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IDAHO PUBLIC
UTILITIES COMMISSION



AVU-E-07-02

July 15, 2009

Jean Jewell, Commission Secretary
State of Idaho
Idaho Public Utilities Commission
Statehouse
Boise, ID 83720

Re: Wind Integration Report

Dear Ms. Jewell:

Enclosed for filing is an electronic copy of Avista's report in response to Idaho Public Utilities Commission (IPUC) Order No. 30500, requiring the Company to provide an annual review on its wind integration.

If you have any questions regarding this filing, please feel free to contact Clint Kalich at 509-495-4532 or myself at (509) 495-4975.

Sincerely,

A handwritten signature in cursive script that reads "Linda Gervais".

Linda Gervais
Manager, Regulatory Policy
State and Federal Regulation
Avista Utilities
509-495-4975
linda.gervais@avistacorp.com

Enclosure

Avista Utilities

Response to IPUC Order No. 30500

Re: Wind Integration

Background

This report is in response to Idaho Public Utilities Commission (IPUC) Order 30500 ("Order"). Specifically, the Order requires the Company to: 1) provide wind integration analysis and results to the Commission separate from its biennial IRP filing; 2) hold two public workshops prior to publishing the 2009 IRP; 3) provide an annual review and proposed adjustments when warranted; and 4) notify the Commission when enough "on-line" wind is accumulated to move to a new tier of the wind integration charge. This report is responsive to each of these obligations.

Report on Progress Since Last Update (the 2007 Wind Integration Study)

The Northwest wind fleet continues to expand. In 2007, the wind fleet was comprised of approximately 1,400 megawatts constructed over approximately ten years, according to the Northwest Wind Integration Action Plan published by the Northwest Power and Conservation Council. Only two years later the fleet has more than doubled, and now approaches 3,000 MW. Most of the Northwest resource is located in Oregon and Washington. Idaho has a modest fleet in comparison, 150 MW.

Avista's wind fleet has not changed since its 2007 study. The Company integrates 35 MW from the Stateline Wind Energy Center. The forthcoming 2009 IRP anticipates 150 MW of new wind generation on-line by 2012 and a total of 350 MW by 2022, equating to a penetration rate of approximately 15% relative to peak load in 2022.

Since the 2007 study, the Northwest has initiated two regional efforts to assist utilities in managing the variability inherent with wind. The first is Ace Diversity Interchange (ADI). Avista is looking to join the ADI effort in the near future, but has not done so because we already have an internal program (Power Generation Control, or PGC) that limits the movement of our generation units for load fluctuations. Avista presently believes we will obtain a modest improvement by joining the ADI effort, but that it will not be as great as other utilities since we have installed PGC. The second effort is Dynamic Scheduling (DS). Avista has been monitoring the DS effort, but have decided not to join yet given our very small wind resource base. As the amount of wind integrated into our system becomes larger we will consider joining the effort.

The Wind Integration Workshops held by Avista in 2008 and 2009 identified no significant improvements or enhancements to the methods used for the 2007 study. Therefore, no new modeling analyses were completed.

Public Workshops

Avista has held two public workshops on wind integration in which all participants to Case AVU-E-07-02 were invited. The first, on October 21, 2008, had the following agenda:

1) Defining Wind Integration	6) Impact of Shorter Market Time Step
2) Overview of Avista's System	7) Benefit of Wind Feathering
3) Evaluating the Overall Cost of Wind	8) Hydro Re-Dispatch Costs
4) Methodology Overview	9) Next Steps/Modeling Enhancements
5) Wind Integration Cost Components	10) Other Wind Integration Study Results

The majority of the first meeting agenda was intended to familiarize participants with the Company's 2007 study, and obtain input and feedback on the study. The meeting was also intended to gather thoughts from participants on further study the Company might consider. Ultimately there were no action items from the workshop in that the "state of the art" in wind integration was deemed to have not moved greatly from the 2007 study work.

A brief second workshop was held on May 22, 2009. The following agenda items were covered:

1) Introductions
2) Wind Integration and the 2009 IRP
3) Questions/Suggestions for Further Work

As in the first workshop, no "to-do" items came from this meeting.

On-Line Wind Generation and Wind Integration Charge Percentages

As stated earlier in this letter, Avista's on-line wind generation has not changed since Order 30500. It remains at 35 MW. Therefore, the wind integration charge percentage remains at 7%.

Summary

If the Commission has any further questions or comments on this annual report, please contact Clint Kalich at 509.495.4532.