

Avista Corporation 2023 Task Force on Climate-related Financial Disclosures (TCFD) Report



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Report Contents

Page	Governance
3	Board Oversight
4	Role of Management
	Strategy
6	Transition Risks
16	Physical Risks
21	Opportunities
27	Risk Management
28	Metrics & Targets
36	SASB Metrics

TCFD Framework



Introduction

Avista Corporation’s vision is to deliver better energy for life. We strive to fulfill this vision by improving the lives of our customers through the safe, responsible and affordable delivery of energy. Our guiding values of trust, innovation and collaboration support our commitments to Corporate Responsibility, which encompass a broader approach to sustainability in order to build long-term value for our stakeholders.

At its heart, Corporate Responsibility is our commitment to manage the social, environmental and economic effects of our operations safely, responsibly, and affordably, while endeavoring to have a positive, lasting impact on the society and environments in which we operate.

Avista Corporation (Avista or Company) prepared this report in accordance with the recommendations of the [Task Force on Climate-related Financial Disclosures](#) (TCFD) framework and their corresponding TCFD Implementation Guide. Additionally, the Company has included industry-relevant environmental, social, governance (ESG) and sustainability metrics adhering to

the [Sustainability Accounting Standards Board](#) (SASB) standards for the Electric Utilities and Power Generators industry and the SASB standards for the Gas Utilities and Distributors industry. Avista’s disclosed SASB metrics are presented in the concluding section of this report.

As numerous TCFD and SASB disclosures align with our own Corporate Responsibility commitments, there is considerable overlap between this report and Avista’s broader 2023 Corporate Responsibility Report. To learn more about our additional commitments to Our Environment, Our People, Our Customers and Communities and Our Ethical Governance, please visit our [ESG/Corporate Responsibility](#) webpage.

There, you may also access the Company’s disclosed Edison Electric Institute’s (EEI) and American Gas Association’s (AGA) ESG and sustainability reporting templates. These reporting templates represent another way that we capture sustainability data in alignment with our Corporate Responsibility commitments promoting transparency, accountability and engagement with our stakeholders.

Governance

Board Oversight

Avista’s Board of Directors (Board) is responsible for directing the management of the business and affairs of the Company. As such, the Board gives the Company’s executive officers strategic direction and oversees their operation of the Company’s business and their conduct of its affairs, with a view to serving the best interests of the Company and its shareholders and other stakeholders.

The Board plays an active role in the identification of the major risks and opportunities affecting the Company and the oversight of the Company’s risk management. The Board’s strategic and risk oversight processes are integrated within the Company’s governance practices, which include regular reporting and communication from management on areas of material risks and opportunities to the Company, together with the mitigation or implementation strategies for these risks and opportunities, including climate change-related matters.

For organizational purposes, the Board has categorized the various risks facing the Company as follows: utility regulatory, operational, climate change, cyber and technology, strategic, external mandates, financial, energy commodity, and compliance.

While the Board retains full responsibility for the general oversight of the management of all categories of risks and opportunities, it has delegated to and allocated among its committees first oversight responsibility regarding specific categories of risk. The allocation of categories of risk to the respective committees is specifically set forth in the [committee charters](#) and summarized in the table presented on the following page of this report. The four committees of the Board who have been assigned Corporate Responsibility, ESG or climate change-related oversight responsibilities are all comprised of independent Board directors.

Avista’s full Board is apprised of climate change-related issues and performance through reports from the Committee Chairpersons at each Board meeting. This enables the Board and its Committees to coordinate risk oversight, particularly with respect to the interrelationships among various climate change-related risks and opportunities. The Board also conducts additional oversight functions through its Finance Committee and Executive Committee, which are primarily comprised of independent directors.

For additional information, please see Item 1A – “Risk Factors” and Item 7 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Enterprise Risk Management” in the [Annual Report](#) for discussions of the various risks within the general categories listed above and the Company’s risk management processes and procedures.

Avista's Governance

Avista’s Governance structure, programs and practices is recognized by the Institutional Shareholder Services Group of companies (ISS), earning their highest governance QualityScore methodology.

The ISS ESG Governance QualityScore is a data-driven scoring and screening solution designed to help institutional investors in their quality reviews of risk in Board Structure, Compensation programs, Shareholder Rights, and Audit & Risk Oversight. Scores provide an indication of relative quality and are supported by factor-level data that is critical to the research process to understand a company’s approach to governance.

As governance factors play a heightened role in investment decision making, Governance QualityScore provides investors with invaluable data and insight to support their analysis. For more information, [click here](#).

 **GOVERNANCE
QUALITYSCORE**
HIGHEST RANKED BY ISS ESG ▶

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Board Committees with Corporate Responsibility, ESG or Climate Change-Related Oversight Responsibilities

Governance and Corporate Responsibility Committee	Oversight responsibility for the Company’s strategy and disclosure of Corporate Responsibility matters, which include climate change-related issues and environmental, social and governance (ESG) issues.
Environmental, Technology and Operations Committee	Oversight responsibility for the Company’s business and operational risks. Issues concerning existing and emerging climate change-related risks and opportunities including the Company’s clean energy goals are reviewed and regularly discussed by this Committee.
Audit Committee	Oversight responsibility for the Company’s climate change-related disclosures in Avista’s financial statements and oversees the risk assessment and risk management processes administered through the Company’s Enterprise Risk Management (ERM) program.
Compensation Committee	Oversight of issues relating to compensation and benefits of executive officers and human capital management, including employee satisfaction, engagement, diversity, equity and inclusion.

Role of Management

While the Board is responsible for oversight of the Company’s strategic and risk management processes, Avista’s management team is responsible for the day-to-day operations and performance of its strategic objectives and management of risks. Climate change-related risks and opportunities and their associated mitigation and implementation strategies are managed and executed by Company management.

Managers are responsible for understanding climate change-related trends, risks and opportunities, participating in risk assessments, and preparing and executing mitigation and implementation activities. Managers are also responsible for monitoring performance and reporting results of their climate change-related risk and opportunity activities to their leader. These performance results are reported to appropriate officers as well. On a quarterly basis or more often if needed, Company officers will report on the performance of these

climate change-related issues to the appropriate Board committee or to the full Board.

Avista’s Perform Council is an interdisciplinary team of Company officers, management and other employees which regularly meets to discuss, assess and manage current and emerging issues associated with climate change-related risks and opportunities. Among other things, the Perform Council:

- Facilitates internal and external communications regarding climate change-related issues.
- Analyzes policy effects, anticipates opportunities and evaluates strategies for the Company.
- Develops recommendations on climate change-related policy positions and action plans.
- Provides direction and oversight with respect to the Company’s aspirational clean energy goals.

On a quarterly basis or more often if needed, representatives from the Perform Council will report on the performance of these issues to the Environmental, Technology and Operations Committee, to another appropriate Board committee or to the full Board.

The Company's Corporate Responsibility Committee is a cross-functional team devoted specifically to sustainability and ESG matters. This Committee strives to promote alignment of our strategies to our Corporate Responsibility commitments in managing the environmental, social and economic effects of our operations, while endeavoring to have a positive, lasting impact on the society and environments in which we operate.

