2021 Electric IRP TAC Update Meeting Notes, May 18, 2021

Meeting Attendees:

Shay Bauman, Washington Attorney General's Office; Shawn Bonfield, Avista; Joni Bosh, Northwest Energy Coalition; Michael Eldred, Idaho Public Utilities Commission; Rachelle Farnsworth, Idaho Public Utilities Commission; James Gall, Avista; Amanda Ghering, Avista; Lori Hermanson, Avista; Clint Kalich, Avista; Scott Kinney, Avista; John Lyons, Avista; James McDougall, Avista; Ian McGetrick, Idaho Power; Katie Pegan, Idaho Office of Energy and Mineral Resources; Jennifer Snyder, Washington Utilities and Transportation Commission.

2021 Electric Integrated Resource Plan Update, James Gall

Slide 2: After the conclusion of the 2020 Renewables RFP, we made this update to include the results.. In the IRP, we have different pricing (i.e. operating costs vs. costs to build) for different resources. Avista signed a PPA (Purchase Power Agreement) with Chelan PUD for a 5 percent slice of Rocky Reach and Rock Island hydro facilities from 2024 to 2033. This PPA provides capacity benefits and defers capacity need until 2026.

Which jurisdiction drives resources? Chelan is a system resource; however, Idaho may sell its clean energy attributes to Washington.

Joni Bosh: Is there a percentage split between Idaho and Washington?

James Gall: Currently the split is approximately 65% Washington and 35% Idaho.

Slide 3: L&R balances show winter peak, summer peak, average energy (less on reliability side). The blue sections of the bars show the incremental benefit from the Chelan contract. It fills the 2026 shortfall assuming Colstrip exits in the end of 2025. For the energy balance, the Chelan contract doesn't change timing but lessens the gap that needs to be filled.

Slide 4 - Modeling changes: the new Chelan contract is included, which is a material change to the plan, but there are no Aurora changes. We allowed only the new Chelan hydro slice to transfer from Idaho to Washington; but made no changes to the amount of energy efficiency. We looked at this, but it was immaterial, so no change was made. New wind resource needs shifted out one year, we narrowed the window for Kettle Falls modernization, and allowed model to acquire more market purchases prior to 2025 to fill the smaller needs.

Retirements, PPA expiring, etc. How do we handle these situations where a resource exits the portfolio? Do we assume the PPA extends, or assume competition with other resources, or is acquired at a lower price than the current PPA?

Natural gas is replacing natural gas. Storage starts to show up but is typically paired with solar to start.

Palouse Wind PPA expiration filled with more storage/solar.

Slide 6 - Summary of Changes: This slide shows the original PRS, the update, and the changes. There is not a change in total amount of new resources, just the timing shifts for Washington and Idaho has a small increase in new resources.

Slide 14: Next IRP draft update will be on October 1, 2022 and filed on January 1, 2023. TAC meetings begin in November 2021. TAC members are encouraged to participate in Washington's CETA implementation plan meeting on May 5, 2021. We expect to have an all source RFP around December 15, 2021.

Jennifer Snyder: Really appreciate all the comparisons you included. Very helpful.

Rachelle Farnsworth: I also appreciate the comparison. Can you talk about the 2021 RFP and how the allocation will work?

James Gall: Good question. Does anyone else on from Avista want to take that?

Scott Kinney: It'll depend on the results, but we also have an internal group already brainstorming the allocations based on the different state perspectives. There will be more to come on that as this group is just getting started.

James Gall: Plan is to engage commissions and other stakeholders. Need some creative thinking. The RFP depends on if we make it narrow to only address CETA compliance needs or do we also include capacity shortfalls and the results and how they meet those needs**.**

Shay Bauman: One of things I noticed is the significant push-back of the TOU [time-of-use] rates. Can you explain this?

James Gall: The TOU rates ramp in starting in 2026. Because that earlier resource deficit was filled there wasn't a need to start this ramp-out as early. While this was a lower cost resource model, the optimization is looking at the best way to address shortfalls and TOU got pushed back. The main driver was the 2026 capacity change.

James Gall: We will be starting the TAC process again in November. It will be another short process, but not quite as short as for the 2021 IRP. We're looking at some new modeling processes. It should be an interesting IRP especially based on the results of the upcoming RFP. There may not be a lot of resource decisions to be made. Hopefully, you can join us on Thursday for the CEIP meeting. Thank you.