



Avista's Draft Clean Energy Implementation Plan Listening Session

Clean Energy Transformation Act

Clean Energy Transformation Act (CETA)

Applies to all electric utilities in WA and sets specific milestones to reach required 100% clean electric supply:

- By 2025 – eliminate coal-fired resources
- By 2030 – greenhouse gas neutral
- By 2045 – 100% renewable or be generated from zero-carbon resources

Clean Energy Implementation Plan (CEIP) 2022-2025

CEIP establishes the actions the utility will take to comply with CETA goals over the next four years. Including:

- Interim Targets
- Specific Targets and Actions
 - Demand Response
 - Energy Efficiency
 - Renewable Energy

Must include:
**Customer Benefit Indicators
and metrics**

- **Informed by Public
Participation Process**

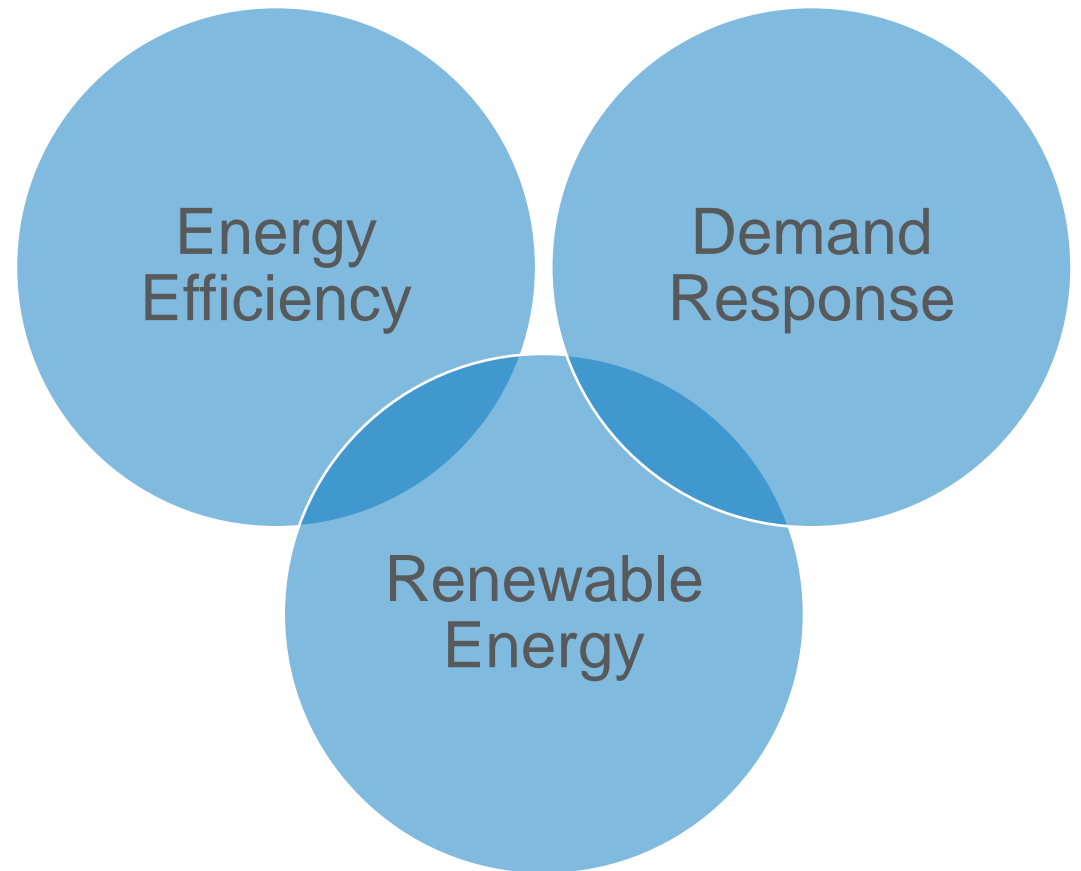
CEIP Overview

- **Chapter 1:** Executive Summary
- **Chapter 2:** Interim Targets
- **Chapter 3:** Customer Benefit Indicators
- **Chapter 4:** Specific Actions
- **Chapter 5:** Incremental Cost Cap Analysis
- **Chapter 6:** Participation Plan

