2026-2029 Clean Energy Implementation Plan

Updated Portfolio & Incremental Costs Analysis

June 23, 2025

2025 CEIP Advisory Group

Agenda & Meeting Etiquette

Agenda

- May comments & responses
- Updated Portfolio Analysis
- Incremental Cost Analysis
- Future meeting topics & timeline

Meeting Etiquette

- Meetings will be recorded & posted
- Mute speakers & cameras optional
- Questions in the chat or use the "raise hand" feature
- Respect diverse opinions

Comments on May CEIP Topics

Area	Comment	Avista's Response

Aspirational Metric Goal
 	
&
 	
Number of EV trips provided by CBOs
	Goal: *Provided 5,040 EV trips by CBOs by 2029*
	
	Comment: Where did the goal number come from and how did you arrive at that number?
		▪ **2020-2025 Transportation Electrification Plan**
		
		▪ **2024 Annual Transportation Electrification Report**
		▪ **Metric Logic:**
		  ▪ Historically providing 3 EVs to CBOs annually
		  ▪ CBOs providing avg of 180 trips/ year per EV
		
		▪ **Goal:**
		  ▪ Provide 3 EVs annually to CBOs
		  ▪ Provide 28 EVs and 5,040 trips by 2029

Comments on May CEIP Topics

Area	Comment	Avista's Response
Aspirational Metric Goal **&** **Annual percentage of disconnects for nonpayment (all customers)**	**Goal:** *As baselined against the 2025 disconnection percentage, reduce the percentage disconnects for nonpayment (all customers).* **Comment**: Disconnections may be part of the "deepest need" designation and knowing this information will be helpful. To do that, **we need to continue to track known low income (KLI) for this and the other CBI metrics suggesting KLI removal** (Energy Burden CBI).	▪ **Annual Disconnection Reduction Report** ▪ 2019 GRC Requirement |Docket UE-190334 ▪ Reporting began in 2021 ▪ Total number of KLI disconnections for **non-payment** ▪ Total number of KLI disconnects for **any reason other than non-payment** ▪ Total number of KLI customers **remotely disconnected** ▪ Total number of KLI customers who **made a payment** to a service representative in the field **to avoid disconnection**.

2022 – 2025 CEIP Renewable Energy Conditions

Condition #2:

*Once the Commission has adopted **final "use" rules** in Docket UE-210183, in its Clean Energy Implementation Plan (CEIP) docket, if different than Table 2.1 on page 2-3 in the CEIP, **Avista shall update its CEIP to reflect the percentage of retail sales of electricity supplied by non-emitting resources and renewable resources in 2020 within 30 days.***

Use Rules Pending

Condition #5: Biennial Update

*In future CEIPs, and in Biennial CEIP Updates if Avista proposes to modify its approved interim targets, it will include **descriptions of quantitative (i.e., cost based) and qualitative (e.g., equity considerations) analyses that support interim targets** to comply with the Clean Energy Transformation Act's (CETA) 2030 and 2045 clean energy standards.*

Quantitative provided & Qualitative will be in the CEIP narrative

Condition #6:

