

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
LC 81

In the Matter of
AVISTA GAS COMPANY
2023 Integrated Resource Plan

FINAL COMMENTS BY
CLIMATE SOLUTIONS,
GREEN ENERGY INSTITUTE AT
LEWIS & CLARK LAW SCHOOL, and
SIERRA CLUB

Climate Advocates' Final Comments

January 16, 2024

I. Introduction

Climate Solutions, Green Energy Institute at Lewis & Clark Law School, and Sierra Club (jointly, “Climate Advocates”) write in strong support of many of the recommendations offered by Public Utility Commission Staff (“Staff”) in their Final Comments on Avista Gas Company’s (“the Company’s”) 2023 Integrated Resource Plan (“IRP”). In particular, we support Staff’s recommendation that **Avista’s long-term plan should not be acknowledged**, for the reasons Staff has given and for additional reasons described below.

In addition to supporting the bulk of Staff’s comments, we offer the following recommendations:

- Identify Avista’s inadequate electrification analysis and inconsistent application of IRA credits as additional bases for non-acknowledgement of its long-term plan, with clear direction to correct these issues in the next IRP.
- Direct Avista to perform stress tests that assess the risk and flexibility of alternative fuel-reliant portfolios in the next IRP.
- Direct Avista to model electrification as a realistic incentive-based proactive resource strategy (that does not include full conversion costs or operating costs) in resource selection and in NPA analysis.
- Direct Avista to incorporate best practices for electrification program design when modeling electrification-focused portfolios and NPAs.
- Address the impact of electrification on electric rates and any electric-sector emissions attributable to electrification in the forthcoming IRP guideline update.
- Provide clear direction that Avista’s four purported barriers to electrification are not acceptable reasons to delay full-throated consideration of electrification in IRPs or development of any electrification programs that are selected as least-cost CPP compliance strategies or NPAs.
- Incorporate the recommendations in Climate Advocates’ opening comments.

One note: we recognize that the Oregon Court of Appeals recently invalidated the CPP regulations on the basis of a technical notice flaw.¹ In the meantime, Governor Brown’s executive order,² which remains in place, continues to direct DEQ and the EQC to “[c]ap and reduce GHG emissions from all other liquid and gaseous fuels, including natural gas, consistent with the” emissions reductions goals set out in the order.³ Accordingly, we continue to closely analyze Avista’s plan so that when the CPP or its equivalent is reinstated (if necessary), the company will have properly planned for the future. Regardless, it is prudent to plan for how to realistically and economically achieve rapid decarbonization as an imperative of every other

¹ *Northwest Natural v. Environmental Quality Comm’n*, A178216 (Dec. 20, 2023).

² Executive Order 20-04, https://www.oregon.gov/gov/eo/eo_20-04.pdf.

³ *Id.* at 4(C)(3).

economic sector and business planning for the future, especially in Oregon given the state's strong commitment to climate action.

II. Climate Advocates Strongly Support Many of Staff's Recommendations

Climate Advocates support the bulk of Staff's final comments, and we limit the discussion below to certain key issues where we can supplement Staff's analysis. In Section II.A, we recommend non-acknowledgement of Avista's long-term plan for the reasons Staff has identified and for additional reasons. In Section II.B, we discuss how Avista's failure to adequately consider the risks of alternative fuels implicates Staff's concerns about risk and uncertainty in a complex future. In Section II.C, we discuss major flaws in Avista's electrification analysis, support Staff's recommendation to model electrification as an incentive-based proactive resource strategy, and address Avista's purported barriers to pursuing electrification.

A. The Commission Should Not Acknowledge Avista's Long-Term Plan

We agree with Staff's reasons for recommending non-acknowledgement of Avista's long-term plan, including inadequate consideration of alternative resource portfolios (especially those focused on electrification), inadequate climate modeling, and unrealistic assumptions about the costs and risks of alternative fuels.⁴ Collectively, these flaws reflect a failure to recognize that state decarbonization policies require a significant shift toward electrification-focused gas system planning.

A large and growing body of evidence establishes the need to re-orient system planning toward advancing electrification and significantly shrinking the gas system. As one important example, the Massachusetts Department of Public Utilities recently issued an order in its Future of Gas investigation finding that "[a]s the Commonwealth strives to achieve its 2050 climate targets," the gas system "generally will be limited to strategic circumstances" where electrification is infeasible.⁵ The order directs utilities to take several key steps to reverse gas system expansion and transition their business models to align with an electrified future. And it recognizes that "RNG and hydrogen blending are new, unproven, and uncertain technologies" that should not be relied on in compliance strategies and whose costs should not be borne by ratepayers.⁶ These

⁴ Staff Final Comments at 1-2, <https://edocs.puc.state.or.us/efdocs/HAC/lc81hac326058032.pdf>.

