

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 1, 2022

REGULAR CONSENT EFFECTIVE DATE _____ NA _____

DATE: October 18, 2022

TO: Public Utility Commission

FROM: Kimberly Herb

THROUGH: Bryan Conway and JP Batmale **SIGNED**

SUBJECT: AVISTA CORPORATION:
(Docket No. LC 75)
Application for Waiver of OAR 860-027-0400 (8) Integrated Resource Plan
Annual Update.

STAFF RECOMMENDATION:

Grant Avista Utilities (Avista or Company) a waiver of OAR 860-027-0400 (8) for the filing of an Annual Update to the Company's 2021 Integrated Resource Plan.

DISCUSSION:

Issue

Whether Avista should be granted a waiver from OAR 860-027-0400(8).

Applicable Rule(s)

Under ORS 756.040, the Commission is authorized to supervise and regulate every Oregon public utility, and to do all things necessary and convenient in the exercise of such power and jurisdiction.

Under OAR 860-027-0400(8) an energy utility must file an annual update to its most recently acknowledged IRP on or before the acknowledged order anniversary date.

OAR 860-027-0400(1) provides that the Commission may relieve a utility of any obligation in OAR 860-027-0400, including OAR 860-027-0400(8), upon application by the utility and for good cause.

Analysis

Background

Avista filed its 2021 Natural Gas IRP (2021 IRP) with the Commission on March 26, 2021. The Company's IRP demonstrated that it did not anticipate a need for any significant capital investments in Oregon within the following four years. On October 15, 2021, the Commission issued Order No. 21-331 acknowledging Avista's 2021 IRP. The Order included specific actions and recommendations for the Company's 2023 IRP, as well as for interim activities that would be reflected in the IRP Annual Update (Update).

On September 21, 2022, Avista filed a request for a waiver from OAR 860-027-0400(8), which requires the Company to file a natural gas integrated resource plan (IRP) annual update.

IRP Update Waiver Request: Rationale and Staff Response

Avista described three reasons the Company believes it has good cause for waiving OAR 860-027-0400(8) and to receive a waiver. Those reasons are: (a) the near-term filing of their forthcoming 2023 IRP; (b) the lack of significant capital investments in its 2021 IRP Action Plan; and (c) the Company's assertion that the Order No. 21-331 recommendation regarding RNG information has been shared in the waiver request itself.

IRP Filing Within Six Months

The Company notes that the October 15, 2022, deadline for filing its Annual IRP update is less than six months from March 31, 2023, which is the date by which it plans to file its 2023 IRP. The Company cites OAR 18 860-027-0400(9) as providing support for good cause for a waiver. It states, "a utility must file an update with the Commission as soon as the utility anticipates a significant deviation from its acknowledged IRP, unless the utility is within six months of filing its next IRP."¹

Because the Company anticipates filing a Draft IRP and its Final IRP by March 31, 2023, Staff believes the information provided in those filings would likely prove more valuable than what would be included in an IRP Update. Staff agrees that the near-term anticipated filing of the next IRP supports good cause for waiving the IRP Update. However, Staff notes that annual IRP Updates are required by rule regardless of whether the utility is within six months of filing its next IRP. Staff believes the caveat to filing the update due to it being "within six months of filing its next IRP" is specific to the situation in which there is a "significant deviation" from its acknowledged IRP, which would also trigger the need for an IRP Update.

¹ Docket No. LC 75, Avista Application for Waiver of OAR 860-024-0400(8), September 21, 2022.

IRP Update Content – No Significant Capital Investments or Resource Acquisition

The Company notes that its most recent acknowledged IRP does not include any planned capital investments or the acquisition of significant resources, the status of which might otherwise be described in an annual IRP Update. Staff confirmed that the Company's Action Plan items lack of near-term investment activity and reviewed the Action items to ensure there were no other time sensitive activities for which an update would be needed.² Staff believes that an update on Action Plan items from LC 75 that might otherwise be part of the IRP Update would not provide time sensitive information that is not already being addressed in the Company's 2023 IRP Technical Advisory Committee meetings or in the anticipated 2023 IRP filings. Staff finds that the lack of near-term capital investments or resource acquisition further supports the Company's request for a waiver.

Per the IRP Guidelines, IRP Annual Updates should also include an assessment of what has changed since the acknowledgment order that affects the Action Plan. Staff notes that the Oregon Department of Environmental Quality's Climate Protection Program (CPP) rules, under which Avista is a regulated entity, were finalized after Order No. 21-331. This is precisely the type of change Staff would expect to see discussion of in an Annual Update. However, Staff does not believe additional narrative on this topic is needed from the IRP Update because Order No. 21-331 directed the Company to host a workshop within two months of the adoption of the CPP rules to discuss challenges and opportunities to incentivize near-term actions to reduce GHGs to meet CPP targets. The Company held this workshop on February 16, 2022, as part of its technical advisory committee (TAC) meeting.³ Additionally, the Company has regularly addressed compliance with CPP as part of its series of TAC meetings in the run up to its 2023 IRP. As such, Staff believes the impact of this policy change has been adequately addressed at this time.

RNG Project Pipeline Interim Recommendation

In its waiver request, the Company references activities associated with Recommendation 10 of the IRP, however Staff believes the Company intended to reference Recommendation 11. Recommendation 11 in Order No. 21-331 recommends interim action by the Company related to its planning for future renewable natural gas (RNG) procurement and project development.⁴

² OPUC Order No. 21-331, In the Matter of Avista's 2021 Integrated Resource Plan, Docket No. LC 75, October 15, 2021.

³ See Avista's 2023 Gas IRP TAC 1 Presentation, slides 50-59 <https://www.myavista.com/about-us/integrated-resource-planning>.

⁴ Id.

Recommendation 11: Work with stakeholders and Staff to confirm information that should be included in an RNG project pipeline update in the 2021 IRP Update, including, but not limited to consumer risks and costs assessment associated with buy vs build RNG options.

In lieu of an IRP Update in which this information was to be provided, Avista provides an update on these activities as part of its waiver request. The Company explains that it engaged with stakeholders and Staff on these topics at its February 16, 2022, TAC meeting, which specifically addressed its RNG project pipeline and a discussion about buy vs build options.⁵ Further, the Company shares a table it presented at that TAC meeting showing its potential RNG project pipeline.

While Staff has significant interest in the details of the Company's planning for future RNG projects, it believes the information provided at the February TAC meeting provided sufficient initial engagement on the topic and expects the topic will be explored and analyzed closely as part of the IRP Filing. Staff does not see value in requiring additional detail at this time. However, in light of stakeholder feedback in UM 2178, Staff will be updating the service list in UM 2178 regarding this waiver and pointing stakeholders to Avista's information on RNG from their February TAC meeting.

Conclusion

Staff finds there is good cause to exempt Avista from the filing of an Annual Update to the Company's 2021 IRP. The Company does not have near-term capital investments, has not articulated any deviations from the 2021 IRP, and has fulfilled interim activities from Recommendation 11 in Order No. 21-331.

PROPOSED COMMISSION MOTION:

Grant a waiver for Avista Utilities from OAR 860-027-0400(8) for the filing of an Annual Update to the Company's 2021 Integrated Resource Plan.

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⁵ See Avista's 2023 Gas IRP TAC 1 Presentation, slides 33-42 <https://www.myavista.com/about-us/integrated-resource-planning>.