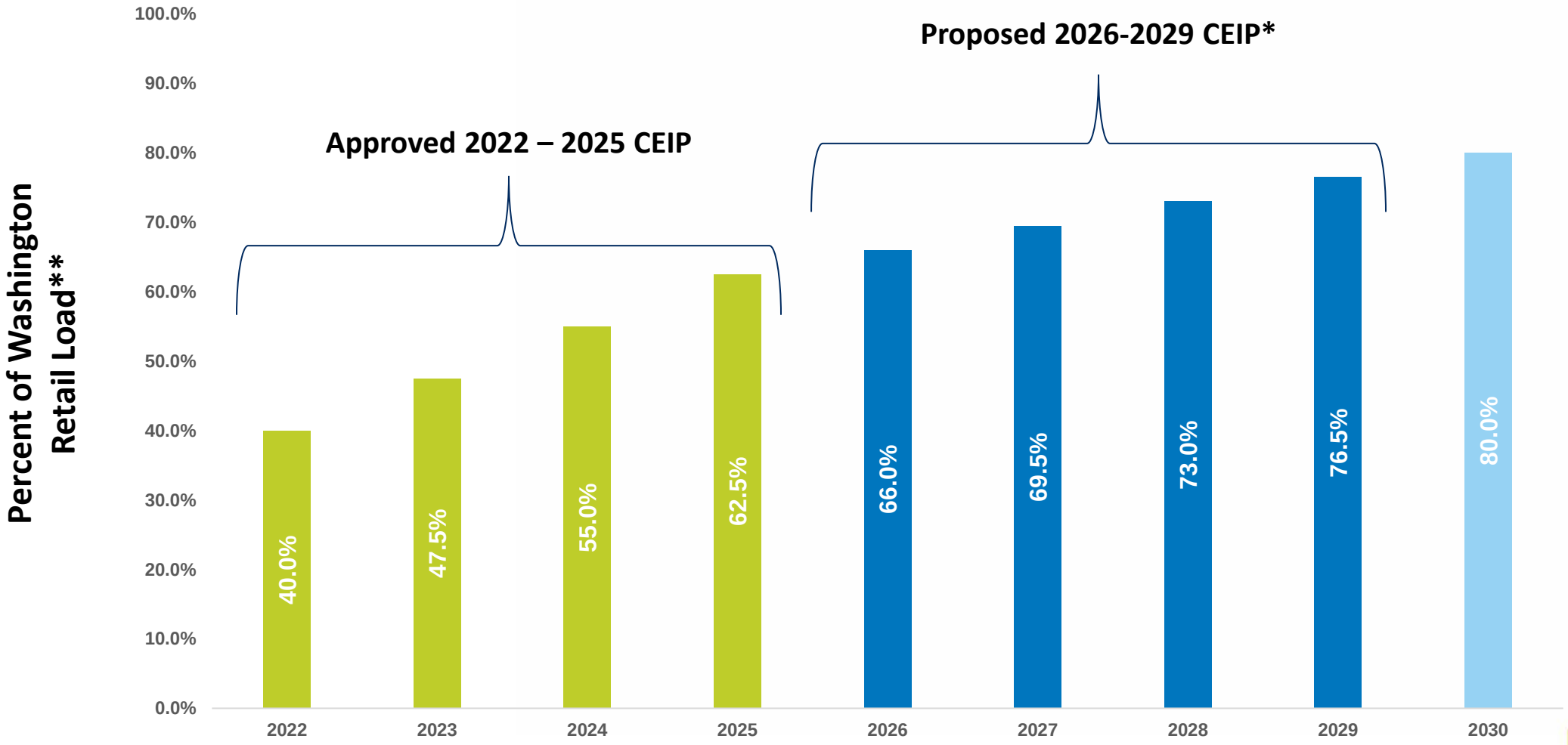
*In its 2023 Biennial CEIP Update and in future CEIPs, Avista will include **quantitative and qualitative risk analysis, if risk is used to justify deviating from the lowest reasonable cost** solution that complies with CETA.*

Not applicable

Renewable Energy Targets & Specific Actions

Interim Targets	Specific Action
2026 – 66.0% 2027 – 69.5% 2028 – 73.0% 2029 – 76.5%	▪ Retire sufficient RECs to comply with annual targets

Proposed Renewable Energy Targets



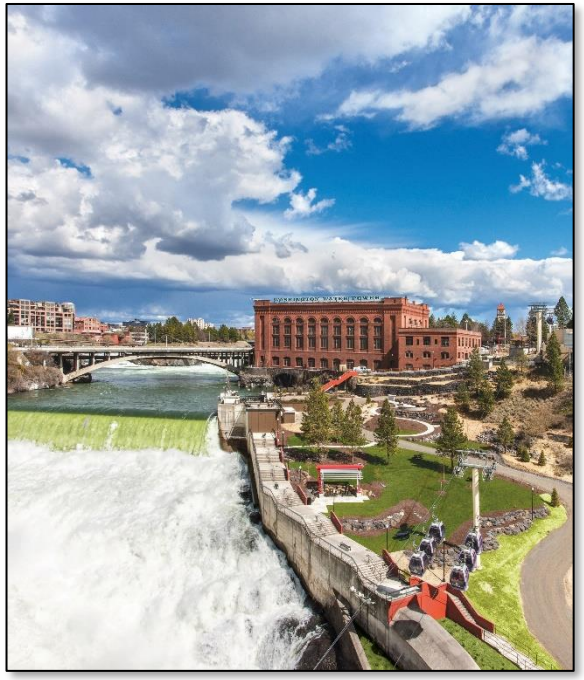
*Based on preliminary targets set in the 2025 Clean Energy Action Plan; subject to change

**** Retail Load = Retail Sales – In State PURPA – Solar Select**

Jurisdictional Allocation of Energy Resources & RECs

Balancing Avista's planning and operations at a system level, while honoring WA & ID state energy policies

