

Avista Corp.

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August 20, 2021

Public Utility Commission Oregon
Attention: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-1088

Re: Docket No. LC 75 – Avista Utilities 2021 Natural Gas Integrated Resource Plan Final Reply Comments

Avista Corporation, dba Avista Utilities (Avista or the Company), provides the following final reply comments in response to the final comments filed by Commission Staff (Staff), the Citizens' Utility Board of Oregon (CUB), and Alliance of Western Energy Consumers (AWEC) in the investigation of the Company's 2021 Natural Gas Integrated Resource Plan (IRP). Avista appreciates the participation from Staff, CUB, and AWEC and their common goal of seeking the most reasonable natural gas resource plan for Avista's customers in Oregon.

LC-75 Recommendations

Recommendation 1: In the next IRP, use at least five years of historic data for modeling use per customer.

Response: Avista will consider a varying array of use per customer (UPC) outputs based on historic indicators to help forecast load. These UPC indicators will use at a minimum of two, three and five-year UPC and can be extended beyond these thresholds. Avista will work with OPUC Staff and Technical Advisory Committee (TAC) members to develop UPC expectations for Oregon.

Recommendation 2: Include a No Growth scenario in the next IRP.

Response: In response to Staff and CUB’s final comments to LC 75, Avista will include varying growth scenarios in the next IRP to measure risk. To do this, Avista will develop a range of sensitivities to measure growth and consider current State and Federal policy within these sensitivities to help inform a “Low” case scenario for demand.

Recommendation 3: In future IRPs, provide a comparison between the current CPA and the last CPA, including a narrative explanation of major changes in the potential.

Response: In future IRP’s, a comparison of the current CPA and last CPA results will be completed by the Energy Trust of Oregon (ETO) with a narrative explanation of major changes in the potential energy efficiency in Oregon.

Recommendation 4: Discuss demand response as a demand side resource option at a TAC meeting before filing the next IRP.

Response: In response to Staff and CUB, Avista is committed to providing demand response potential estimates in the next IRP and discussing with the TAC prior to the filing of the next IRP.

Recommendation 5: Discuss long-term transport procurement strategies at a TAC meeting before the next IRP.

Response: Avista will present long-term transportation procurement strategies at a TAC meeting before filing its next IRP.

Recommendation 6: Avista should provide a workshop, within two months of the publishing of DEQ’s draft CPP Rules, with the goal of facilitating a discussion of how to integrate the Company’s approaches to SB 98, SB 844, and EO 20-04 in a way that provides momentum for near-term GHG reduction and utilizes the two pieces of legislation to help Avista achieve the goals



of EO 20-04. The workshop should address how the Company could use different types of RNG projects to meet emissions goals.

Response: As an alternative to an individual workshop, Avista will provide the information requested in this recommendation during the workshops held during the OPUC Natural Gas Fact Finding process (UM 2178). Avista will further develop compliance pathways to the DEQ draft CPP rules within the next IRP, which is set to begin in November 2021.

Recommendation 7: Provide a workshop in the next IRP development process to discuss the possibility of using the social cost of carbon to help inform carbon risks in its portfolios.

Response: The social cost of carbon at 2.5% will be implemented as the expected compliance costs for emissions in Oregon for the next IRP. Details on the social cost of carbon will be discussed at a TAC meeting during the development of the next IRP.

Recommendation 8: Include a non-zero carbon risk value for its Idaho customers.

Response: Avista is committed to working with each jurisdiction to consider a varying range of expected costs to comply with a range of policy and requirements specific to each jurisdiction. In Staff and CUB's final comments each have each raised concern around carbon pricing in Idaho. Because neither the Idaho Commission nor Idaho Staff have requested the Company model a non-zero carbon risk value for its Idaho customers, the Company will not commit to this recommendation at this time. Factors for measuring risk will be developed and shared with the TAC members for input and feedback as has been done in prior Avista IRP's.

Recommendation 9: Prior to the next IRP, conduct market research to reflect the willingness of Oregon customers to pay for various carbon reduction strategies. Present results at a TAC meeting.

Response: In response to Staff and CUB, Avista will investigate the potential to conduct market research for its Oregon customers and their willingness to pay for various carbon reduction



strategies. If this research is feasible at a reasonable price for customers in Oregon, the Company will pursue said research. If the Company does not complete additional research it will explain the reasons why in the next IRP.

Recommendation 10: Work with stakeholders and Staff to identify information that should be included in an RNG project pipeline update and provide an update on the Company’s RNG project pipeline as part of the next IRP Update, including, but not limited to consumer risks and costs assessment associated with buy vs build RNG options.

Response: In response to Staff and CUB, Avista is committed to furthering its RNG supply portfolio and will include information to help show a potential project pipeline. All costs and risks are based on a least cost and least risk evaluation regardless of a buy vs. build ownership structure or even supply type.

Recommendation 11: In the next IRP, provide an analysis of the capabilities of Avista’s system to accommodate hydrogen, where upgrades would be required to accommodate hydrogen, and estimated costs of those upgrades.

Response: Avista will describe current system materials and potential constraints of accommodating hydrogen into the system. An estimated cost will be developed based on the material needed to upgrade these pipelines as requested by Staff and CUB.

Recommendation 12: In the next IRP, describe the assumptions for changes to renewable technologies and their impact on future levelized costs in the text of the next IRP.

Response: Avista will provide updated levelized costs for all supply choice options in the next IRP, including how technology changes and efficiencies can impact levelized costs.

Recommendation 13: Work with TAC to develop a scenario with a future large-scale supply interruption, like the October 2018 Enbridge incident.



Response: Avista will build upon the 2021 IRP to include a large-scale supply interruption in a scenario. Although most or all large-scale outages result in a first-year unserved demand, the potential value of a distributed resource within the Avista service area will provide added context to the benefits of renewables, energy efficiency and demand response.

Recommendation 14: In the next IRP, Avista should continue to keep the Commission apprised of the Sutherlin and Klamath Falls city gate projects. The Company should also provide a list of areas or projects where the Company is monitoring for capacity or pressure issues.

Response: Avista participates in quarterly updates with Staff and any interested outside stakeholders where capital projects (in addition to other topics) are presented and estimates are provided by project. The Company is committed to continuing these updates to keep stakeholders informed of capacity or pressure issues.

Finally, in response to AWEC’s comment asking the Company to explain in further detail its prior comments regarding “rate recovery uncertainty” for RNG development, the Company was implying that like any other resource acquisition, there is an element of rate recovery uncertainty until such acquisition is approved by the Commission. Further, Senate Bill 98 provides a pathway to acquiring RNG but it does not guarantee preapproval of investments made in RNG. As noted by AWEC, the Company would expect prudently incurred qualified investments in RNG to be approved for rate recovery by the Commission.

Conclusion

In the path of a transparent process and meeting stakeholder expectations, Avista works with the TAC as a sounding board and major contributor to its IRP document. Avista appreciates stakeholders’ participation in the Company’s IRP TAC. The Company will continue to work with stakeholders on the timing of its next IRP and looks forward to continued collaboration in the Company’s resource planning efforts.



Please contact Tom Pardee with any questions regarding these comments at 509-495-2159 or tom.pardee@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

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