When reporting to Board committees or to the full Board, management will provide report summaries and performance

progress on climate change-related issues and their associated work activities. During these meetings, active discussions occur between management and Board directors concerning the climate change-related issues being reported.

It is the responsibility of management to incorporate Board oversight feedback and guidance from these committee or full Board meetings back into their day-to-day operational responsibilities. This may include revisions to strategic objectives, management of climate change-related risks and opportunities and performance reporting recommendations. Management is likewise responsible for executing on, and monitoring performance relating to, Board provided feedback and guidance for inclusion in future committee or full Board report updates.



Strategy

This Strategy section contains climate change-related risks and opportunities that Avista is currently tracking and that are responsive to and organized by the TCFD implementation guidance. Please note that this Strategy section does not cover all risks facing the organization and contains summaries of those TCFD requested risks and our current expectations. Readers should note our Forward-Looking Statement included at the end of this report and are encouraged to review our most recent Annual Report on Form 10-K, or Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission, for further details and listing of risks and assumptions. Those reports are also available on our website at www.avistacorp.com.

Transition Risks

Policy, Legal and Market Risks

Concerns about long-term global climate changes and the potential impacts of such changes could have a significant effect on our business. Our operations could be affected by changes in laws and regulations intended to mitigate the risk of, or alter, global climate changes, including restrictions on the operation of our power generation resources and obligations or limitations imposed on the sale of natural gas. We may also be impacted by regulatory penalties for non-compliance, risk litigation and face higher fuel and or material costs to generate or procure energy for our customers. Due to these risks and the nature of the utility industry's historical greenhouse gas (GHG) emissions, the Company is addressing these risks through the following measures:

Avista's aspirational clean electricity goal to serve our customers with 100% clean electricity by 2045, meet or exceed current GHG emission reduction laws or regulations that apply to our Company. Since our founding with hydroelectric power in 1889, we have embraced and grown renewable energy generation, allowing the Company to keep our GHG emissions among the lowest in the nation. Currently, our electrical generation capability is comprised of 59% renewable energy that includes hydroelectric, biomass, solar and wind resources.

The Company's 2023 Electric Integrated Resource Plan (IRP) validates and reinforces our aspirational clean electricity goal. The IRP processes are state mandated scenario analysis planning requirements of utility regulated assets that forecast customer load and energy prices, identify generation needs, and include analysis of known and potential environmental and climate change-related laws or regulations, including a social cost of carbon, among others. These scenario analyses forecast decades into the future, resulting in a Preferred Resource Strategy (PRS). The PRS is a reasonable low-cost plan balancing cost, reliability, and environmental goals and mandates. Avista's 2023 PRS includes the following near-term highlights in support of our aspirational clean electricity goal:



Avista's Electric Preferred Resource Strategy (PRS) Near-Term Highlights

+ 100 MW renewable energy from a new wind project online before 01/01/2026
- 222 MW coal generation from Colstrip Units 3 & 4 (Avista's only coal generating resource) exit 12/31/2025 ¹
+ 11 MW renewable energy upgrade of our Kettle Falls biomass plant in 2026
+ 6 MW renewable energy upgrade of our Post Falls hydroelectric plant in 2029
+ 200 MW renewable energy from a new wind project in 2030
+ 200 MW renewable energy from an additional new wind project in 2032
80% reduction of greenhouse gas emissions from 2021 levels by 2045

In those jurisdictions in which we operate, there are numerous local initiatives, state and federal legislative and regulatory measures concerning climate change that directly impact Avista today². Specifically, the Washington State Legislature passed the Clean Energy Transformation Act (CETA) in 2019 requiring Washington electric utilities to:

- Eliminate coal generation to Washington customers by the end of 2025
- Supply Washington customers with carbon neutral electricity by 2030
- Supply Washington customers with 100% carbon free electricity by 2045

In 2022, we were the first utility to file and receive approval of our Clean Energy Implementation Plan in Washington, our detailed plan of specific actions to be taken over the next four years that clearly demonstrates progress being made toward CETA's clean energy requirements. Avista continues to implement this roadmap of actions as it also aligns with and supports our own aspirational clean electricity goal.

The Energy Independence Act (EIA) in Washington requires electric utilities with over 25,000 customers to acquire qualified renewable energy resources and/or renewable energy credits equal to 15% of the utility's total retail load in Washington in 2020 and beyond. Utilities under EIA regulation must also meet biennial energy conservation targets. Avista currently meets the requirements of the EIA through a combination of hydroelectric upgrades, wind, biomass, and renewable energy credits. Beginning in 2030, if a utility is

compliant with CETA, the utility is deemed to meet the requirements of the EIA.

In 2021, the Washington legislature passed the Climate Commitment Act (CCA) which establishes a cap and trade program to reduce greenhouse gas emissions and achieve the greenhouse gas limits previously established under state law. The CCA directs the Washington Department of Ecology (Ecology) to develop regulations implementing the cap and trade program and related efforts. Ecology issued final rules that became effective November 1, 2022.

These rules implement a cap on greenhouse gas emissions, provide mechanisms for the sale and tracking of tradable emissions allowances and establish additional compliance and accountability measures. Our electric and natural gas businesses are impacted by these regulations. The CCA is intended to be consistent with CETA for electric utilities covered by both rules and is not intended to create a secondary financial burden in addition to the costs of complying with CETA.

To achieve our aspirational clean electricity goal, we expect that energy storage and other technologies, which are either not currently available or are not cost-effective under the lowest reasonable cost regulatory standard, will advance such that it will allow us to meet our goal while also maintaining reliability and affordability for our customers. Engaging stakeholders in IRP updates every two years, including the post 2030 period where technological development is critical to meeting our 2045 goal, will inform specific resource decisions and necessary adjustments in our plans. If the required technology is not available or not affordable in the future, we

¹ Please see Chapter 3 of Avista's [2023 Electric IRP](#) for additional details regarding Colstrip Units 3 & 4 exit from Avista's generation portfolio.

² For additional information related to climate change-related state and federal legislative and regulatory actions that are applicable to Avista, please review our most recent [Annual Report](#).

may not meet our goal in the desired timeframe. Meeting our aspirational clean energy goal may also require accommodation from regulatory agencies insofar as we may need to acquire emission offsets to meet our goal.³

We also have an aspirational natural gas goal to be carbon neutral by 2045. This aspirational goal demonstrates that our vision of a clean energy future encompasses both electric and natural gas resources.

Natural gas has played a key role in reducing greenhouse gas emissions in the United States as electrical power plants have converted from coal to cleaner burning natural gas. And when compared to burning wood, heating oil and other combustible fuel sources, natural gas emits fewer air pollutants. While natural gas may be a cleaner fuel than some other sources, we recognize there is an opportunity to further improve and lower our natural gas emissions going forward.

We are developing a strategy for carbon reduction from our natural gas operations and have identified several pathways to get us there. Three primary pathways included in our evolving strategy thus far are:

- Diversify and transition from conventional, fossil fuel natural gas to renewable natural gas (RNG), hydrogen, and other renewable biofuels.
- Reduce consumption via conservation, energy efficiency, and new technologies.
- Purchase carbon offsets as necessary.