- Allocate contracts and Avista-owned clean generation resources by Production/Transmission (PT) ratio for WA and ID
- Purchase ID's share of RECs at ***market-based price*** for Palouse Wind, Kettle Falls Generating Station, Rattlesnake Flats Wind, Columbia Basin Hydro, Chelan PUD Hydro, and Clearwater Wind if needed
- ***Avoid, unless necessary, using BPA purchases for REC retirement***
- Barring low hydro conditions or major mechanical failures, avoid purchasing ID's share of "legacy" hydro energy/RECs for primary compliance
    - Limit the purchase of ID's hydro RECs for alterative compliance beginning in 2030



Updated Portfolio Analysis

2025 CEIP Advisory Group

Modeling Update & Challenges

- **Assumptions Update:**
  - Load, qualifying capacity credit, resource cost, and resource availability
  - Concerns with resource pricing is too low (NREL/NPCC data) due to supply chain issues, tariffs, and PTC/ITC risk
  - Permitting resource options in next four-year window is limited

- **Conducted PTC/ITC sensitivity** to simulate higher prices

- **Updated IRP's PRiSM model** to solve for system perspective vs state requirements (through 2035).

- RFP will determine resource selection to meet capacity requirements; **major resource selection in this study will not be included in incremental analysis <u>as need is not driven by CETA Clean Energy Targets</u>.**

CEIP Required Portfolios (2026-2029)

Reasonably Available	Alternative Lowest Reasonable Cost
▪ CETA clean energy targets	▪ No CETA clean energy targets
▪ Considers past CETA driven resource additions	▪ Considers past CETA driven resource additions
▪ Includes two HB1819 Solar/BESS projects	▪ Includes two HB1819 Solar/BESS project
▪ Includes NCIF spending targets	▪ No NCIF spending targets
▪ Resource decisions based on Social Cost of Greenhouse Gas	▪ Resource decisions based on Social Cost of Greenhouse Gas
▪ Energy Independence Act targets included	▪ Energy Independence Act targets included

Demand Response Selection (Washington)

Program (MW)	2026	2027	2028	2029
Battery Energy Storage	0.0	0.1	0.2	1.0
Behavioral	-	-	1.3	2.1
Third Party Contracts	5.5	8.8	10.8	10.8
Time of Use Rates (TOU) (opt-in)	0.5	0.5	0.9	2.1
Electric Vehicle TOU (opt-in)	0.1	0.3	0.5	0.8
Peak Time Rebate	0.3	0.8	2.3	4.8
Total Winter	**6.5**	**10.5**	**16.1**	**21.6**
Total Summer	**8.3**	**13.3**	**18.8**	**24.8**

Projects also selected for Idaho service area are not included

- Selection is the same for all tested scenarios over 4 years, but timing differs.
- Electric Vehicle TOU is currently available to commercial customers.
- Time of Use Rates and Peak Time Rebate currently in pilot phases through mid-2026

Updated Resource Selection Results

Reasonably Available

Low Resource Cost

- 2028: 106 MW E. Wash. Wind
- 2029: 200 MW E. Wash. Wind
  - 4 MW Energy Storage
- 2030: 200 MW Montana Wind
  - 31 MW Energy Storage

Higher Resource Cost Scenario

- 2028: 106 MW E. Wash. Wind
- 2029: 26 MW Energy Storage
- 2030: 100 MW Montana Wind
  - 51 MW Energy Storage

Alternative Lowest Reasonable Cost

Low Resource Cost

- 2028: 107 MW E. Wash. Wind
- 2029: 200 MW E. Wash. Wind
  - 5 MW Energy Storage
- 2030: 200 MW Montana Wind
  - 30 MW Energy Storage

Higher Resource Cost Scenario

- 2028: 107 MW E. Wash. Wind
- 2029: 25 MW Energy Storage
- 2030: 100 MW Montana Wind
  - 53 MW Energy Storage

