

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL**

DATE: OCTOBER 3, 2014

**SUBJECT: AVISTA'S REQUEST TO USE AVAILABLE FUNDS FROM SCHEDULE
95 TO PROMOTE ROOFTOP SOLAR, CASE NO. AVU-E-14-10**

On September 18, 2014, Avista Corporation filed an Application with the Commission requesting revisions to its Schedule 95 – Optional Renewable Power Rate. The Company seeks to use available/surplus funds from Schedule 95 to promote grants for rooftop solar installations, 20 kW or smaller, on commercial buildings in Idaho. The Company requests that its Application be processed by Modified Procedure. Avista further requests that the revisions become effective November 14, 2014.

THE APPLICATION

Avista states that it is a proponent of utilizing a variety of energy resources as well as offering energy efficiency measures, to provide safe and reliable service to its customers. The Company's Schedule 95 – Optional Renewable Power Rate – allows customers to purchase blocks of renewable power. In furtherance of this objective, the Company would like to expand the awareness of renewable energy generation options, specifically by funding locally-owned, commercial solar, using funds from its current Schedule 95.

Avista explains that, beginning in 2002, Avista has offered electric customers the opportunity to voluntarily support the development of renewable energy by participating in the Company's Buck-a-Block program under its Schedule 95. Avista's wind power option was priced in increments, or "blocks," of \$1.00. Each \$1 block of wind purchased by customers equaled 55 kilowatt hours (kWh).

In 2004, the Company filed revisions to its program. Avista modified the program from an optional wind power rate to an optional renewable power rate. Avista states that these

revisions also reflected a lower wholesale cost of wind power to Avista and represented the cost of renewable energy certificates (RECs) associated with the renewable resource. The RECs were primarily from wind power generated at the Stateline Wind Energy Center, but could also come from other “Green-e certified” resources. The revised program continued to include voluntary participation in increments of \$1 per block. However, blocks were modified to represent 300 kWh of renewable energy as opposed to the previous 55 kWh. Avista explains that this created an opportunity to enhance the Buck-a-Block program. Presently, this voluntary program continues to allow customers the choice to purchase a “block” of renewable power equal to 300 kWh that is produced through regional wind or solar projects for \$1 a block.

According to Avista, approximately 3,500 customers purchased nearly 227,000 blocks (68,000 MWh) in 2013. All of the costs and benefits stay within the program. The Buck-a-Block program requires regular program administration, promotion, and communication with customers. The intent of the program is to continually match funds collected with the annual program costs while balancing the need to collect enough funding to meet potential growth and potentially higher priced RECs. However, due to the availability of low-cost RECs in recent years and a plateau in subscription levels, it has resulted in surplus revenues that exceed the costs by approximately \$200,000. This has prompted the Company to explore additional ways to promote and acquire additional renewable energy for the program.

The Company proposes to use, when available, any available funds from Schedule 95 to promote grants for rooftop solar installations, 20 kW or smaller, on commercial buildings in the Company’s service territory in Idaho and Washington. Successful grant recipients would agree to allow their installation to be made available for the education of its building occupants and members of the community on the merits of solar energy generation and the Buck-a-Block program. Preference for grant recipients would be given to school districts and buildings where the visibility of the installation will have the greatest impact for both educational purposes as well as solar energy generation. Geographic distribution throughout the Company’s service territory will also be considered as part of the evaluation.

Avista estimates that the existing \$200,000 surplus would fund the installation of 6-8 small projects (5 kW or less) or 2 larger projects (20 kW or less).¹ After application and

¹ Future costs may vary based on market conditions, the size of the installation and where the equipment is manufactured.

screening, grant recipients would be awarded partial or full funding that could fund the cost of a rooftop solar installation, not to exceed \$70,000 per site. Costs and risks associated with a site feasibility or assessment study, labor and contracting costs related to the installation, and ongoing maintenance will be the responsibility of the grant recipient.

STAFF RECOMMENDATION

Staff has reviewed Avista's Application and recommends that the case proceed through the use of Modified Procedure. In order to allow adequate time for review and discovery, Staff recommends that the Commission suspend Avista's proposed November 14, 2014, effective date.

COMMISSION DECISION

Does the Commission wish to process this case by Modified Procedure and suspend the proposed effective date of November 14, 2014, pursuant to *Idaho Code* §§ 61-622 and 61-623?



Kristine A. Sasser
Deputy Attorney General

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