Avista remains committed to meeting the needs for reliable and affordable energy while advancing environmental stewardship, and our actions demonstrate these values. To help achieve our aspirational goal and to reduce our carbon emissions from our natural gas operations, we have been actively pursuing renewable natural gas (RNG) projects in alignment with our strategies.

RNG is derived from organic waste streams that would otherwise release methane to the environment as they decompose. These sources include, for example, landfills, wastewater treatment plants and food waste. RNG is produced by capturing that methane that would otherwise escape to the atmosphere and purifying it to make it very similar to conventional natural gas. Avista has recently entered into long-term purchase agreements to acquire RNG from the following projects on behalf of our customers:

- Richland, WA—projects producing 2.5 million annual therms of RNG (online late 2023)
- Waterloo, IA—project producing 2.6 million annual therms of RNG (online early 2024)
- Elberta, UT—project producing 1.6 million annual therms of RNG (online early 2024)

The total output of these RNG projects on an annual basis is an expected 6.7 million therms of renewable natural gas, which is equivalent to the annual amount of natural gas used by approximately 8,500 of our customers.



To learn about Avista’s voluntary RNG program for customers, visit our [Green Options Webpage](#).

As a downstream natural gas local distribution company (LDC), we do not have the ability to directly impact methane emissions from the upstream or midstream sectors of the natural gas industry. However, in addition to supporting the research and development of RNG, we are also engaging with natural gas producers and pipeline companies to advocate for their development of commitments and goals regarding methane reduction strategies. Likewise, Avista is a charter member of the EPA’s Methane Challenge designed to increase transparent reporting and actions to reduce methane emissions, and we participate in the AGA’s ESG and sustainability reporting template.

In addition, we are continuing our efforts to modernize our natural gas delivery systems and eliminate possible fugitive emissions of methane. We employ pipeline and distribution integrity management programs to measure, monitor and address risks to our natural gas infrastructure, including a replacement program for removing aging pipeline and a comprehensive leak survey program for identifying and

³ For additional information regarding Avista’s clean electricity goal, scenario constraints and assumptions, please refer to our [2023 Electric IRP](#) and our [Annual Report](#).

remediating natural gas pipeline leaks. Much of our fugitive methane emissions are the result of public excavation damages to our underground facilities by the public, rather than from our own operational processes. To combat this risk, we invest in public awareness safety and training campaigns within our communities to reduce the number of dig-ins and related impacts to our natural gas facilities.

Like Avista's Electric IRP, our Natural Gas IRP is refreshed every two years and shapes our natural gas procurement strategy, resulting in a Preferred Resource Strategy to meet system energy demand and emissions compliance legislation over the next twenty years. This PRS addresses the resources available to meet our customers' natural gas needs and how we will meet emissions compliance in Washington and Oregon.

Both the Oregon Climate Protection Program and the Washington Climate Commitment Act require Avista to meet emissions requirements, which are reflected in the PRS for each state. The current natural gas IRP demonstrates that Avista can meet expected state loads, including in Idaho where customer growth is highest in step with a low carbon transition. This PRS is an important step to ensure that Avista continues delivering affordable and reliable natural gas service to our customers in compliance with state carbon reduction requirements, and it also aligns with and supports our own aspirational natural gas goal.

As with reductions in emissions associated with our aspirational clean electricity goal, reaching our aspirational natural gas goal will require further improvements in costs, technology, and reliability associated with renewable fuels and hydrogen. If these required improvements are not realized or not affordable in the future, we may not meet our aspirational goal in the desired timeframe. Meeting our natural gas goal may also require accommodation from regulatory agencies insofar as we may need to acquire carbon offsets to meet our aspirational goal.

With the growing emphasis on climate change and demands for action, we are witnessing numerous, and at times, competing measures arising from consumer advocacy groups, environmental groups, federal, state, and local government positions and legislative actions that may affect Avista, and the energy process paid by our customers. Through active monitoring and engagement of these emerging issues, we seek to best represent our stakeholders' interests to ensure that proposed solutions do not adversely impact one stakeholder for the benefit of another or result in required actions that do not represent cost effective solutions for our customers.

Multiple departments within Avista actively work to mitigate risks and pursue opportunities related to climate change and

the transition towards a low carbon future. Climate change adds uncertainty to existing risks that we have historically managed and mitigated. Government Relations, Regulatory Affairs, Environmental Affairs, Energy Supply and other departments monitor policy and regulatory developments that may relate to climate change to engage these efforts constructively and prepare for compliance matters.

Through these efforts, we work to represent the interests of our customers and communities through collaborative and respectful interactions with stakeholders during these important climate policy development discussions. This is especially important when proposed measures have a direct bearing on future costs of our customers' energy. We want all parties to understand and recognize the economic realities facing our customers and communities when considering new mandates, rules or laws intended to address climate change-related risks.

Since 1995, we have been promoting energy efficiency and conservation programs to our natural gas customers. These programs provide economically feasible strategies to reduce customers' usage of natural gas. With just over 12 million cumulative therms of natural gas consumption avoided through energy efficiency measures in the past decade, our customers are not only benefiting from lower energy usage, but we have also avoided the greenhouse gas emissions associated with these natural gas therms as well.

For our electrical customers, we began offering energy efficiency and conservation programs beginning in 1978. These programs provide cost effective strategies to reduce customers' usage within the prevailing market and economic conditions. Currently, approximately 155 aMW of electric energy efficiency is benefiting our customers, representing nearly 11.2% of our 2022 electric load requirements. Put simply, we are avoiding the greenhouse gas emissions associated with these 155 aMW of electric generation due to the energy efficiency and conservation actions of our electrical customers.

Cumulative reductions in natural gas conservation over the past 10 years equals more than the annual natural gas usage for 16,000 of our customer homes.

Cumulative reductions in electricity conservation over the past 10 years equals more than the annual electricity usage for 65,000 of our customer homes.

Technology Risk

The threat of long-term global climate changes and the potential impacts of such changes is requiring the development of new technologies and capabilities to support and enable the energy industry's transition to a lower carbon future. While new technologies and related products and services will be key to the fulfillment of long-term zero emission goals, technology risks also present shorter-term risks. Among these are the potential for unsuccessful adoption of emerging technologies, high costs of research, development and implementation, and failure to adopt and deploy in an efficient manner new practices and processes to leverage new technologies. Due to these risks and the nature of the utility industry's reliance on technology to support a lower carbon future, the Company is working to address these technology risks through the following measures:

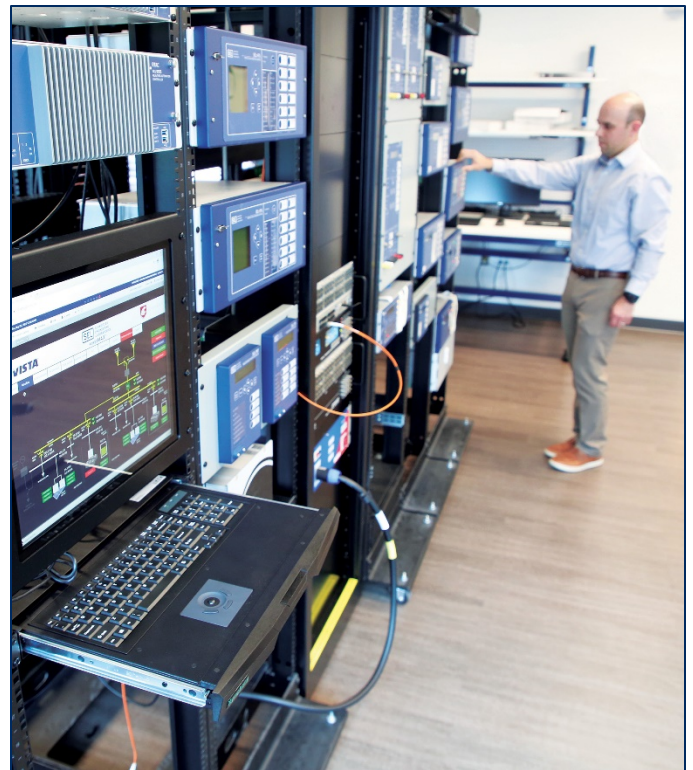
Avista has long been on the forefront of clean energy and innovation. Some of our past innovation and business development efforts include the creation of companies like Itron, Ecova (now Engie Impact) and Relion that all play a role in developing, supporting and implementing clean energy, increasing energy efficiencies and contributing to lower GHG emissions. The Company has also been actively involved in smart grid initiatives and partnerships with third parties to research, develop and innovate the grid of the future.

Collaboration and innovation are key strategies that we employ in order to increase insights, domain expertise, cost efficiencies and product and service opportunities across a broad range of organizations. Avista partners with similarly oriented organizations who are poised to tackle the challenges of developing the digital and intelligible grid of the future. This includes leveraging federal and state grants for smart grid projects, involvement in industry initiatives, exploration of third-party technologies, and partnerships with local universities and national research labs in a continuous effort to learn, adapt and prepare for future technological innovations.

We set out to create "the five smartest blocks in the world" by creating a place to partner with others to reimagine our energy future, and advance energy innovation. The resulting [Eco-District](#), anchored by the Scott Morris Center for Energy Innovation and the Catalyst building, are intended to show the utility industry – and the world – what is possible. Most buildings are constructed one at a time, each with a dedicated heating and cooling system and their own connection to the grid. But Avista and partner McKinstry are testing a new shared energy model, called an Eco-District, where a centralized heating, cooling and electrical system can serve the energy needs of a group of buildings.

The heart of the Eco-District is the central power plant located in the Scott Morris Center for Energy Innovation building. This building also includes onsite solar panels, battery and thermal storage, plus thousands of sensors throughout the buildings to

track its conditions in real-time. Located within the Morris Center, Avista's Energy Innovation Lab is using a real-time grid simulator to help us fast-track the pace of innovation and accelerate our ability to test new ideas and deploy them with confidence at utility-scale. Innovations like these maintain Avista's reputation as an industry thought leader.



The adjacent Catalyst building, and the Morris Center have been designed from the ground up to interact with each other. They "talk" to each other and with the energy grid. When building operators and utilities share information, they can actively manage energy to maximize the building efficiency and make the best use of the grid—all while keeping the building's occupants comfortable.

The Eco-District acts as a living laboratory, where we can test ideas and gain insights that can help Avista provide reliable, clean and affordable energy for our customers. For example, at night, when energy usage is low, the Eco-District can pull energy from the grid to recharge onsite batteries and thermal storage tanks at times when there is excess grid capacity. This energy is stored and used to operate the building when energy demand is high. Such flexibility lets the utility make the best use of the existing grid.

Ultimately, the Eco-District will enable us to innovate about how best to share energy. What we learn could not only shape how the grid of the future will operate, but also may provide a transformative new model for the entire utility industry. This effort demonstrates Avista’s commitment to investing in bold ideas, new technologies and innovative partnerships to leverage the grid in new ways for a more sustainable energy future.

Located in Spokane’s University District, [Urbanova’s](#) smart city projects harness data to gain insights, empower people and solve urban challenges in new ways—all with the goal of enabling healthier citizens, safer neighborhoods, smarter energy infrastructure, and a stronger and more sustainable economy. Together we are developing a living laboratory where companies and other innovators are working on smart city solutions.

Current projects include an energy equity and environmental justice project, an innovative shared energy model that uses a centralized heating, cooling and electricals system to serve the energy needs of multiple buildings, and a project to strengthen Avista’s data sharing platform for increased partner agility and collaboration, among others.

Another active project includes the Connected Communities demonstration project in Spokane, funded in part by a \$6.65 million grant from the US Department of Energy. In partnership with Urbanova, Avista, Edo, McKinstry and Pacific Northwest National Laboratory, the project is designed to demonstrate an innovative model to meet regional and local grid needs. By utilizing a mix of grid-interactive efficient buildings, energy efficiency programs and distributed energy resources, such as solar photovoltaics and battery storage, the program is focusing on when energy is used and how to better utilize the existing grid, to defer major capital investments and make energy more affordable. The lessons learned from the demonstration project will be published to help other communities scale up and replicate the project design.

Completed in 2020, our Shared Energy Economy Model Pilot evaluated the integration of energy assets—from rooftop solar

and battery storage to building energy management systems—that can be shared and used for multiple purposes. We were successfully able to examine how we, our customers and communities, can create a shared energy economy model by demonstrating that the electric grid can become more reliable, efficient, resilient and flexible.

Avista and McKinstry launched [EDO](#), a joint venture combining more than two hundred years of expertise to deliver on the promise of grid-integrated buildings. With commercial customers usually paying higher rates than residential customers, and commercial buildings consuming significantly more energy, there are many opportunities to optimize facility performance, increase energy efficiency and save costs. By analyzing facility operational and grid data together, Edo looks deliver support and technology solutions needed to create a synchronized, optimized platform that spans both sides of the meter.



By understanding and demonstrating how commercial buildings can operate more efficiently in tandem with the grid, it unlocks the possibility of saving energy and costs for owners and may help utilities to relieve stress on distribution feeders and substations, leverage distributed energy and storage resources and become a grid-flexible asset.

Energy efficiency and grid-flexible assets are key to decarbonizing our electricity system and reducing our collective greenhouse gas emissions. Edo’s partnership model aims to foster rapid innovation towards the grid of the future, creating an energy system that is reliable, equitable and carbon-free. This is just another example of how Avista is working to grow our business, leverage our history of innovation and enable our clean energy commitments.

Collaboration is a key strategy that we employ to leverage the experience and technical expertise across a broader range of companies. Illustrative of this approach is our partnerships with [Energy Impact Partners](#) (EIP) and [Energy Capital Ventures](#) (ECV) to further develop leading-edge energy solutions.

EIP seeks to bring the best companies, experiences and vision in the energy industry to tackle the issues around our emerging energy landscape. Key focus areas include energy efficiency, sustainable generation, energy storage, connected devices, big data and software solutions, and energy management.