Chapter 2 - Interim and Specific Targets

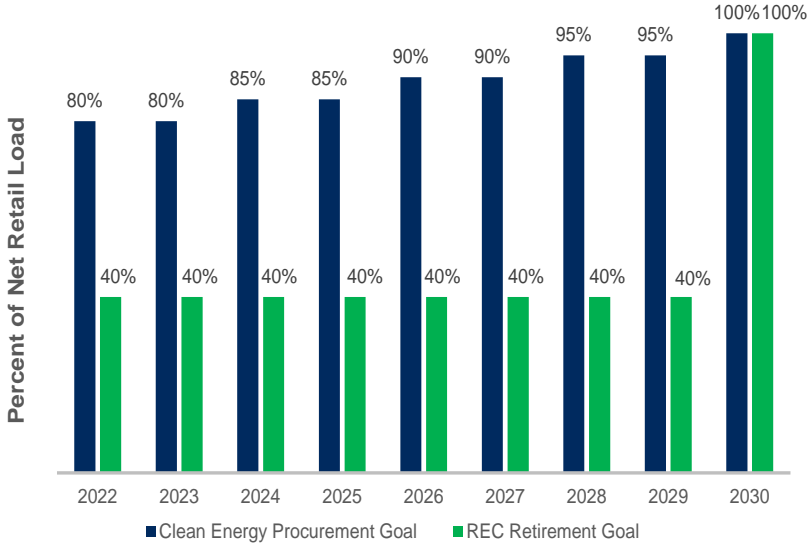
REQUIREMENT

- Utilities must propose series of interim targets which demonstrate progress towards meeting clean energy requirements on a percentage basis
- Utilities must propose specific targets
- Description of Methodology for developing interim and specific targets



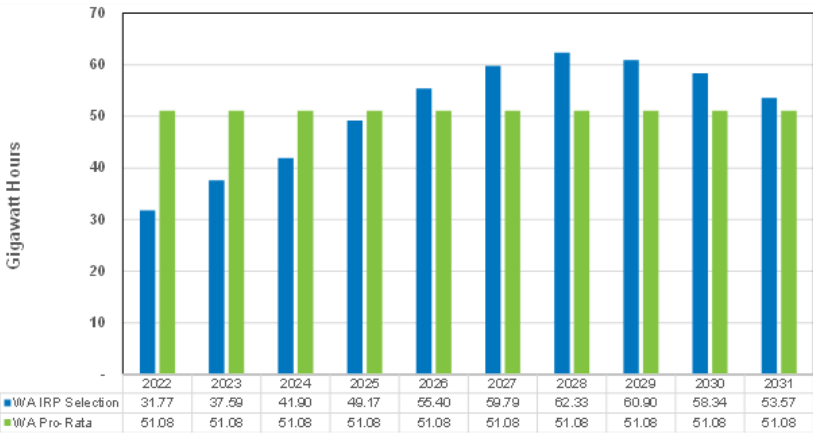
Interim and Specific Targets

Renewable Energy Targets



- Procure 80% clean energy in 2022 & 2023 and 85% clean energy in 2024 & 2025
- Reduce Customer’s rates by limiting REC retirement to 40% of net retail load

Energy Efficiency Targets



- Based on Conversation Potential Assessment – 51.08 GWh per year (system)
- Targets are increased by 5% due to the decoupling settlement

Demand Response

- None for CEIP year 2022-2025
- IEP Contract provides 30 MW
- Additional Pilots agreed to as part of 2020 WA GRC

