CEIP Advisory Group

Meeting Date: June 23, 2025

Time: 8:30am – 10:00am

Location: Zoom Meeting

Attendees:

Avista:	*Members:*
Kelly Dengel	Sofya Atitsogbe
Amanda Ghering	*Molly Morgan*
James Gall	*Nora Hawkins*
Shawn Bonfield	*Charlee Thompson*
Christine Tasche	*Margee Chambers*
Janna Loeppky	*Nathan South*
Ariana Barrey	*Jean Marie Dreyer*
Leona Haley	*Unknown Caller*
Josie Cummings	

Agenda

		Facilitator
I.	Welcome & Introductions	Kelly Dengel
	– Overview of Meeting: Rules and Intent	
II.	Comment Review from April Meeting	Kelly Dengel
III.	Updated Portfolio & Incremental Cost Analysis	James Gall
IV.	Wrap Up	Kelly Dengel

Meeting Notes

Welcome & Introductions

Introductions, meeting rules and intent, and review of today's agenda.

Review 2025 CEIP Advisory Group Comments from April meeting

Reviewed comments received from advisory group members during the previous meeting and Avista's response to each comment for transparency. (Slides 3 – 4 below)

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

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**.

Discussed 2022-2025 CEIP Renewable Energy Conditions(slide 5 below)

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

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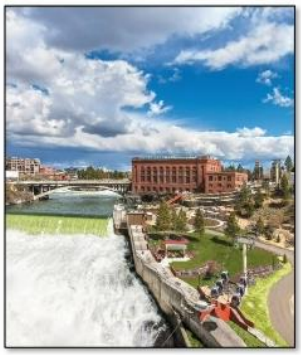
Jurisdictional Allocation of Energy Resources & RECs

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



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AVISTA

Updated Portfolio & Incremental Cost Analysis

Discussed how the CEIP is going to differ from the IRP released in January 2025. Loads are higher and capacity needs have changed, which were updated in the RFP released a couple weeks ago and was also discussed during the May CEIP Advisory Group meeting. (slide 10 below)

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 as need is not driven by CETA Clean Energy Targets.**

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Avista studied two different models that provide a reasonably available portfolio and a lowest reasonable cost portfolio. We have been doing scenario analysis to see what these could look like based on different potential outcomes of the RFP.

The scenario on the right helps identify incremental cost. (slide 11 below)

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

The higher load forecast need, the higher cost of resources, and the limited amount of resources that can be used for compliance, were all factors for why there is a change from the 2025 IRP to what is needed now. Demand Response will be a critical component of meeting targets moving forward. (slide 12 below)

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

Reviewed updated resource selection results as outlined on slide 13 below.

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

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Member: Is transmission already available for Montana wind or could that be a potential problem preventing access to power?
Company: We have transmission available so that is not going to be a problem.

Member: Why does Solar Select go away?
Company: The solar production does not go away but the program itself ends.
Company: The official Solar Select program end date is 12/11/26.
(slide 14 below)

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%**

Member: Appreciate seeing the calculations broken down in this table, thanks.
Member: Are you assuming no rebound effect for the DR MWh on this chart?
Company: Rebound is when we ask a customer to reduce their load for a window of time, will that customer increase their demand to make up for that lost demand or will it result in lost load all together? There are instances where the energy truly is gone. For some industrial programs, it is likely that the use will be gone but it is hard to tell if there will be a rebound effect. It is difficult to quantify.

Under normal weather and hydro conditions, we have enough resources to serve customers through 2029, but the bottom part of the tables shows low water years and what we may use from Idaho for WA compliance. We have limited transferring Idaho RECs to Washington for compliance. We may have to adjust these based on the finalized Use Rules once they are complete. (slide 15 below)

Available Generation (Normal Conditions)

Clean resources allocated to Washington

	(MWh)					(aMW)			
Facility	2026	2027	2028	2029	2026-2029	2026	2027	2028	2029
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	107,165	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

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Reviewed original targets discussed in February 2025 with new targets based on new analysis. (slide 16 below)

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 and/or Company developed programs

*Avista has an existing 30 MW DR contract

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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

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Provided an RFP timeline as a reminder. Th RFP process will go beyond the scope of when the CEIP is due to be filed, so it will not include the specifics of the RFP outcome, but we will provide an update in the 2027 CEIP Biennial Update (slide 18 below)

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

Member: I assume Avista is planning to put the most updated information available in its 2025 CEIP? Or are you not going to guess at the selection and just provide it in the update in 2027.
Company: We do not want to guess and include guesses in the CEIP. If we were short of renewable energy we would add that assumption, but we are not short of renewable energy, we are short of capacity, so it is a gray area.

Incremental Costs

These are forward-looking forecasts and subject to change. In the previous rate case we have rates set through 2026 so we can use those non power costs from the rate case methodology for power cost estimates. We valued hydro RECs at 2.40 cent range and between $17 and $21 dollars for non-hydro RECs. Without CETA we would sell off these clean RECs to reduce costs for customers. There is no right or wrong answer, this is just the assumptions we made for this analysis. (slide 20 below)

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

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Alternative lowest cost = No CETA from a clean energy target view with average of 5.9% increase to customers
Lowest reasonable costs = CETA clean energy targets apply with an average of 6.4% increase to customers (slide 21 below)

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

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Proposing to continue the glide path to 80% that was conditioned and approved in the 2021 CEIP. (slide 22 below)

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

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Wrap Up

Thank you for your time today and please provide us with any questions or comments you would like to discuss during the July meeting.

Member: This process has been excellent so far you do a great job with your advisory groups, while this is not required, I really appreciate how you have walked through the monthly cadence and going over previous month's meetings. Just give credit.
Member: Echoing what Charlee said, appreciate the chance to go through all of this and hopefully that will help with streamlining the review process and thank you for the slides today, they are very well laid out.