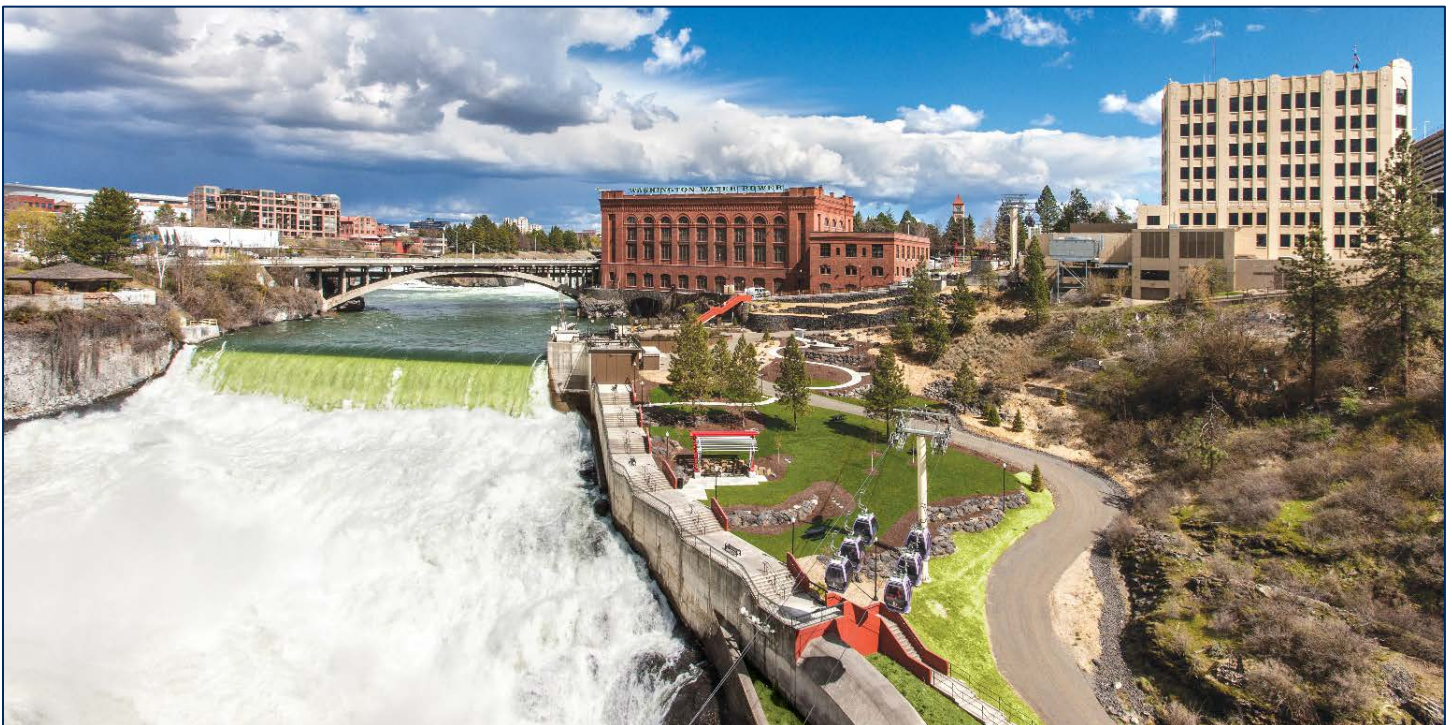
In working with EIP and their coalition of other progressive utilities, we help keep innovation at the core of our business as we continue to develop technology advancements with the goals of increasing energy efficiency for our customers and communities and reducing emissions as we transition to a lower carbon future. EIP is focused on achieving the largest possible near-term environmental impact by identifying innovative solutions that can be immediately adopted within their utility partners' operations to drive progress and enable other industries to accelerate decarbonization.

EIP is also committed to driving transparency, inclusion and collaboration throughout the venture capital industry in

addition to accelerating the clean energy transition. In their fifth annual Impact and ESG Performance Report, EIP discloses the impact of its strategic investment partners, including Avista, and their collective impacts within the utility industry and overall US economy-sector carbon reductions.

Launched in 2021, Energy Capital Ventures is an early-stage venture fund focusing on the sustainability and resiliency of the natural gas industry. As a founding strategic limited partner, Avista is supporting and enabling the innovation of other companies that could bring new technologies to market to help advance low carbon solutions for our energy industry.

ECV invests in companies and technologies that advance the sustainability and resiliency of natural gas by advancing carbon-cutting priorities such as renewable natural gas, hydrogen, methane capture and detection, carbon capture and sequestration, decarbonization, energy efficiency, advanced gas infrastructure, heat pumps, and the utility of the future, among others. Our collaborative partnership and investments with ECV and their partners further reinforce our ongoing commitments to support and enable emerging clean technologies on the natural gas side of our business as well. Together, we can move forward toward the clean energy future we all want.



Reputation Risk

The electric and natural gas industries are at the forefront of long-term global climate change discussions, and our stakeholders collectively share a common desire to move towards a lower carbon future. During this societal transition, there are potential risks related to our reputation and how we engage and manage our stakeholder relationships on these critical climate change-related issues. The Company is addressing these reputational risks through the following measures:

Avista is committed to conducting our business ethically and being transparent about our actions to our stakeholders. We know that our work directly empowers our customers to live their lives to the fullest. As such, we carefully consider how our business intersects with our customers and communities especially on key issues such as climate change. We are committed to working together with our customers, communities and regulators to address the challenging issues of climate change, and aid in the transition to a lower carbon future in ways that make technological, environmental, economic and equitable sense for our customers and communities.

In recognition of these commitments, Avista has been recognized by [Ethisphere](#), a global leader in defining and advancing the standards of ethical business practices, as one of the World's Most Ethical Companies for the past four years. Our actions are mission-driven and values-based, with a commitment to achieving our organizational goals in ways that deliver value for our stakeholders. We are honored to receive this recognition, which demonstrates the leadership of our employees and Avista's commitment to an ethical corporate culture built on trust, collaboration and innovation.



As previously discussed under the Policy, Legal and Market Risks section, we continue to face numerous and, at times, competing climate change-related measures arising from consumer advocacy groups, environmental groups, federal, state, and local government positions and legislative actions that may affect Avista, and the energy prices paid by our customers. We engage with our various stakeholders to

understand their positions and to better represent their interests. Through the Company's collaborative engagement, we hope to ensure that all parties understand and recognize the economic realities facing our customers and communities when considering new mandates, rules or laws intended to address climate change-related risks.

Our clean energy goals are clear commitments through which we are responding to our stakeholders' interests around climate change. Both our electric and natural gas clean energy goals are supported and enabled through the Company's IRP processes which are stakeholder driven and consider these interests. The development and execution of our IRPs is a public process which includes Company personnel, customers, consumer advocates, academics, utility peers, government agencies, environmental groups, public utility commission staff and other interested parties. This large and diverse stakeholder engagement forum facilitates the exchange of ideas and discussion of relevant issues and risks. Our state regulators ensure that environmental impacts, compliance requirements and laws, reliability, conservation, efficiency and costs, among other issues, are properly factored into the IRP processes to support the interests of all stakeholders.