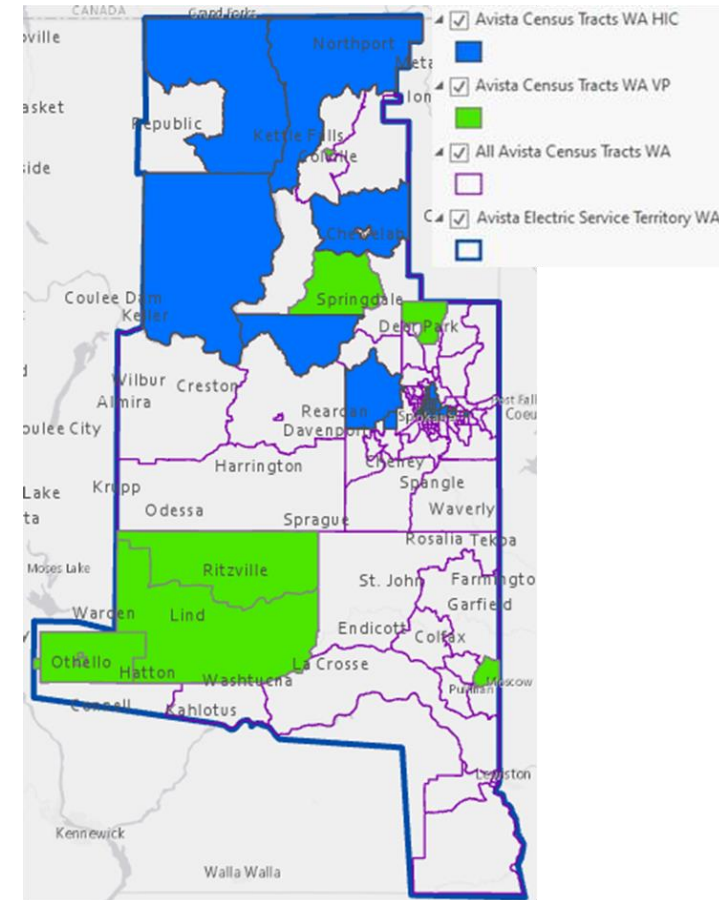
Chapter 3 – Customer Benefits

REQUIREMENT:

- Identify Highly Impacted Communities
 - Designated by DOH
 - 34 Census Tracts (25%)
- Identify Vulnerable Populations
 - Socioeconomic and sensitive population areas 9 or higher
 - 13 Census Tracts (7%)

Total represents 47 areas or 32% of total Washington service area population.

EAG identified additional characteristics for vulnerable populations considered as part of CBI development.



Customer Benefits Continued

REQUIREMENT:

- Develop consistent with Advisory Group process and Public Participation plan
- Include at least one: energy, non-energy, reduction of burden, public health, environment, reduction in cost, energy security, energy resiliency
- Provide assessment of current benefits and burdens (baseline metrics)

Equity Area	Benefit Areas	Customer Benefit Indicator
Affordability	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	<ul style="list-style-type: none"> • Participation in Company Programs • Number of Energy Burdened Households
Accessibility	Non-energy	<ul style="list-style-type: none"> • Availability of Methods/Modes of Outreach and Communication
Community Development	Reduction in Burden, Cost Reduction, Non-energy	<ul style="list-style-type: none"> • Named Community Clean Energy • Named Community Investment
Energy Resiliency	Energy, Resiliency, Risk Reduction	<ul style="list-style-type: none"> • Outage Duration
Energy Security	Energy, Security, Risk Reduction	<ul style="list-style-type: none"> • Proximity of Energy Generation
Environmental	Environmental, Public Health	<ul style="list-style-type: none"> • Outdoor Air Quality • Greenhouse Gas Emissions
Public Health	Public Health, Non-energy	<ul style="list-style-type: none"> • Avista Employee Diversity • Supplier Diversity • Indoor Air Quality

Chapter 4 – Specific Actions

REQUIREMENT

- Specific action details including location, cost, timing, etc.
- Demonstrates progress towards clean energy goals
- Description of projected impact of specific actions to named communities (equity areas and customer benefits)
- Consistent with several other requirements:
 - IRP
 - Resource Adequacy
 - Lowest Reasonable Cost
 - Selection methodology

Renewable Energy Directional Customer Impacts (EXAMPLE)