⁵ Massachusetts Department of Public Utilities, Order on Regulatory Principles and Framework, No. D.P.U. 20-80-B, at 70 (Dec. 6, 2023), <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/18297602>.

⁶ *Id.* at 71-72. Because green hydrogen is a feedstock to synthetic methane and many of the same uncertainties surrounding RNG and hydrogen also apply to synthetic methane production, Massachusetts' concerns about RNG and hydrogen would apply with equal if not greater force to synthetic methane, which features heavily in Avista's PRS. See Staff Final Comments at 5-8.

findings support and underscore Staff’s concerns about the risks of alternative fuels, and its recommendation to improve consideration of electrification in resource planning.

There are several additional bases for non-acknowledgement of Avista’s long-term plan, beyond the critical issues identified in Staff’s final comments. One additional basis is Avista’s failure to realistically model an electrification incentive strategy as a selectable CPP compliance resource, discussed in Section II.C below. Another is Avista’s inconsistent application of Inflation Reduction Act (“IRA”) credits in a way that “may bias the resource portfolio selection” toward alternative fuels and carbon capture technologies and away from eligible electrification technologies.⁷ This “impacts the IRP portfolio analysis and distorts results,” similar to the problems with Avista’s climate modeling discussed in Staff’s final comments.⁸ We recommend that the Commission identify these errors as additional bases for non-acknowledgement, to ensure that Avista corrects them in its next IRP.

B. Avista’s Analysis of Alternative Fuels Ignores Important Risks.

Staff expressed serious concerns that alternative fuels will not become available at the quantities, costs, or timeline assumed in Avista’s PRS.⁹ Staff also recommended improved stress testing of both the PRS and alternative resource portfolios to compare the severity and variability of risks across portfolios.¹⁰ We echo these concerns and recommendations, and we want to highlight one way in which stress testing could illuminate the risks of alternative fuel-reliant portfolios.

In an alternative fuel-focused portfolio, Avista may make significant near-term investments in maintaining or expanding its distribution system, upgrading that system to accommodate hydrogen blends, and building fuel production facilities. In scenarios where the alternative fuels do not become sufficiently available or cost-competitive, the model may redispatch to select other resources, but the extent to which it can do so will be limited by the initial system investments, since it would face both the costs of the new resource and the costs of the (now stranded) investments made in reliance on alternative fuels. Whether the model does a little redispatching or a lot, the limitations on alternative fuels’ availability and cost would drive up scenario prices.

By contrast, electrification-focused portfolios would likely be much more flexible and much less affected by higher-than-expected electrification costs or other limitations. This is because supporting electrification does not require concentrated capital outlays on large projects that

⁷ Staff Final Comments at 17; see Climate Advocates’ Opening Comments at 6.

⁸ Staff Final Comments at 1.

⁹ See, e.g., Staff Final Comments at 5-8, 11-13.

¹⁰ See, e.g., Staff Final Comments at 8-9, 20-21, 27-30.

could become stranded. In such a scenario, the model would be expected to redispatch more easily and avoid many of the costs associated with the assumed limitations on electrification.

These examples illustrate how alternative fuel-focused portfolios could create a form of path dependence that risks locking in high costs if Avista encounters limitations to the fuels further down the road, and how improved stress testing of different portfolios could illuminate this risk. We recommend that the Commission direct Avista to perform stress tests that specifically assess the risk and flexibility of alternative fuel-reliant portfolios in the next IRP.

C. Avista Must Improve Its Electrification and NPA Analyses.

Staff recommends that future IRPs use a proactive resource strategy to evaluate whether incentivizing customers to electrify is a lower-cost compliance strategy than selecting a gas resource option.¹¹ We strongly agree that this is the correct framework for evaluating electrification as a selectable resource, and that Avista’s fundamentally different framework (which focuses on total electrification conversion costs and operating costs) significantly overstates the Company’s electrification costs, effectively preventing the model from selecting electrification for CPP compliance.

