

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

IN THE MATTER OF AVISTA’S  
RENEWABLE TARGET IN COMPLIANCE  
WITH WAC 480-109-210  
\_\_\_\_\_)  
) DOCKET NO. UE-25\_\_\_\_\_  
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)  
) COMPLIANCE REPORT OF  
) AVISTA CORPORATION  
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**I. BACKGROUND**

The Energy Independence Act (EIA), also known as Initiative Measure No. 937 or I-937, requires utilities with more than 25,000 customers to obtain fifteen percent of their electricity from eligible renewable resources, such as wind and solar generation, by 2020 and undertake cost-effective energy conservation. Per WAC Chapter 480-109-210, “On or before every June 1st, each utility must file an annual renewable portfolio standard report with the commission and the Department of Commerce detailing the resources the utility has acquired or contracted to acquire to meet its renewable resource obligation for the target year.” In compliance with WAC 480-109-210, Avista Corporation, dba Avista Utilities (“Avista” or “the Company”), respectfully submits its report demonstrating compliance with the renewable energy component of the EIA.

**II. REQUIRED REPORT CONTENTS CHECKLIST**

A checklist of the required report contents and a table of contents is below.

<b>WAC Citation</b>	<b>Description</b>	<b>Section/Page</b>
480-109-210(2)	The utility's annual load for the prior two years	III/2
480-109-210(2)	The total number of megawatt-hours from eligible renewable resources and/or renewable resource credits the utility needed to meet its annual renewable energy target by January 1 of the target year	IV/2
480-109-210(2)	The amount (in megawatt-hours) of each type of eligible renewable resource used and the amount of renewable energy credits acquired	V/3
480-109-210(2)(a)(iii)	In addition to the total revenue requirement ratio, the utility must report its total incremental cost as a dollar amount and in dollars per megawatt-hour of renewable energy generated by all eligible renewable	VI/3 - 4

	resources and multiply the dollars per megawatt-hour cost by the number of megawatt-hours needed for target year compliance.	
480-109-210(2)(b)	State whether the utility is relying upon one of the alternative compliance mechanisms provided in WAC 480-109-220 instead of fully meeting its renewable resource target.	VII/4
480-109-210(2)(c)	Describe the resources that the utility intends to use to meet the renewable resource requirements for the target year.	VIII/4 - 5
480-109-210(2)(d)	A list of each eligible renewable resource that serves Washington customers, for which a utility owns the certificates, with an installed capacity greater than twenty-five kilowatts.	IX/5 - 7
480-109-210(2)(e)	If a utility serves retail customers in more than one state, the utility must allocate certificates consistent with the utility's most recent commission-approved interstate cost allocation methodology. The report must show how the utility applied the allocation methodology to arrive at the number of certificates allocated to Washington ratepayers. After documenting the number of certificates allocated to Washington ratepayers, a utility may transfer certificates to or from Washington ratepayers. The report must document the compensation provided to each jurisdiction's ratepayers for such transfers.	X/7
480-109-210(2)(f)	The number of certificates that it sold, their WREGIS certificate numbers, their source, and the revenues obtained from the sales.	XI/7

### **III. ANNUAL LOAD FOR PREVIOUS TWO YEARS**

Renewable targets for the compliance year are based on average Washington State retail loads from the two prior years. Avista's annual delivered load to Washington retail customers was 5,739,294 MWh in 2023 and 5,880,681 MWh in 2024. The Company's average retail load used for 2025 compliance is 5,809,988 MWh.

### **IV. RENEWABLE ENERGY TARGET**

The following information is for the 2025 compliance year, which has a 15 percent qualified renewable energy target. Avista's 2025 renewable energy target is 871,498 MWh of

qualified renewable generation or renewable energy credits. Table 1 below provides details about the Company's 2025 renewable energy target calculation.

**Table 1: Energy Independence Act Renewable Energy Target**

	<b>2023 Actual</b>	<b>2024 Actual</b>	<b>2025 Forecast</b>
<b>Washington Retail Load (MWh)</b>	5,739,294	5,880,681	5,934,195
<b>Target Load (MWh) – Average of prior two years actual loads</b>	5,812,780	5,817,133	5,809,988
<b>RCW 19.285 Requirement</b>	15%	15%	15%
<b>Requirement (MWh)</b>	871,917	872,570	871,498

## **V. RENEWABLE ENERGY ACQUIRED TO MEET 2025 RENEWABLE ENERGY TARGET**

Table 2 below details Avista's eligible renewable energy acquired to meet its 2025 renewable energy target. Calculations and further details supporting the figures in Table 2 are included in Appendix A and the supporting documents are in the workpapers supporting this filing.