To further understand the perspectives and needs of those who rely on us, Avista proactively engages with our stakeholders through a variety of communication methods, partnerships, committees and recurring meetings, research and surveys, and by monitoring emerging initiatives and regulatory proceedings. Our Government Relations, Regulatory Affairs, American Indian Relations, Environmental Affairs, Regional Business Managers, Corporate Communications, and Local Area Managers consistently engage with our stakeholders on a variety of local issues and broader issues such as climate change.

We recognize that the transition to a cleaner energy future may benefit or inadvertently harm customers disproportionately depending on certain factors such as where they live, their primary language or their level of income. To aid in the identification and understanding of these potential barriers and how best to implement programs equitably, Avista established an [Equity Advisory Group](#) (EAG). It is comprised of Company representatives, customers,

community members, environmental justice and public health advocates, regional American Indian Tribes, highly impacted communities, vulnerable populations and other interested external parties.

Through ongoing stakeholder engagement, the EAG has identified a group of Named Communities in our Washington service territories, which are comprised of highly impacted communities and our most vulnerable populations, which are impacted by adverse socioeconomic conditions as well as those who experience a disproportionate cumulative risk of environmental burdens.

To ensure that we are successfully engaging with customers in our Named Communities, we implemented a Public Participation Plan that identified engagement barriers such as language, visual or audio impairment, and virtual technology constraints, among others, and corresponding strategies to mitigate these barriers to effective stakeholder engagement. The EAG is currently working on projects and programs designed to positively impact these communities through the Named Communities Investment Fund as we continue our transition to an even cleaner utility.

Avista's Named Communities Investment Fund (NCIF) is comprised of an annual \$5 million fund dedicated to the equitable distribution of energy and non-energy benefits and reduction in burdens to our Named Communities. The fund is part of Avista's compliance with Washington State's Clean Energy Implementation Plan requirements. The fund is designed to be implemented in the following allocations within our Named Communities:

- 40% or up to \$2.0 million: Supplement and support energy efficiency efforts.
- 20% or up to \$1.0 million: Investments in distribution resiliency efforts.
- 20% or up to \$1.0 million: Incentives or grants to develop projects by local third parties.
- 10% or up to \$500,000: Used for newly developed targeted outreach and engagement efforts.
- 10% or up to \$500,000: Used for other projects, programs, or initiatives.

Avista's EAG is also used to ensure a consistent equity focus in other areas of the Company by coordinating with existing Company advisory groups who similarly incorporate an equity component to their objectives. Our Energy Efficiency Advisory Group and Energy Assistance Advisory Group are also comprised of internal and external representatives including customers, community members and agencies, regulators and

other interested parties seeking to ensure that their programs and offerings are equitable and accessible to our low-income customers.

In addition, the [Company's Transportation Electrification Plan](#) details our engagement with local service organizations and community leaders to providing electric transportation to disadvantaged communities and low-income customers. An aspirational goal of up to 30% of overall electric transportation program funding will be targeted for community organizations serving the disadvantaged, through a collaborative process and competitive proposal selections. Avista will also provide additional electric vehicle charging installation assistance for community centers and public libraries, low-income rural towns, multi-unit dwellings, and residential customers receiving bill assistance.





Avista places customers at the center of its operations, and we take responsibility for meeting both our customers’ expectations and our own service standards. To uphold this commitment, we have established clear customer satisfaction goals through our Service Quality Measures (SQM) program. The SQM program sets targets for customer service, operational response times, and system reliability, among other key factors.

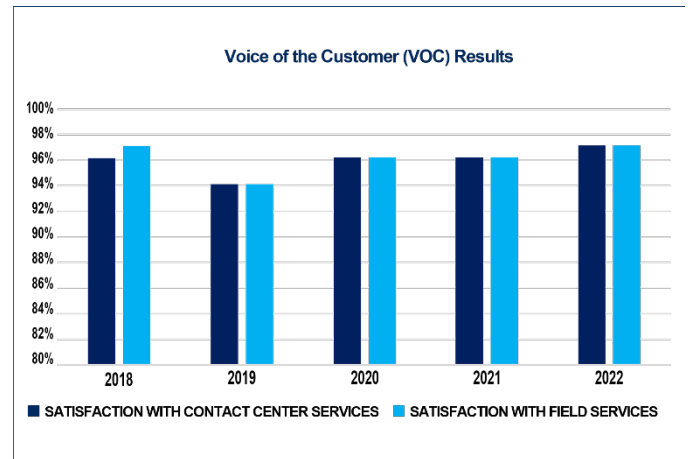
We track these goals using metrics and internal processes, enabling our employees to strive towards achieving these ambitious objectives. If we fall short, we may face financial penalties, which we then pay to our customers in the form of bill credits. Annually, we provide our Washington and Idaho customers with a comprehensive SQM report card, detailing the outcomes of our efforts to emphasize our ongoing commitments to customer satisfaction.

Avista also monitors a crucial customer satisfaction metric known as the Voice of the Customer (VOC). The VOC is a survey administered by a third-party vendor to gauge customer satisfaction levels following their interactions with us. Customers are asked to rate various customer service attributes, including hold wait times, courteousness and knowledge, and service resolution. We carefully assess these ratings to identify areas for improvement and customer comments, as they often provide valuable insights for enhancing our products and services. We take immense pride in achieving remarkable results, as our VOC satisfaction ratings have consistently surpassed 90% for the past 23 years.

The [Avista Foundation](#) serves as our primary charitable organization. Through active collaboration and engagement with our local and regional stakeholders, the Avista Foundation identifies opportunities and provides grants for community vitality, education, health and human services, arts and culture, and youth organizations and programs. Our vision for giving back means that we are investing in organizations and causes in ways that can be transformational and have long-lasting impact for our stakeholders by reinvesting in the communities we serve. Our community investments are made through corporate and foundation donations and are never included in customer rates. Rather, we give back a portion of the profits that we are allowed to earn from our state utility commissions. We believe that bringing value to our customers, communities and attaining our business goals go hand-in-hand.

During 2022, the Avista Foundation provided grants totaling just over \$2.0 million while Avista Corporation provided an additional \$724,000. These charitable grants were awarded to local community organizations throughout our service territories for community vitality, education, health and human services, arts and culture, and youth organizations and programs.

2022 Service Quality Measures (SQM) for Washington			
Customer Service Measures	Benchmark	Performance	Achieved
Percent of customers satisfied with our Contact Center services, based on survey results	At least 90%	97%	YES
Percent of customers satisfied with field services, based on survey results	At least 90%	97%	YES
Number of complaints to the WUTC per 1,000 customers	Less than 0.40	0.05	YES
Percent of calls answered live within 60 seconds by our Contact Center	At least 80%	81%	YES
Average time from customer call to arrival of field technicians in response to electric system emergencies	No more than 80 minutes	52 minutes	YES
Average time from customer call to arrival of field technicians in response to natural gas system emergencies	No more than 55 minutes	48 minutes	YES



Physical Risks

Acute Physical Risks

Climate change may increase the frequency of severe weather events, including wildfires, windstorms, snow and ice storms and flooding, which could disrupt and damage the Company's infrastructure used in energy generation, transmission and distribution operations. Due to the geography of our service territories, the location of our infrastructure and the historic impact of severe weather events on our utility operations, the Company is addressing these risks through the following measures:

For over 130 years, we have held ourselves accountable to providing outstanding service and reliability, especially when faced with severe weather events. Avista has developed and implemented numerous operational and storm response procedures to mitigate the impact of these events on our infrastructure, customers and communities.