We support Staff’s expectation that Avista overhaul its electrification analysis through the TAC process for the next IRP, which we look forward to engaging in.¹² And while these comments mirror Staff’s focus on electrification analysis in the long-term plan, we note that many of the issues raised here apply equally to the analysis of non-pipe alternatives (“NPAs”) for specific infrastructure projects that Avista committed to performing in its 2023 general rate case settlement.¹³ The electrification strategies modeled as both compliance resources and NPAs should incorporate best practices on program design from other utilities, government programs, independent studies, and TAC input,¹⁴ and should reflect the program cost, uptake, and market transformation effects that can be achieved by applying these best practices.

The remainder of this section addresses certain points raised in Staff’s final comments.

i. Electric Rate Impacts

¹¹ Staff Final Comments at 40.

¹² Staff Final Comments at 41.

¹³ We discussed additional concerns about Avista’s NPA analysis in our opening comments. Climate Advocates’ Opening Comments at 14-15. See also Docket No. UG 461, Order No. 23-384, at 11 (describing 2023 rate case settlement), <https://apps.puc.state.or.us/orders/2023ords/23-384.pdf>

¹⁴ Best practices include leveraging non-utility incentives, educating contractors and consumers on electrification opportunities, providing technical support, and others. Some of the many examples to draw on include California’s TECH program, <https://techcleanca.com/>, and Efficiency Maine’s heat pump program, <https://www.energymaine.com/heat-pumps/>.

Staff expresses disagreement with Climate Advocates’ recommendation to account for downward electric rate pressure when assessing the costs of electrification, but we believe our recommendation is actually compatible with Staff’s position.¹⁵ A threshold issue is whether and how the operating cost of electrification equipment should be considered in Avista’s IRP analysis. We agree with Staff that Avista should use an incentive strategy cost as the proxy for electrification, rather than using the total conversion and operating costs faced by end-users who electrify.¹⁶ The operating costs of electric equipment are not part of this incentive strategy cost.¹⁷ We agree with Staff that it is important to consider how electrification will affect the bills and overall energy burdens of the customers who undertake it, in order to make the transition as affordable and equitable as possible.¹⁸ But electric operating costs are not directly relevant to resource selection for the same reason that Staff recognizes total conversion costs are not relevant: these are not the costs that the gas utility would bear if it incorporated electrification into its resource strategy.

However, in any situation where Avista *does* consider electric rates, and also considers how customers’ decisions to electrify will affect the rates paid by all electric customers, it should consider the downward rate pressure generated by spreading fixed electric system costs across more load. Staff correctly points out that electrification may also contribute to peak electric load, which can produce incremental costs for clean generation, capacity, and transmission.¹⁹ We do not disagree that electrification could contribute to peak electric load and associated costs, but we recommend that wherever utilities and the Commission consider this effect on electric rates, they should also consider the rate-reducing effect of spreading electric system costs over a greater amount of load. Utilities often consider both of these effects together: for example, Xcel Energy accounted for both effects in a recent Colorado Public Utility Commission filing.²⁰

While we do not predict the precise net result of these two effects—this will need to be determined through Avista’s updated analysis—there is reason to believe the net impact on

¹⁵ Staff Final Comments at 36.

¹⁶ *Compare* Staff Final Comments at 36 (“Staff recommended using an incentive strategy cost as a proxy for electrification. ... Staff did not expect the tipping point would be the entire conversion price, but rather the portion needed to incent the customer to make the switch.”) *with* Climate Advocates’ Opening Comments at 14 (“Avista bases its [electrification cost] estimates on total costs, rather than the incremental costs that would be borne by ratepayers.”).

¹⁷ Electric operating costs may indirectly influence the incentive strategy cost to the extent they affect the incentive level needed to persuade customers to electrify.

¹⁸ Staff Final Comments at 36 (“In review of the feedback from both Avista and Stakeholders, Staff recognizes that a proactive resource strategy will need to identify the value of electrification to the customer as well as the value of electrification to the company.”).

¹⁹ Staff Final Comments at 36.