**Table 2: Renewable Energy for 2025 Compliance**

	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Water (Qualified Hydroelectric Upgrades)</b>	136,420	148,254	151,541
<b>Wind</b>	745,090	1,043,024	1,176,702
<b>Biomass</b>	288,536	176,812	282,511
<b>Solar</b>	1,010	894	1,010
<b>Total</b>	<b>1,171,056</b>	<b>1,368,984</b>	<b>1,611,764</b>

## **VI. INCREMENTAL COST COMPARED TO ANNUAL RETAIL REVENUE REQUIREMENT**

Avista calculated the incremental cost of investments made to meet WAC 480-109-210(2)(a), by taking the annual levelized revenue requirement (\$/MWh) for each qualifying project compared to the cost of alternative power over the same period. Each qualifying resource is compared to a combined cycle combustion turbine (CCCT) or simple cycle combustion turbine (SCCT) depending on the expected marginal resource when the resource decision was made. To estimate the annual levelized cost of the CCCT or SCCT, cost assumptions are used based upon

the IRP from the time of the resource decision with costs split between energy (\$/MWh) and capacity (\$/kW-year). Avista includes any REC sales as a reduction to the incremental cost calculation. The Company also includes an adjustment to account for the value of RECs transferred from Idaho to Washington. The value of RECs is split between the two states based on the Company's Production and Transmission Ratio for Washington (65.15%). The Idaho portion of the qualified renewable energy is transferred to Washington based upon the market value of similar renewable resources. This is consistent with the allocation of REC values between Washington and Idaho for ratemaking purposes. In total, the change in revenue requirement is minus 0.81 percent as reported in Appendix B – Department of Commerce Incremental Cost Calculation and EIA Renewables Report. Appendix B shows the calculation of this incremental cost for the qualified renewable resources. The supporting documentation and spreadsheets are in the work papers for this filing. The costs for the solar projects supporting voluntary renewable programs are not included in this cost calculation because the costs and benefits of those projects are paid for solely by the participants in those programs. The costs in Appendix B were calculated using the current corporate tax rates.

## **VII. ALTERNATIVE COMPLIANCE**

WAC 480-109-220 provides three alternatives for meeting renewable resource requirements, including:

- 1) Cost cap;
- 2) Force majeure; and
- 3) No load growth.

Avista is not using an alternative to the renewable resource requirement for the 2025 target as provided for in WAC 480-109-220. The Company is meeting its 2025 renewable energy target using a combination of renewable energy credits from wind, qualifying biomass, solar and qualifying hydroelectric plant upgrades.

## **VIII. CURRENT YEAR PROGRESS**

Avista plans to meet its 2025 renewable energy targets with a combination of qualified hydroelectric upgrades and other renewable energy certificates from qualifying resources. Table 3

below provides a high-level summary of the Company’s expected 2025 compliance. Appendix A contains more details about this information.

**Table 3: 2025 Energy Independence Act Compliance Summary (MWh)**

	<b>2025</b>
<b>EIA Compliance Need</b>	871,498
<b>Eligible Renewable Resources</b>	1,662,610
<b>Eligible Renewable Resource Sales</b>	(50,827)
<b>Unrealized Apprentice Credits from REC Sales</b>	(19)
<b>2025 RECs Applied to 2024</b>	0
<b>Renewable Resource Surplus</b>	740,266
<b>Estimated 2026 Surplus Applied to 2025</b>	0
<b>Net 2025 Compliance</b>	740,266

## **IX. ELIGIBLE RESOURCES**

Table 4 includes the projected amount of qualifying resources net of completed and expected 2025 REC sales from Palouse Wind, Rattlesnake Flat Wind, Kettle Falls, and Clearwater Wind. The amount of generation from Kettle Falls shown in Table 4 has been reduced by 4.40% to account for the expected amount of non-qualifying old growth fuel obtained from Canadian biomass fuel sources. Even though Grant PUD registers the qualifying generation from the Wanapum and Priest Rapids hydroelectric projects in WREGIS, and Avista is receiving its share of those credits in its WREGIS account, it remains ineligible for use in Avista’s EIA compliance because Grant PUD utilizes Hydro Method Three, which is no longer allowed for compliance per WAC 480-109-200(7). Avista has elected to receive financial compensation for its share of any eligible incremental hydroelectric generation through its participation in the Residential Exchange Agreement with the Bonneville Power Administration (BPA), so there are no RECs available to list from BPA under that agreement.

The Clearwater Wind Project became operational on November 17, 2022, Avista’s share of the project expansion began serving power in September 2024. This wind project is in eastern Montana and has not been certified by the Washington State Apprenticeship and Training Council and is not expected to apply for certification. The Clearwater Wind PPA was submitted to the Commission for a determination of prudence in Docket No. UE-240006. Avista is requesting that

the Commission certify the Clearwater Wind project as an EIA-qualifying resource in this year's report. This project meets the definition of renewable energy under WAC 480-109-060(32).