We actively monitor weather alerts, storm warnings and other unfolding emergency events and proactively communicate with customers regarding the potential for service disruption, how to stay safe and how to contact local community support services. We also provide customers with tips about preparing for a potential service interruption as well as various communication channels to keep our customers informed on restoration efforts and estimated times for service restoration.

Avista has implemented Emergency Operating Plans (EOPs), Emergency Action Plans (EAPs), and an Enterprise Business Continuity Program (EBCP) to respond to varying types of severe weather or natural disasters that may impact our operations, including avalanches, windstorms, wildfires, earthquakes, extreme temperature events, snow and ice storms. These EOPs, EAPs and EBCP are focused on responding to the initial emergency, minimizing potential dangers to people, property and the environment, and stabilizing the situation until normal operating conditions can resume. These plans are regularly exercised internally and in conjunction with local emergency responders and peer utilities. In support of these plans, and to ensure proper coordination with local emergency responders, Avista utilizes the Incident Command System (ICS) as the means by which all emergencies are managed.

Company departments that provide essential services as part of our operations have developed Emergency Operating Plans. These EOPs are designed to enable us to successfully respond to an emergency or severe service disruption, resuming operations in a timely and orderly fashion. Emergency response activities are focused on responding to the initial event and subsequent impacts to prevent further damage to life, property, and the environment, and to stabilize the situation by activating recovery and back-up process and procedures.

While the probability of structural emergency at one of our hydroelectric facilities is remote, we have developed Emergency Action Plans to help ensure public safety under the terms of our operating licenses. These EAPs are designed to minimize potential dangers to people and property downstream of our hydroelectric dams. Based on computer simulations, the EAPs provide guidelines for notification and early warning systems in the event of an actual or potential structural emergency at one of our dams. Our EAPs are evaluated annually, inspected by the Federal Energy Regulatory Commission, and regularly exercised with local first responders and other local community members.



Avista’s Enterprise Business Continuity Program facilitates emergency response, business continuity, and disaster recovery activities simultaneously across multiple departments in response to any scope of disruption to normal business operations. The purpose of the EBCP is to provide an all-hazards framework for crisis communications, emergency response, business continuity, and disaster recovery activities in response to a man-made or natural event, and, when necessary, specific communications and operational procedures for implementing certain emergency response activities. It serves as the governing structure for the coordination of Avista’s EOPs during an emergency response situation, using the Incident Command Structure for enhanced coordination, planning and response execution. Business continuity and disaster recovery activities occur concurrently with the emergency response activities of the EOPs and are focused on sustaining Avista’s essential business processes. Our EBCP ensures that emergency response activities occur in a coordinated and timely fashion, maximizing resources and reducing further disruption to normal business operations.

The Company also participates in the utility industry’s long-standing tradition of mutual aid assistance with other regional and national utilities. Following an event with significant outages, Avista will receive aid from participating utilities in order to supplement resources and speed recovery efforts. Mutual assistance is a cornerstone of utility operations during emergencies and an essential part of our industry’s emergency contingency planning. In addition to our mutual aid partnerships, we may further supplement our resources through existing agreements with utility service contractors.

The Company continues to expand its safeguards for preventing, mitigating and reducing the impact of wildfires through our [Wildfire Resiliency Plan](#). Western utilities and communities are facing increased frequency and size of wildfires due to the effects of climate change. And at the same time, we are witnessing residential developments expand into forested areas and other high fire-risk locations.

Avista’s Wildfire Resiliency Plan seeks to mitigate the probability of wildfires and their related impacts on our customers and communities through the expansion of our current safeguards for preventing, mitigating, and reducing the impact of wildfires. This 10-year Wildfire Resiliency Plan emphasizes grid hardening, vegetation management, situational awareness, partnerships with emergency providers and fire agencies, and providing helpful resources and information to protect property and prevent wildfires.

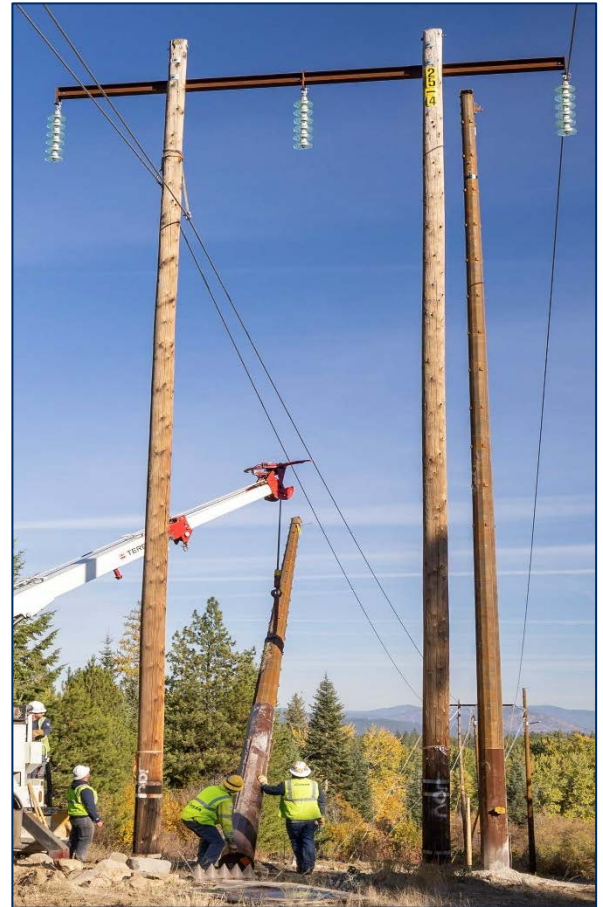
Current elements of our Wildfire Resiliency Plan include:

- **Grid Hardening** — Replace and/or strengthen electric transmission and distribution infrastructure in high fire threat districts to protect infrastructure from possible damage and to reduce the likelihood of spark-ignition sources.
- **Vegetation Management** — Elevate our management of fire-prone areas, especially near densely population locations, to further reduce the possibility of contact between vegetation and power lines.
- **Situational Awareness** — Improve operational decisions by increasing our ability to assess and react to potential fire risks.
- **Operations and Emergency Response** — Decrease the potential for wildfires by instigating operational changes when re-energizing power lines that trip offline in rural and or forested areas during high fire threat conditions.
- **Worker and Public Safety** — Increase overall safety by creating partnerships with emergency first responders and fire agencies to share wildfire responsibilities, knowledge, training, and best practices.



