies the Commission's requirements. *See e.g.* Order Nos. 22299, 25260. We thus acknowledge that Avista has filed the 2020 Electric IRP. In doing so, we reiterate that an IRP is a working document that incorporates many assumptions and projections at a specific point in time. It is a plan, not a blueprint, and by issuing this Order we merely acknowledge *Avista's ongoing planning process*, not the conclusions or results reached through that process. With this Order, the Commission is not approving the 2020 Electric IRP or any resource acquisitions referenced in it, endorsing any particular element in it, or opining on Avista's prudence in selecting the 2020 Electric IRP's preferred resource portfolio. The appropriate place to determine the prudence of the decisions embedded in an IRP or Avista's decision to follow or not follow its plan will be a general rate case or another proceeding in which the issue is noticed.

The stakeholders' active participation in the IRP process leads to a more robust IRP, and the Commission appreciates the active participation of the TAC members and the public in helping Avista develop its plan. One matter that appeared in numerous comments is Avista's plans for its ownership share in Colstrip Units 3 and 4. Given the concerns expressed by the parties in obtaining adequate information regarding Avista's plans for its ownership in Colstrip Units 3 and 4, and the earlier than anticipated retirement dates of those units, we find it is reasonable to require Avista to file an annual update on its Colstrip ownership interest. The report should provide updated economic analyses of retirement dates, closure plans and estimated retirement dates, and annual accounting for decommissioning and remediation expenditures/estimates. Additionally, Avista shall notify the Commission within 30 days of Colstrip partner decisions and plant issues that may materially affect Idaho customers. Providing a separate venue for the Colstrip analysis

reflects the IRP's usefulness as a portfolio planning process that leaves specific resource decisions to separate dockets.

Only after Avista has made a decision on its ownership interest in Colstrip Units 3 and 4 and a record is fully developed before this Commission will we make a prudency determination based on all the facts and evidence presented. It would be unjust and unreasonable for Idaho ratepayers to pay for the policy decisions made in other states if the benefits are not also realized by Idaho customers. Avista's challenge is to meet the requirements of multiple jurisdictions in which it operates a single integrated system. The 2020 Electric IRP is a good start.

ORDER


IT IS HEREBY ORDERED that the 2020 Electric IRP is acknowledged.

IT IS FURTHER ORDERED that Avista file an annual update on its Colstrip ownership interest, as noted above, by October 1 of each year. Avista also shall notify the Commission within 30 days of Colstrip partner decisions and plant issues that may materially affect Idaho customers.

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 with regard to 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 15th
day of October 2020.



PAUL KJELLANDER, PRESIDENT

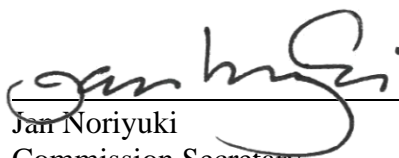


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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