Benefit Areas	Customer Benefit Indicator	Directional Change to Indicator
Energy	Outage Duration	Retains the level of outages due to firm energy sources
Non-Energy Impacts	Named Community Investments	Positive if ultimate resource selection is located in a Named Community
Reduction of Burden to Named Communities	Number of Energy Burdened Households	Sustain or improve
Public Health	These actions do not apply to any public health CBIs	n/a
Environmental	Outdoor Air Quality Greenhouse Gas Emissions	Minor improvement in greenhouse gas emissions and outdoor air quality
Cost Reduction	Number of Energy Burdened Households	Sustain or improve
Risk Reduction	Outdoor Air Quality Greenhouse Gas Emissions Outage Duration	Minor improvement in greenhouse gas emissions and outdoor air quality
	Number of Energy Burdened Households	Sustain or improve customer energy burden
Energy Security	Proximity of Energy Generation	May increase share of supply depending on ultimate resource selection
Energy Resiliency	Does not apply	n/a

Clean Energy Specific Actions

Renewable Acquisition

	2025
PPA Payments	\$17.7
Transmission Expense	\$4.4
Variable Energy Integration	\$1.8
Total	\$23.9
Avoided Market Purchases	-\$8.6
REC Sales	-\$2.1
Net Resource Cost	\$13.2

Renewable Generation Specific Actions

	2022	2023	2024	2025
Clean Energy Need	-23	-32	-60	-68
Resource Forecast				
ID Clean Purchase	23	33	60	21
ID Hydro Purchase	0	0	0	0
Montana Wind	0	0	0	48
Kettle Falls Upgrade	0	0	0	0
Hydro Purchase	0	0	0	0
Total Energy/RECs	23	33	60	69
Net Position	0	0	0	0

Renewable Development

	2022	2023	2024	2025
Post Falls ¹	\$9.5	\$11.8	\$31.7	\$28.5
Kettle Falls	\$0	TBD	TBD	TBD

CETA Benefits

Energy
Reduced Cost
Energy Security

Non-Energy
Environmental
Energy Resiliency

Reduced Burdens
Public Health

Energy Efficiency Specific Actions

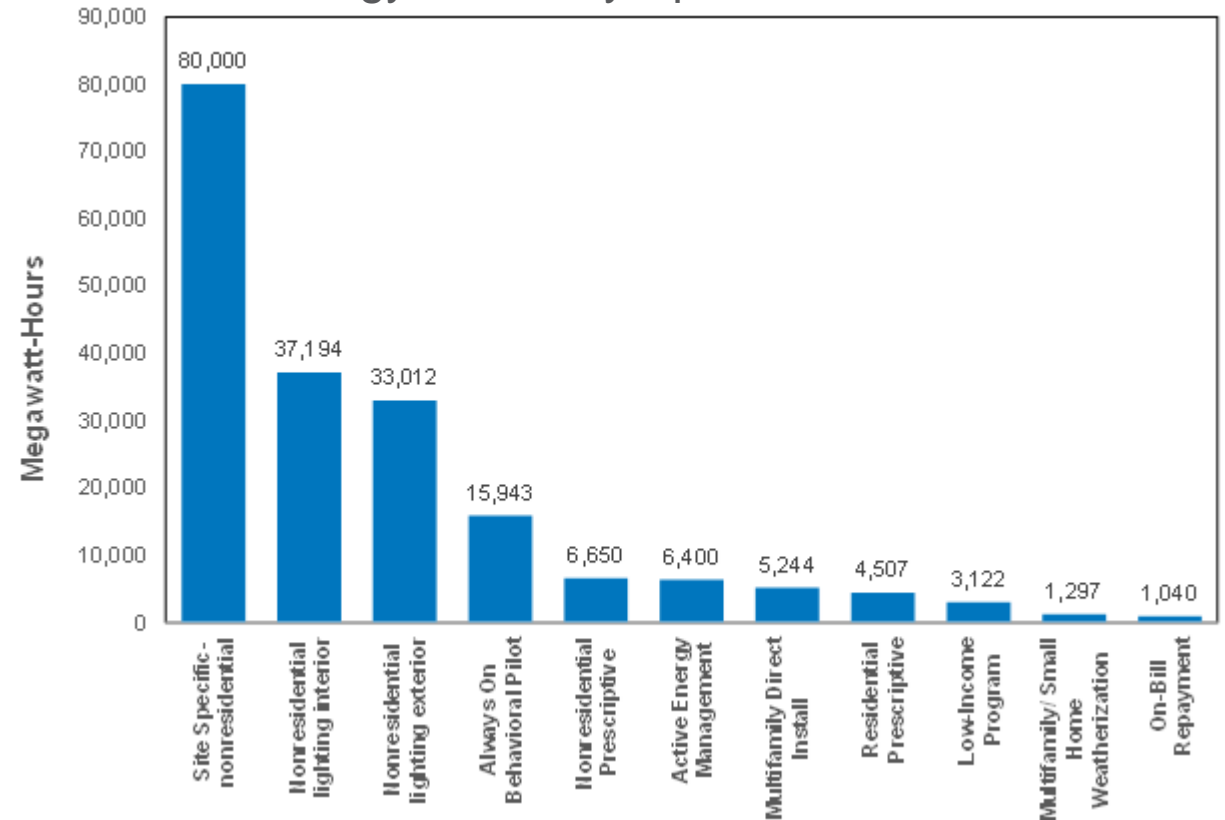
Energy Efficiency is the specific action whereas programs are the methods for implementation.

