

Avista Announces Natural Gas Emissions Reduction Goal FAQ

1. Why is Avista declaring a greenhouse gas emissions goal for its natural gas business now?

We have seen a growing focus on clean energy at the national, regional and local levels. Our customers and communities are increasingly expressing an interest in knowing how Avista is positioned on this topic. We know that the use of natural gas has been the single greatest contributor to greenhouse gas (GHG) reductions in the United States as power plants have converted from coal to cleaner burning natural gas. Even though natural gas is a clean fuel, we believe we can make it greener, and we felt it was time to be clear about our path forward.

2. What is Avista's plan to meet this goal? How is the plan's progress tracked?

We have developed a strategy for carbon reduction for our natural gas business and have identified several pathways to get us there. The three primary pathways included in the strategy are:

- Diversify and transition from conventional, fossil fuel natural gas to renewable natural gas (RNG), hydrogen, and other renewable biofuels
- Reduce consumption via conservation, energy efficiency, and new technologies
- Purchase carbon offsets as necessary

Reaching this goal will require further improvements in costs and technology associated with renewable fuels and hydrogen as well as regulatory support. In addition, we will continue our efforts to modernize our gas delivery and eliminate fugitive emissions of methane. Going forward, we will track progress through our Integrated Resource Plan, which is filed every two years.

3. Does Avista anticipate incorporating renewable natural gas (RNG) in the near future and from where? When will customers be able to access this offering (i.e., get their energy from RNG)?

Because RNG programs are quite new, there are many details that need further definition. We are working through the regulatory and stakeholder process, the resource procurement process, and customer subscription options for delivering RNG to customers interested in lower carbon RNG. We are also evaluating how best to integrate the shared environmental and diversification benefits of RNG into our gas supply portfolio. The timeline will depend on approval by each of the Commissions in the states in which we operate. We hope to have a program available in less than two years.

4. What is renewable natural gas (RNG)?

RNG is derived from organic waste streams that would otherwise release methane to the environment as they decompose. These sources include, for example, landfills, wastewater treatment plants, food waste and dairy waste. RNG is produced by capturing that methane that would otherwise escape to the atmosphere and purifying it to make it very similar to conventional natural gas. The technology for capturing and cleaning biogas sources has advanced to make these renewable energy sources more feasible, and we are pursuing opportunities to bring this into our systems.

5. Is Avista considering hydrogen as an alternative?

Hydrogen presents another renewable fuel pathway. Hydrogen can be produced utilizing clean electricity to split water into hydrogen and oxygen. The hydrogen can then be used, stored, or combined with a source of waste carbon to produce another source of renewable methane, or RNG. While currently not economic, we are researching what this opportunity might look like for Avista and our customers.

6. What technologies is Avista investing in to help reach this goal?

Avista is pursuing existing RNG supplies to incorporate into our supply portfolio, as well as assessing opportunities for investing in projects to produce new sources of RNG. Avista is also watching and researching technologies that promote carbon emissions reductions such as green hydrogen technologies, carbon capture methodologies and gas and hybrid electric/gas equipment efficiency technologies. No single action will get us to the final goal of net zero carbon emissions by 2045. It will take a wide array of solutions to achieve this ambitious target.

7. How does this fit with the clean electricity goals Avista set in 2019?

Direct use of natural gas by our customers for space heating and water heating will continue to be an important way for us to meet our customers' energy needs and reach these ambitious clean goals. If natural gas is removed as an energy choice for customers, most of that energy demand currently supplied through natural gas will transfer to the electric supply system, or grid. This will increase costs to supply this additional electric energy demand through the electric grid, especially during winter months when renewable resources are not as available and electric heating alternatives are not as efficient. It will also make reaching our clean electricity goals harder. In addition, eliminating natural gas as a choice will drive some people toward resources with much greater emissions, such as wood, pellets, or fuel oil.

Our customers expect and it is our obligation to provide safe, reliable, responsible and affordable energy services and solutions. We continue to recognize reliability as a foundational requirement in how we serve our customers, and it will be an essential design requirement for solutions we utilize to achieve our clean energy goals. On the electric generation side, natural gas generation will continue to serve an important role in support of both affordability and reliability as we transition to our clean energy goals.



8. Does this mean Avista acknowledges climate change?

Avista has long agreed that human-caused climate change is an important issue. We've carefully considered how our business intersects with the environment for decades. We have a long-standing commitment to responsible environmental stewardship by providing energy choices that help combat the effects of climate change. We believe that all of us play a role in addressing climate change and that being good stewards of our shared resources is a collective effort. We will continue to work together with our customers, communities and regulators toward a lower carbon future while keeping our system reliable and considering the economic impact to our customers.