²⁰ Colorado Public Utilities Commission Proceeding No. 23A-0392EG, Hearing Exhibit 101, Direct Testimony of Jack W. Ihle, at 130-132.

electric customer bills will be modest. In a report commissioned by Sierra Club, Synapse Energy Economics recently found that shifting Oregon’s new heating equipment sales from fossil fuel and electric resistance equipment to heat pumps by 2030 will increase peak electric load from major end uses by just 10% in 2050, while increasing total electric consumption by a comparable percentage.²¹ Synapse projected that Oregon’s annual electric system costs will increase by \$207 million in 2040, declining to \$142 million in 2050.²² In addition to being spread across more customers, these electric system costs are outweighed by gas system savings, producing an annual net energy system savings of \$282 million in 2050.²³

ii. *Consideration of Electric-Sector Emissions*

AWEC argued that Avista should include marginal electric sector emissions when evaluating electrification.²⁴ We agree with Staff’s recommendation against Avista including marginal emissions of electrification at this time, for two reasons. First, as Staff points out, “[t]he CPP does not require LDCs to account for electric sector emissions.”²⁵ While a broad understanding of emissions across energy sectors is valuable for planning Oregon’s economy-wide decarbonization pathway, it should not necessarily determine a gas utility’s selection of resources for decarbonizing its own system to comply with the CPP.

Second, because “[r]egional forecasts suggest that new generation will come from renewable or battery resources,” the electric sector’s long-run marginal emission rates are likely close to zero.²⁶ Long-term resource procurement strategies should use long-run marginal emission rates, which account for the incremental resource acquisition that would result from electrification efforts in the aggregate, rather than short-run marginal emission rates, which represent only the incremental electric resources *dispatched* to meet individual incremental increases in load.²⁷ Experts have concluded that long-run marginal emission rates are more appropriate for this type

²¹ Synapse, *Toward Net Zero Emissions from Oregon Buildings* at 22, 35 (June 2022), <https://www.synapse-energy.com/sites/default/files/Net-Zero-Emissions-from-Oregon-Buildings-21-127.pdf>. Synapse found it is possible to keep the increase in peak electric load modest by upgrading Oregon’s substantial stock of electric resistance heating to significantly more efficient heat pumps. *Id.* at 34. This underscores the importance of a coordinated, holistic approach that uses energy efficiency to facilitate least-cost decarbonization of the gas and electric systems.

²² Synapse, *Toward Net Zero Emissions from Oregon Buildings* at 38-39. Residential-sector annual electric system costs are actually projected to *decrease* by about \$160 million in 2050.

²³ Synapse, *Toward Net Zero Emissions from Oregon Buildings* at 41-42.

²⁴ AWEC Opening Comments at 5-6, <https://edocs.puc.state.or.us/efdocs/HAC/lc81hac143340.pdf>.

²⁵ Staff Final Comments at 37.

²⁶ Staff Final Comments at 37.

²⁷ Pieter Gagnon, *Long-Run Marginal CO₂e Emission Rates for End-Use Electricity Consumption in the State of Washington* at 4, National Renewable Energy Laboratory (June 2021) (“The long-run marginal emission rate is an estimate of the rate of emissions that would be either induced or avoided by a long-term (i.e., more than several years) change in electrical demand.”), <https://www.nrel.gov/docs/fy21osti/80057.pdf>.

of analysis because they reflect changes to system-wide electricity emissions that result from permanent, program-wide adoption of electric technologies.²⁸ And the Pacific Region’s long-run marginal emissions are among the lowest in the nation, yielding some of the greatest emission reductions from heat pump installations.²⁹ Long-run marginal and average electric-sector emission rates are expected to be lower than short-run marginal emission rates, because renewables are usually the lowest-cost marginal resource to *procure*, while fossil generation can more often be the most readily *dispatchable* resources on the existing system.³⁰ Thus, AWEC’s assertion that short-run marginal emissions are a suitable metric for evaluating electrification impacts, and its conclusion that electrification could increase emissions, is incorrect.³¹

We look forward to discussing the proper consideration of emissions across energy sectors—including the use of long-run marginal emission rates—in the forthcoming process to update IRP guidelines, as Staff suggests. In the meantime, we agree with Staff’s recommendation not to include electric-sector emissions in Avista’s IRP.

iii. Consideration of Barriers to Electrification

Staff’s final comments discuss certain barriers that Avista claims would prevent it from procuring electrification to meet demand, even if its model had selected electrification as a resource.³² We are seriously concerned that Avista has informed Staff it would not pursue electrification selected by its model only well after its IRP was filed. If Avista is not prepared to pursue electrification selected by its model, this calls into question both the purpose of analyzing

²⁸ Teresa Pistochini et al., *Greenhouse Gas Emission Forecasts for Electrification of Space Heating in Residential Homes in the US* at 1, 63 Energy Policy 112813 (2022) (noting that National Renewable Energy Laboratory Cambium data set documentation states long-run marginal emission rates are “the appropriate metric to apply when estimating the impacts of load increases from ‘electric-sector emissions that would be induced by increased electric vehicle charging or by replacing a natural gas furnace with a heat pump”), <https://doi.org/10.1016/j.enpol.2022.112813>.