HB1819 Solar/BESS project 2 is also cost effective if funding continues

Compliance Period Clean Energy Forecast Targets

	(MWh)					(aMW)			
	2026	**2027**	**2028**	**2029**	**2026-2029**	**2026**	**2027**	**2028**	**2029**
Native Load (WA share)	6,457,711	6,506,402	6,576,773	6,672,118	26,213,005	737	743	749	762
T&D Losses	(277,164)	(279,215)	(281,682)	(284,127)	(1,122,188)	(32)	(32)	(32)	(32)
Retail Sales	**6,180,548**	**6,227,187**	**6,295,091**	**6,387,991**	**25,090,817**	**706**	**711**	**717**	**729**
Demand Response	(4,593)	(4,649)	(5,649)	(7,511)	(22,402)	(1)	(1)	(1)	(1)
WA PURPA	(182,049)	(182,049)	(182,644)	(182,049)	(728,790)	(21)	(21)	(21)	(21)
Solar Select	(42,474)	0	0	0	(42,474)	(5)	0	0	0
Retail Load	**5,951,432**	**6,040,490**	**6,106,797**	**6,198,431**	**24,297,150**	**679**	**690**	**695**	**708**
Clean Energy Target (%)	**66.0%**	**69.5%**	**73.0%**	**76.5%**	**71.3%**	**66.0%**	**69.5%**	**73.0%**	**76.5%**

Available Generation (Normal Conditions)

Clean resources allocated to Washington										
	(MWh)						(aMW)			
	2026	2027	2028	2029	2026-2029		2026	2027	2028	2029
Facility										
Clark Fork River	1,806,637	1,805,859	1,810,424	1,813,116	7,236,036		206	206	206	207
Spokane River	703,320	705,937	708,860	698,712	2,816,829		80	81	81	80
Mid-Columbia PUD Contracts	1,143,652	1,143,067	1,147,751	1,116,525	4,550,995		131	130	131	127
Columbia Basin Hydro	275,344	341,933	342,241	343,480	1,302,998		31	39	39	39
Kettle Falls	205,257	206,323	206,419	207,611	825,609		23	24	23	24
Palouse Wind	220,306	220,098	221,009	220,722	882,134		25	25	25	25
Rattlesnake Flat Wind	252,068	252,001	253,601	253,141	1,010,811		29	29	29	29
Clearwater Wind	247,305	247,239	247,823	248,357	990,725		28	28	28	28
Boulder Park Solar	352	352	352	353	1,409		0	0	0	0
Adams Neilson Solar	-	27,897	27,992	28,023	83,913		-	3	3	3
Boulder Park Solar II	-	905	1,582	1,587	4,074		-	0	0	0
Future Community Solar	-	-	-	909	909		-	-	-	0
Total Allocated Clean Resources	**4,854,242**	**4,951,610**	**4,968,054**	**4,932,537**	**19,706,443**		**554**	**565**	**566**	**563**
Percent of Retail Load	**81.6%**	**82.0%**	**81.4%**	**79.6%**	**81.1%**		**81.6%**	**82.0%**	**81.4%**	**79.6%**

Clean resources allocated to Idaho, but available to be used for WA primary compliance										
	(MWh)						(aMW)			
Facility	2026	2027	2028	2029	2026-2029		2026	2027	2028	2029
Kettle Falls	107,166	107,807	107,574	107,057	429,604		12	12	12	12
Palouse Wind	115,023	115,005	115,178	113,817	459,023		13	13	13	13
Rattlesnake Flat Wind	131,607	131,674	132,163	130,535	525,979		15	15	15	15
Clearwater Wind	129,120	129,186	129,152	128,068	515,526		15	15	15	15
Chelan PUD	321,276	321,462	321,718	318,635	1,283,091		37	37	37	36
Columbia Basin Hydro	143,759	178,665	178,358	177,119	677,901		16	20	20	20
Boulder Park Solar	184	184	184	182	733		0	0	0	0
Adams Neilson Solar	-	14,577	14,588	14,451	43,615		-	2	2	2
Boulder Park Solar II	-	473	825	818	2,116		-	0	0	0
Future Community Solar	-	-	-	469	469		-	-	-	0
Total of Juristiction Purchases	**948,136**	**999,033**	**999,739**	**991,150**	**3,938,058**		**108**	**114**	**114**	**113**

Total Clean Energy	**5,802,378**	**5,950,643**	**5,967,793**	**5,923,687**	**23,644,501**	**662**	**679**	**679**	**676**
Percent of Retail Load	**97.5%**	**98.5%**	**97.7%**	**95.6%**	**97.3%**	**97.5%**	**98.5%**	**97.7%**	**95.6%**

Avista is not including any hourly analysis of comparing generation and load until "use" rules are final

Demand Response Targets & Specific Actions

February DR Target	Specific Action
Cumulative **35 MW of DR*** savings during a single peak hour by 2029	▪ 2025 All Source RFP energy & capacity online by end of 2029 ▪ Acquire a minimum of 5 MW DR

