

RFP Bidder's Conference

February 28, 2022

NOTES:

Overview

- Chris Drake provided review of slide deck. Reminded we were recording.
- James Gall briefly discussed Monthly renewable energy shortfall as an illustration of which months Avista may be short.

Question & Answers:

- Will projects with an earlier COD than 2026 be disqualified in the first round?
 - No, they will not. We do have a preferred timeline and a preferred start date, but we recognize some flexibility may be needed in this account
- Regarding estimate of emissions from construction – is there a standard methodology or approach on that? Or is it a generic weight-based CO2 per ton?
 - This is a challenging question and somewhat of an opportunity to try and gather data that our public advisory group is asking. There are some baseline studies that are often referenced. This will not be critical in the preliminary responses but may be evaluated in more detail for short-listed detailed responses.
- Is there a preference to ownership over PPA?
 - No. We do not have a preference, feel free to bid either and they will be treated equally. PPA's could have some implied debt calculated if that impacts our balance sheet and will be looked at on a case by case basis.
- Will Avista be willing to use your BPA NT contract to get a resource from a sub that Avista doesn't currently have service from to Avista load?
 - Our NT contract is not used in the same vein as it might be used by a public utility. So the answer is not at this point.
- Are existing residential rebate programs participating in DR programs? If not, can they participate in the DR program?
 - If you have a DR proposal, we want to see those. But we do think there may be some DR that the Utility may undertake that others may not be able to. If you are proposing a program, please submit those bids. For Avista, there will be placeholders.

- Referring to thermostats and water heating – from a DR perspective this will be part of our placeholder; but if you have a third party proposal, we would look at that.
- On the Project Pricing sheet you have period 0 through 20. Is period "0" supposed to only have initial capital and other costs (IE no generation and fuel costs, for example)
 - Period 0 does not apply for fixed cost PPAs but for ownership options it would be included as applicable pre-COD costs.
- Will residential batteries be allowed to discharge into the grid or only off-site load?
 - Batteries are treated as net meter if they are residential (offsetting site load).
 - Currently we do not have program in place to allow an aggregated discharge into the grid. All those would be covered in current net metering which is off-set site load.
- Referencing Thermal Resources – tab 4 Exhibit B. On Row 24 asks for MMBtu per kWh? Also BTU/Unit?
 - Exhibit B (preliminary information spreadsheet) Thermal tab section 4.2 Row 24 should be BTU/kWh.
 - BTU/unit is thermal units per unit of energy (e.g. BTU/ per green ton for biomass)
- Parasitic load – not taken from Avista distribution – should the answer be zero?
 - Yes, we would like to see if it is on our system it is the net generation Avista would be getting from the project?
- What type of resource/technology is Avista considering for self-build proposal?
 - See RFP for some modeled projects (e.g. Kettle Falls expansion) but due to wall between RFP team and Avista self-build team, that information is not available.
 - RFP team has not heard any discussion of any Avista developed wind/solar.
- Does capacity payment on tab 3 project pricing refer to BESS or non-renewables or is it expected for all resources?
 - If you are bidding project with energy + storage (for example) we would want entire bid as 3A. If you are bidding a solar plus a storage option, put that option in the secondary column 3.1b.
- Do you expect a blended price for BESS or a separate tolling price?
 - If you are bidding blended; go ahead and bid as such. Only time there should be separation is if it is optional such as we don't take storage then we want separation
- What is a placeholder (DR) bid?
 - Avista conducts DR assessment through third party for IRP; intent is to take consultant estimate for Avista programs which could be developed in MWh saved and cost and that would be evaluated side by side with other bids. A similar bid we had for placeholder for DR,

we would have to look at third party rather than our own. Intent is DR projects that the company may undergo in the future need to be on an even playing field as other resources. Absent this, the utility may not choose this going forward even if it was a lower bid. This is our attempt to evaluate as a viable bid. 2021 IRP has a good example of this for cost/benefit side.

- On storage resource page – engineering documentation is requested. Some of that is not available for first draft in early stage. What are you looking for?
 - Storage is an emerging opportunity and we are still learning about it so trying to gather as much detail as possible to compare/analyze bids.
- Can you elaborate on Section 4.a of the RFP - do you want to see all costs of wheeling to Avista's system in a delivered price. The comment above: "These proposals do not require third party ancillary services." is referring to projects that connect directly to Avista's system?
 - Yes. We are looking for, and the reason why we broke it out, is because we are trying to understand if your pricing includes a delivered product, that the price includes reasonable and complete transmission and ancillary services costs. If price doesn't include transmission costs or balancing services, we want to make sure it is understood we will need to make cost assumptions.
- Do you prefer to see balancing servicing costs or is it whichever way you provide is it just so it's clear? Will Avista reimburse for balancing services?
 - Yes. WE just want to make sure it is all clear where transmission and balancing is included or not included to get an accurate pricing from the get-go.
 - No, Avista will not reimburse for balancing services. If there is a way to pseudo-tie there may be other solutions to consider and alternatives to evaluate.
- Is there a preferred PPA term for thermal resources?
 - We don't have a preference on term; just keep in mind in 2045 we are to be 100% carbon free in Washington and there is a Climate Act passed in Washington last year. But we don't have preference on term.
 - Options are always helpful. If you are considering other terms, that might be another solution.
- Regardless if the thermal project was built in Montana, it must still comply with CETA?
 - Yes. We have a deadline in 2025 we cannot serve customers with coal by wire, but other thermal plants may have a compliance path.
 - For example, there are alternative compliance rules which may potentially allow for natural gas.

- Also, 35% of our system in is Idaho where WA requirements will not apply. This all-source RFP is looking for both Washington and Idaho so depending on resource there may be some place for them to be selected given location.