²⁹ Oregon’s 15-year average long-run marginal emissions rate for 2024-2039 is 88 kg CO₂/MWh. Pistochini et al., *Greenhouse Gas Emission Forecasts for Electrification of Space Heating in Residential Homes in the US* at 4 Fig. 3, 7 (“Analyzing results by region showed that the greatest reduction in emissions from heat pump installation is expected in the Pacific and Northeast regions ... where long-range marginal emissions from electricity generation were forecasted to be the lowest ...”).

³⁰ NYSERDA, *Projected Emission Factors for New York State Grid Energy* at 6 (Aug. 2022) (“Generators on the margin typically have higher emission factors than the average resource mix and tend to have higher short run marginal costs than the other generating resources.”), <https://www.nyserda.ny.gov/-/media/Project/Nyserda/Files/Publications/Energy-Analysis/22-18-Projected-Emission-Factors-for-New-York-Grid-Electricity.pdf>.

³¹ AWEC also suggests that an analysis of electrification based on long-run marginal emission rates “becomes much more complicated,” necessitating further study before decisions about electrification are made. AWEC Opening Comments at 6. This is also wrong: estimates of regional long-run marginal emission rates are readily available from sources like the National Renewable Energy Lab. See, e.g., Pistochini et al., *Greenhouse Gas Emission Forecasts for Electrification of Space Heating in Residential Homes in the US* at 4, Fig. 3 (citing these NREL figures).

³² Staff Final Comments at 37.

electrification in the IRP at all and the Company's commitment to fulfilling its obligations under the NPA framework it agreed to in the 2023 rate case settlement.³³ Moreover, numerous stakeholder comments throughout the development of Avista's IRP, as well as clear guidance from the Commission in Order No. 23-281, have put Avista on notice that it is expected to meaningfully consider electrification in its resource planning. It is far too late in the process for the Company to claim that it is not prepared to do so.

We do not believe that the barriers Avista discussed with Staff should prevent it from selecting electrification as a compliance resource and pursuing electrification once it is selected. This is especially true because Avista has an opportunity to identify and overcome barriers through small-scale initial electrification efforts in the early years, when its CPP obligations are fairly small and a larger number of CCIs are available to help meet them. We address each of the purported barriers to electrification in turn.

First Barrier: Uncertain Cost Recovery. While Avista may not yet have an established framework for seeking cost recovery of electrification expenses in Oregon, other utilities and jurisdictions provide a growing number of examples. Avista has not identified any reason why it could not propose one or more of these frameworks for recovering electrification expenses in a rate case. And Avista is authorized—indeed, obligated—to operate its system in a way that complies with state regulatory requirements (including the CPP) at the lowest reasonable cost to ratepayers. If operating its system in this manner is determined to include incentivizing electrification, we see no obstacle to Avista recovering the prudently incurred costs of providing those incentives. We are not opposed to cost recovery mechanisms that provide appropriate incentives for Avista to invest in electrification, such as regulatory asset treatment for electrification incentives, provided those mechanisms do not unreasonably burden customers or impede broader progress toward gas system decarbonization. Any initial uncertainty about the framework for recovering electrification costs should not lead Avista to pursue resources determined to be higher-cost or higher-risk, because this would cast serious doubt on the prudence of investing in those resources, ultimately creating a much greater risk that Avista will not be able to recover its costs.

Second Barrier: Lack of Cross-Utility Collaboration. We certainly support collaboration between Avista and electric utilities to optimize electrification planning.³⁴ We also support the

³³ Docket No. UG 461, Order No. 23-384, at 11, <https://apps.puc.state.or.us/orders/2023ords/23-384.pdf>; see also Washington UTC Docket No. UE-220053, Final Order No. 10-04 at 31, App'x A at 11-12 (Avista's 2022 general rate case, approving a similar settlement provision to consider electrification as an NPA in the 2023 IRP).