**Table 4: Renewable Energy for 2025 Compliance Net of REC Sales**

<b>WREGIS Generation Unit ID</b>	<b>Generator Plant – Unit Name</b>	<b>Quantity (MWh)</b>
W1560	Cabinet Gorge Unit 2	14,300
W1561	Cabinet Gorge Unit 3	9,508
W1562	Cabinet Gorge Unit 4	14,967
W130 / W797	Kettle Falls	282,511
W2102	Little Falls Unit 4	2,160
W2103	Long Lake Unit 3	13,262
W216	Nine Mile Unit 1	16,172
W283	Nine Mile Unit 2	15,554
W1530	Noxon Rapids Unit 1	21,912
W1552	Noxon Rapids Unit 2	5,959
W1554	Noxon Rapids Unit 3	25,214
W1555	Noxon Rapids Unit 4	12,533
W2906	Palouse Wind	353,276
W4757	Boulder Solar	1,010
W10997	Rattlesnake Flat Wind	433,572
W14351	Clearwater Wind	389,854
<b>Total</b>		<b>1,611,764</b>

Energy generated by the Kettle Falls Generating Station became qualified biomass energy under the EIA beginning January 1, 2016. All United States sourced wood waste fuel used at Kettle Falls satisfies the requirements to be qualified “biomass energy” under the EIA, in part because old growth timber is not harvested in any of the applicable areas of the United States. Avista engaged an independent entity, KPMG, to review the sources of Canadian wood waste fuel supply serving the Kettle Falls Generating Station to determine the amount of qualifying biomass energy that is supplied from Canadian sources. The work papers contain a calculation of the amount of qualifying biomass energy generated by the Kettle Falls Generating Station, and Appendix C – Biomass Methodology Report shows the calculation of the Canadian wood waste fuel component that satisfies the requirements to be qualified “biomass energy”.

There are two additional solar projects listed in Appendix A because of their eligibility under the EIA. However, the Rathdrum Solar and Adams-Neilson Solar Farm projects are

currently assigned to the My Clean Energy (formerly Buck-A-Block) and Solar Select voluntary renewable programs, respectively. All RECs generated by these two solar resources are retired on behalf of the customers who choose to participate in these voluntary programs.

## **X. MULTISTATE ALLOCATIONS**

All of the associated RECs from generation eligible for the EIA are assigned to Washington customers, and Idaho customers are compensated by Washington customers for the cost of those RECs transferred for use in EIA compliance. The Company includes an adjustment to account for the value of RECs transferred from Idaho to Washington. The value of RECs is split between the two states based on the Production and Transmission Ratio. The Idaho portion of the qualified renewable energy is transferred to Washington based upon the market value of similar renewable resources. This is consistent with the allocation of REC values between Washington and Idaho for ratemaking purposes.

## **XI. SALES**

Table 5 summarizes Avista’s system-wide EIA-qualified REC revenues by source and by vintage from January 1, 2023, through May 14, 2025. Any additional REC revenues that occur during the remainder of 2025 will be included in the 2026 EIA report.

**Table 5: REC Sales through May 14, 2025**

<b>Source</b>	<b>WREGIS #</b>	<b>2023 Vintage</b>	<b>2024 Vintage</b>	<b>2025 Vintage</b>	<b>Total REC Revenue</b>
<b>Kettle Falls</b>	<b>W130 / W797</b>	\$116,540	\$1,801,926	<b>\$0</b>	<b>\$1,918,466</b>
<b>Palouse Wind</b>	<b>W2906</b>	\$0	\$0	<b>\$0</b>	<b>\$0</b>
<b>Rattlesnake Flat Wind</b>	<b>W10997</b>	\$81,724	\$0	<b>\$0</b>	<b>\$81,724</b>
<b>Clearwater Wind</b>	<b>W14351</b>	\$0	\$0	\$0	<b>\$0</b>
<b>Totals</b>		<b>\$198,264</b>	<b>\$1,801,926</b>	<b>\$0</b>	<b>\$2,000,190</b>

## **XII. APPENDICES**

The following appendices provide details about the eligible renewable resources Avista used to meet its renewable energy goals under the Energy Independence Act.

**Appendix A:** UTC Compliance Report Spreadsheet

**Appendix B:** Department of Commerce Incremental Cost Calculations and EIA Renewables Report

**Appendix C:** Biomass Methodology Report

RESPECTFULLY SUBMITTED this 30<sup>th</sup> day of May 2025.

AVISTA CORPORATION

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