Updated DR Target	Specific Action
Cumulative **55 MW of DR*** savings during a single peak hour by 2029	▪ 2025 All Source RFP energy & capacity online by end of 2029 ▪ Acquire 25 MW DR through RFP or Company developed programs

*Avista has an existing 30 MW DR contract

Renewable Energy Additional Actions

February's Additional Actions

- 2025 All Source RFP energy & capacity online by end of 2029

Need	By 2029
Winter Capacity	75 – 375 MW
Summer Capacity	50 – 350 MW
Renewable	0 – 200 aMW

- Install 1.5 MW low-income solar dependent on HB1814 tax credit

Updated Additional Actions

- 2025 All Source RFP energy & capacity online by end of 2029

Need	By 2029
Winter Capacity	105 – 415 MW
Summer Capacity	135 – 425 MW
Renewable	0 – 200 aMW

- HB1814 Project 1*: Install up to 1.5 MW solar & 1.6 MW BESS
- HB1814 Project 2*: Install up to 1.5 MW solar & 1.5 MW BESS

*Dependent on HB1814 & WSU funding availability

2025 All Source Capacity & Energy RFP

RFP Action	Schedule*
Issue All Source RFP	May 30, 2025
Bidders Conference	June 6, 2025
Bidders Responses Due	June 30, 2025
Post Bid Summary	July 30, 2025
Short-listed Bid Notification	September 1, 2025
Bidder Evaluations	Oct / Nov 2025
Final Selections	Late November 2025

*Coincides with Avista's Transmission Cluster Study

Incremental Cost Analysis

2025 CEIP Advisory Group

Incremental Cost Analysis

- Non-power costs increase 4.5% per year (2021-2026 average growth)
- Power cost forecast is updated with rate case methodologies
- Differences between studies for cost calculations include:
  - Value of Renewable Energy Credits
  - Named Community Investment Fund
  - Other CEIP related spending
- Renewable Energy Credit valuation
  - Non-Hydro RECS are estimated using CCA Allowance Price Equivalent ($40 to $48/tonne)

$/MWh	2026	2027	2028	2029
Hydro	$2.25	$2.30	$2.34	$2.39
Non-Hydro	$17.66	$19.01	$20.03	$21.34

Alternative Lowest Cost Revenue Requirement Forecast

	2025	2026	2027	2028	2029
Alternative Lowest Cost	**$730**	**$762**	**$859**	**$885**	**$918**
Annual Cost Percent Change		4.3%	12.8%	2.9%	3.8%
4-year Amortized Annual Increase					*5.9%*
Cost Cap Calculation					
Year 1		$14.6	$14.6	$14.6	$14.6
Year 2			$15.2	$15.2	$15.2
Year 3				$17.2	$17.2
Year 4					$17.7
Annual Cost Cap		**$14.6**	**$29.8**	**$47.0**	**$64.7**
4-year Incremental Cost Cap					**$156.2**
Lowest Reasonable Cost	**$730**	**$777**	**$877**	**$902**	**$936**
Annual Cost Percent Change		6.5%	12.7%	2.9%	3.8%
4-year Amortized Annual Increase					*6.4%*
Annual Incremental cost		$16	$17	$17	$18
4-year Incremental Cost					**$68**

in millions

Renewable Energy Target Scenarios

2025 IRP Scenario #15
Minimal Viable CETA Target

Year	Target
2026	62.5%
2027	62.5%
2028	62.5%
2029	62.5%

Incremental Cost: $56M

2025 IRP Scenario #1 ★
Preferred Resource Strategy or Lowest Reasonable

Year	Target
2026	66.0%
2027	69.5%
2028	73.0%
2029	76.5%

Incremental Cost: $68M

2025 IRP Scenario #16
Maximum Viable CETA Target

Year	Target
2026	70.0%
2027	73.0%
2028	75.0%
2029	78.0%

Incremental Cost: $72M

2026-2029 CEIP Proposed Timeline

✓ Review of 2022-2025 CEIP	January 14
✓ Targets & Specific Actions	February 18
✓ 2025-2027 Public Participation Plan | Named Communities	March 18
✓ Customer Benefit Indicators	April 22
✓ Company Initiatives: Aspirational Goals | NCIF	May 20
✓ Incremental Cost Analysis	June 23
Q & A Listening Session	July 15
Draft CEIP available for public comment	August 2025
Compile public comments & finalize	September 2025
File 2026-2029 CEIP	October 1, 2025

Questions & Discussions

Next Meeting: July 15
Topic: Q & A Listening Session