³⁴ Oregon Public Utility Commission Docket No. LC 79, NW Natural 2022 IRP, Climate Advocates' Opening Comments at 7-11 (Dec. 30, 2022), <https://edocs.puc.state.or.us/efdocs/HAC/lc79hac14421.pdf>; Docket No. LC 79, Climate Advocates' Response to Questions Regarding NW Natural's 2022 IRP, at 5-6 (Mar. 8, 2023), <https://edocs.puc.state.or.us/efdocs/HAC/lc79hac15824.pdf>.

steps for facilitating increased collaboration outlined in Staff’s final comments, including directing utilities to jointly develop a Building Electrification framework and map, exchanging electrification scenarios and load growth assumptions, working with the TAC to identify an appropriate PacifiCorp scenario to use in Avista’s electrification analysis, and further exploring the topic in the IRP guideline update.³⁵

However, Avista has many near-term opportunities to begin advancing electrification before it encounters the coordination-intensive issues mentioned in Staff’s final comments such as gas asset decommissioning and electric capacity constraints. The fact that it will encounter these issues at some point in the future should not stop it from beginning to pursue electrification.

Additionally, Avista is fully capable of exchanging information with other utilities, and it is incumbent upon the Company to do so if it sees the need for this information as a barrier to pursuing electrification. Avista should not require direction from Staff and the Commission to take steps that it should have taken much earlier in the IRP process. We recommend that the Commission make clear that inadequate cross-utility coordination will not be considered an acceptable reason for failing to pursue electrification in future IRPs and rate cases.

Third Barrier: Data Limitations. Similar to the second purported barrier, we support the steps Staff has recommended, but we do not see data availability as an obstacle to starting electrification efforts in the near-term. For example, customers whose homes are suitable for electrification can be expected to self-select as participants in an electrification program, without Avista needing to gather detailed information about the housing stock. This is not to say that electrification programs should not evolve to incorporate learnings about housing stock, customer behavior, electric system capacity, and other opportunities and obstacles, but this information should be gathered through iteration, not used as an excuse to delay getting started. Moreover, Avista has options for collecting the needed data (some of which have been described by Staff), and the Commission should not have to give the Company step-by-step instructions for doing so.

Fourth Barrier: Obligation to Serve. Similar to the second and third purported barriers, the obligation to serve is not an obstacle to incentivizing voluntary electrification in the near-term. Initial efforts do not need to involve electrification of entire areas. And in fact, at least one utility has shown that zonal electrification projects are possible with less than 100% participation.³⁶ We

³⁵ Staff Final Comments at 38-39.

³⁶ Building Decarbonization Coalition and Gridworks, *Neighborhood Scale: The Future of Building Electrification* at 21 n.40 (Nov. 2023) (“Eversource’s Framingham pilot demonstrates that 100% participation is not needed for a project to work. According to Nikki Bruno, due to a combination of opt-outs and difficult to reach customers, the thermal energy network demonstration project includes >80% of customers in the targeted area.”), https://buildingdecarb.org/wp-content/uploads/BDC_Neighborhood-Scale-Report.pdf.

agree with Staff that obligation to serve is an important topic to explore as the state continues to refine its approach to electrification.

III. Additional Issues

A. The Commission Should Give Clear Direction for Future IRPs, Both in its Acknowledgement Decision and in IRP Guideline Updates.

Climate Advocates look forward to a process to update the IRP Guidelines in the ways described by Staff in final comments. We support exploration of the issues Staff identified in the final comments; now is a good time to assess improvements to the current guidelines for both the electric and gas IOUs since all of the companies have now submitted their decarbonization plans. However, the forthcoming IRP Guideline updates should not prevent the Commission's acknowledgement decision from offering direction to Avista and other utilities on issues raised in this IRP, especially as it relates to issues Avista must correct in its 2025 IRP. We ask that the Commission adopt Staff recommendations and expectations for Avista's IRP Update and its next IRP, and that the Commission provide additional detail and direction to Staff on initiating updates to the IRP Guidelines.

B. IRPs Must Continue to Plan for Least-Cost Least-Risk Compliance with State Climate Policies, Including the CPP.

As we noted at the outset, the Oregon Court of Appeals' ruling invalidating the CPP regulations on the basis of a notice flaw changes nothing. EO 20-04 remains in place and directs the DEQ and EQC to cap and reduce emissions from natural gas utilities. Accordingly, continued evaluation of Avista's decarbonization plans under the CPP framework is appropriate.

IV. Conclusion and Recommendations

We greatly appreciate Staff's careful and close evaluation of Avista's plan, and its diligent attention to our comments and recommendations. We look forward to reevaluating the IRP guidelines this year.

Sincerely,

/s/ Meredith Connolly
Oregon Director
Climate Solutions

/s/ Carra Sahler
Director and Staff
Attorney
Green Energy Institute at
Lewis & Clark Law School

/s/ Jim Dennison
Staff Attorney
Sierra Club