

**WAC 480-106-040 Schedules of estimated avoided costs.** (1) **Filing requirement.** A utility must file by November 1st of each year, as a revision to its tariff described in WAC 480-106-030 Tariff for purchases from qualifying facilities, a schedule of estimated avoided costs that identifies, both separately and combined, its avoided cost of energy and its avoided cost of capacity. All schedules of estimated avoided costs must include:

(a) Identification of avoided energy: An estimated avoided cost of energy based on the utility's current forecast of market prices for power stated on a cents per kilowatt-hour or dollars per megawatt-hour basis for the current calendar year and each of the next twenty years. In determining its avoided cost of energy, the utility may incorporate the daily and seasonal peak and off-peak period prices, by year; and

(b) Identification of avoided capacity: An estimated avoided cost of capacity expressed in dollars per megawatt based on the projected fixed cost of the next planned capacity addition identified in the succeeding twenty years in the utility's most recently acknowledged integrated resource plan filed pursuant to WAC 480-100-238 Integrated resource planning, and such identification must include the following:

(i) Identification of capacity cost: A utility must identify the projected fixed costs of its next planned capacity addition based on either the estimates included in its most recently acknowledged integrated resource plan or the most recent project proposals received pursuant to an RFP issued consistent with chapter 480-107 WAC, whichever is most current; and

(ii) Proxy for planned market purchases: If the utility's most recently acknowledged integrated resource plan identifies the need for capacity in the form of market purchases not yet executed, then the utility shall use the projected fixed costs of a simple-cycle combustion turbine unit as identified in the integrated resource plan as the avoided capacity cost of the market purchases.

(c) Levelized avoided cost pricing: The avoided cost of capacity must account for any differences between the in-service date of the qualifying facility and the date of the next planned generating unit by levelizing the lump sum present value of the avoided cost of capacity discounted by the utility's commission-approved weighted average cost of capital.

(2) **Differentiating among qualifying facilities.** A utility's estimated avoided cost of capacity may differentiate among qualifying facilities based on the supply characteristics of different technologies of qualifying facilities for purposes of calculating the estimated avoided cost of capacity.

(3) **Schedule revisions.** A utility may file to revise its schedule of estimated avoided costs prior to its next annual filing, provided that the commission may not allow such tariff revision to become effective until at least sixty days after such filing. Filing a revised schedule of estimated avoided costs in this subsection does not relieve the utility of its annual obligation to file a schedule in subsection (1) of this section if such filing occurs more than thirty days prior to such annual tariff filings.

[Statutory Authority: RCW 80.01.040, 80.04.160, and 34.05.220. WSR 19-13-031 (Docket U-161024, General Order R-597), § 480-106-040, filed 6/12/19, effective 7/13/19.]