9. How else is climate change impacting Avista's system?

Some of the effects of climate change are influencing how we plan and deliver energy choices to our customers. We have always worked to build a resilient energy system. In addition, Avista continues to implement an array of smart grid solutions to improve reliability and optimize our shared energy grid. These efforts help us prepare for extreme events such as windstorms, wildfire and severe cold snaps. Avista has partnered with researchers and communities in the region to assess current climate modeling, which still has significant uncertainties. Current modeling doesn't suggest a significant change to our ability to rely on hydro generation. We will continue to learn from our own experience and our engagement with others to adjust our plans to mitigate climate risks in an affordable, reliable and environmentally responsible way.

10. Under this plan, can Avista continue to meet reliability standards?

Yes. Our customers expect, and it is our obligation to provide, safe, responsible, and affordable energy services and solutions. We continue to recognize reliability as a foundational requirement in how we serve our customers. Our employees are focused every day on ensuring our customers receive reliable service. Reliability will be an essential design requirement for whatever solutions we utilize to achieve our clean energy goals.

11. What is the cost of implementing this plan? What is the rate impact to customers?

Keeping costs affordable will be central to our strategy selection. This goal relies on improving technology costs and innovation, as well as regulatory support. We are committed to executing on this goal in ways that support affordability and reliability for our customers.

12. Does this mean Avista supports natural gas legislation like the recent HB 1084 in Washington?

Avista considers and collaborates on policies that promote viable pathways for meeting emission reduction goals while incorporating affordability, reliability and resiliency as essential components. HB 1084 sought to eliminate natural gas as an energy choice in favor of 100% electrification and didn't meet those objectives. We believe that the electric and gas systems are complementary and are needed to maintain reliability and affordability for our customers. Meeting the ambitious clean energy goals of carbon neutrality will require many



different pathways. Utilizing both systems will enable this transition more efficiently and effectively than 100% electrification would alone.

13. How does this goal impact Avista's Idaho Customers? Washington Customers? Oregon Customers? Employees? Shareholders?

This goal relates to Avista's natural gas utility, which includes customers in Washington, Oregon and Idaho. We operate our natural gas utility as a system, and we will continue to value promote affordability, reliability and regulatory support as we carry out this carbon reduction goal. Our employees will continue to work every day to provide our customers the best experience possible in all three states where we operate.

14. Should customers switch to other fuel sources as a result of this goal?

Natural gas is one of the cleanest burning fuels and is an essential part of reducing carbon emissions, particularly when used directly by customers in their homes rather than used to generate electricity to meet the same need. Compared to wood, heating oil and other fuels, natural gas improves air quality. Avista plans to continue to offer natural gas as an energy choice for customers, and at the same time, work to make it an even cleaner choice. We have resources on myavista.com and through our customer service representatives to help inform customers about those decisions.

15. Does this mean Avista will stop promoting natural gas growth? Is Avista really getting out of the natural gas business?

The natural gas industry has served a vital and essential role in delivering safe, reliable, clean and affordable energy to millions of customers, businesses and industries throughout our country and the world. This industry has evolved and will need to continue evolving to meet real climate change challenges confronting us all. We have and will continue to engage in collaborative, solutions-oriented discussions with stakeholders to retain the benefits of this important energy resource while seeking solutions to address concerns. We anticipate natural gas will be a vital part of our energy mix for decades to come, and our electric and natural gas Integrated Resource Plans demonstrate its role in serving customers into the future.

16. How does this impact economic development and community growth?

We will continue to promote the affordability of our natural gas service as we carry out this goal. We are hearing a growing interest from our customers and communities to build upon our already clean energy portfolio. Our goal is that the combination of low natural gas rates, coupled with a cleaner bio-fuel supply portfolio, will support the growth of existing businesses and attract new businesses to communities served by Avista.

17. How does energy efficiency play a role in this plan?

Energy efficiency is one of the three primary paths targeted for achieving our natural gas carbon reduction goals. Avista has engaged in natural gas energy efficiency programs since 1995, and we will continue to partner with our customers to use natural gas more efficiently. Energy efficiency is good for the customers' energy use, and it reduces our need to build

more natural gas resources into our portfolio, reducing the carbon intensity of our local economy. Visit MyAvista.com and click on Save Energy to find out more.

18. Does this impact the current 2021 Natural Gas Integrated Resource Plan (IRP)?

No impact to the current 2021 IRP from these emission reduction goals is expected. These objectives will be incorporated into Avista's long-term clean energy plans and will be monitored through future IRPs.

19. If I'm an Avista natural gas customer, should I consider converting appliances to electricity?

There is no need to convert your appliances as we transition our conventional natural gas supplies to include renewable natural gas. Energy sources are personal customer choices that Avista believes in protecting.

20. If I'm an Avista natural gas customer, how does this affect my existing natural gas service?

As we transition to cleaner fuels, our customers will see no changes to their natural gas service or changes to how their natural gas equipment functions.

21. As a natural gas customer, how can I measure emissions of my own use of natural gas?

This Environmental Protection Agency website can help you determine the carbon footprint of your home or business.

[Household Carbon Footprint Calculator | Greenhouse Gas \(GHG\) Emissions | US EPA](#)