Ranking criteria/matrix for program implementation will be developed to incorporate CBIs.

Energy Efficiency Cost Estimate (Millions)

Year	Spending
2022	\$18.99
2023	\$18.99
2024	\$18.99
2025	\$18.99
Total	\$75.96

Energy Efficiency Specific Actions



CETA Benefits

Energy
Environmental

Non-Energy
Public Health

Reduced Burdens
Energy Security

Reduced Cost
Energy Resiliency

Other Company Initiatives Specific Actions



Named Community Investments

Additional Funding for Named Communities



Avista Foundation Grants

Increase % of grants for those serving or located within named communities



Diversity, Equity and Inclusion

Commitment to supplier and employee diversity



Transportation Electrification

Commitment to increase availability of TE; including named communities



Major Unplanned Outage Experience Team

Focus to help resiliency specific to customer

Chapter 5 – Cost Cap Analysis

REQUIREMENT:

Increases due to clean energy implementation are limited to a 2% increase of the utilities Weather Adjusted Sales Revenue from previous year, divided by number of years in period.

Assumptions

Power Cost Modeling

- Aurora

Non-Power cost Modeling

- Transmission, distribution, other A&G expenses
- Based on 2022 revenue estimate from WA GRC
- Transportation Electrification

Incremental Cost of Compliance with excluding REC and Specified Sales (\$ millions)

Item	2022	2023	2024	2025	Total/Avg
CEIP WASR	605.95	626.42	661.37	703.86	
Value of REC sales	6.09	6.34	6.33	8.32	
Revised WASR	612.03	632.75	667.70	712.18	
Baseline WASR	605.94	626.42	654.00	680.86	
Incremental Cost	6.09	6.33	13.7	31.32	57.44
Annual Percent Increase	1.0%	1.0%	2.1%	4.6%	2.2%

Incremental Cost of Compliance (\$ Millions)

Item	2021	2022	2023	2024	Total
Weather Adjusted Sales Revenue	556.36	605.94	626.42	654.00	2,442.71
Incremental 2% of WASR	11.13	12.12	12.53	13.08	
Compounding	4	3	2	1	
Four-Year Incremental Cost Cap	44.51	36.37	25.06	13.08	119.00

Chapter 6 – Public Participation

REQUIREMENT:

Provide detail and extent of public participation in the development of CEIP including summary of advisory group member comments.

- ✓ Advisory Groups, Customers and Equity Advisory Group Touchpoints:
 - Informed on Vulnerable Populations Designation
 - Highly Impacted Community
 - Customer Benefit Indicator

- ✓ 5 Meetings and 2 stand-alone EAG meetings

- ✓ 2 Surveys complete (in evaluation stage)

- ✓ Spanish/English Translation (Barriers):
 - Avista Connections
 - Bill inserts
 - Flyers
 - Website