The design, construction, operation, inspection and maintenance of our utility infrastructure are subject to regulatory safety and reliability requirements. The use and application of new and emerging design standards and construction materials contribute to the reliability of our systems and internal grid hardening programs such as replacing wooden transmission poles with steel poles improve their ability to withstand higher winds and other extreme weather events. The Company also implements asset maintenance and management programs, including a robust vegetation management program, and employs physical and cyber security protection measures to guard against intrusions and potential disruptions to the energy grid.

For over a decade, Avista has been implementing numerous smart grid technologies that not only aid our customers in offering additional products and services, but also enhance the reliability of our electrical system. Our distribution management system actively manages energy conservation, monitors our electrical distribution system and can autonomously manage certain outage restoration processes through self-healing configurations. Our Advance Metering Infrastructure (smart meters) further enhances operational efficiencies and improved outage detection and restoration through active two-way communications between the utility and the customer meter.



Chronic Physical Risks

Increasing temperatures, changing precipitation patterns, prolonged drought conditions, and other climate-related weather changes may impact customer demand, water availability, hydroelectric operations and cost of generation among other business activities, as well as the cost and availability of energy in the wholesale market. While some chronic physical risks, such as rising sea levels, may not pose a risk to our utility operations, others may impact our operations in the future, and the Company addresses these potential risks through the following measures:

Avista manages access to water for its operations, both for the generation of electricity and other operational uses in the course of its business, by securing necessary water rights. The Company's service territories and generating plants are all located in states which recognize water rights through prior appropriation, and we currently have water rights secured for our existing generation portfolio and other operational needs.

The majority of our non-generation consumptive water use is associated with office locations within municipalities that

provide water service as a local utility. Going forward, we will continue to partner with our local and state agencies in complying with our existing water rights and, if necessary, to acquire additional water rights as needed.

Avista's aspirational clean electricity goal emphasize our continued transition from thermal generation resources toward additional renewable resources to enhance our renewable generation portfolio—a portfolio that is already comprised of 59% renewable generation. Thermal generation

resources fueled by coal and natural gas traditionally rely on large amounts of water for cooling plant equipment and powering steam turbines for electricity production.

With the Company's exit from Colstrip Units 3 & 4 at the end of 2025, which represents Avista's only coal-fired generating resource, we remain on track to significantly reduce both our greenhouse gas (GHG) emissions and consumptive water use. In 2022, Colstrip Units 3 & 4 generation accounted for 65% of our Scope 1 GHG emissions from Company owned electrical generation, which is our largest source of GHG emissions. Similarly, in 2022, Colstrip Units 3 & 4 accounted for 90% of our consumptive water use from Company owned electrical generation. The Colstrip plant is a zero-discharge plant, meaning that water used for operations is recycled and reused until it is ultimately lost through evaporation. In addition, the Colstrip plant finished converting to a dry ash storage system in 2022. Please refer to Chapter 3 of the Company's [2023 Electric IRP](#) for additional details.

Currently, none of Avista's facilities or generating plants are in areas listed as High or Extremely High Baseline Water Stress by the World Resources Institute's (WRI) Water Risk Atlas Tool, Aqueduct. The Company's hydroelectric plants are located within two different water basins, along the Clark Fork River in northwestern Montana and northern Idaho and along the Spokane River in northern Idaho and eastern Washington. Neither river system is expected to experience significant water stress in the foreseeable future, especially compared to other river systems located in southwestern regions of the United States. Our hydro resources benefit from a



combination of higher-altitude snowpack and upstream reservoirs.

In addition, the Company employs Hydro Operations Engineers to monitor and forecast water availability for our hydroelectric plants to optimize generation performance. By tracking and modeling weather forecasts, measuring precipitation and snowpack levels and assessing river flow conditions, an inventory of available water and a generation schedule is produced to optimize the production of electricity from our hydroelectric plants. Furthermore, our FERC operating licenses and related agreements governing hydro operations provide significant operational flexibility for Avista's hydroelectric resources.

Current regional climate modeling, with significant uncertainty, predicts slight increases in overall precipitation for our region going forward, although with earlier runoff and the possibility of reduced summer precipitation. To further understand increasing regional temperatures as part of our 2023 electric IRP planning processes, Avista incorporated climate scenario modeling to determine the effects to our generation portfolio due to changing customer loads and hydroelectric profiles. In particular, anticipated climate change impacts to our hydroelectric production levels as a result of changes in streamflow and precipitation patterns were examined.

The climate analysis was based on data developed for the Columbia River Basin by the River Management Joint Operating Committee (RMJOC) comprised of the Bonneville Power Administration (BPA), United States Army Corps of Engineers, and United States Bureau of Reclamation. The RMJOC, in conjunction with the University of Washington and Oregon State University, completed two studies, one in 2018 and another in 2020, utilizing downscaled global climate models (GCMs), hydrology and reservoir operation models to predict monthly river flows for the period 2020-2100 for locations throughout the Columbia River Basin, including all Avista's hydroelectric facility locations.

Embedded within the climate analysis was the Intergovernmental Panel on Climate Change's (IPCC) representative concentration pathways (RCP) 4.5 and 6.0 intermediate scenarios of global GHG emission reductions and resulting global mean surface temperature increases. Avista selected the modeling results based on RCP 4.5. The intermediate modeling results of RCP 6.0 are similar to and within the modeling boundaries of RCP 4.5 during the IRP planning horizon. The Company then utilized BPA's subset of modeling combinations, which represents a sufficient cross section of outcomes, to calculate monthly generation by utilizing a regression model relating flow to generation for

each Avista hydroelectric facility and from five contracted hydroelectric projects located on the Columbia River.

When comparing the differences between prior IRP modeling that used an 80-year historical hydro record to the current climate analysis, annual hydro generation is similar between the two as it is projected that warming temperatures will increase annual hydro generation. On a monthly basis there is an increase in hydro generation during the winter and early spring months and a decrease in the summer months. This is consistent with regional forecasts predicting an overall increase in annual precipitation with less snow fall and an earlier snow pack melt.⁴

In addition to impacting hydroelectric generation, warming temperatures will also impact electric demand. While the temperature forecast has a relatively small impact on annual load growth overall, it has a significant impact on the

distribution of electric load within the calendar year. The impact on load growth comes from the shift of load from winter to summer.⁵ It is expected that warming temperatures in our region will reduce electric heating load in the winter and correspondingly increase electric cooling load in the summer going forward.

The Company's 2023 Natural Gas IRP's temperature forecast also incorporated the climate analysis developed for the RMJOC. The temperature forecast is an important component for developing and understanding the natural gas demand forecast for long-term planning purposes. Regional warming temperatures will impact average natural gas customer demand yet maintain peak demand risk and require flexible resources to meet possible extreme cold temperature events. Overall, consistent with the Electric IRP results, there will be a gradual decline in the natural gas demand for heating-related purposes required in the winter going forward.⁶



⁴ Please see Chapter 4 of [Avista's 2023 Electric IRP](#) for additional information regarding impacts to hydroelectric generation.

⁵ Please see Chapter 2 of [Avista's 2023 Electric IRP](#) for additional information regarding impacts to electric load.

⁶ Please see Chapter 2 of [Avista's 2023 Natural Gas IRP](#) for additional information regarding impacts to natural gas demand.

Opportunities

Renewable Energy

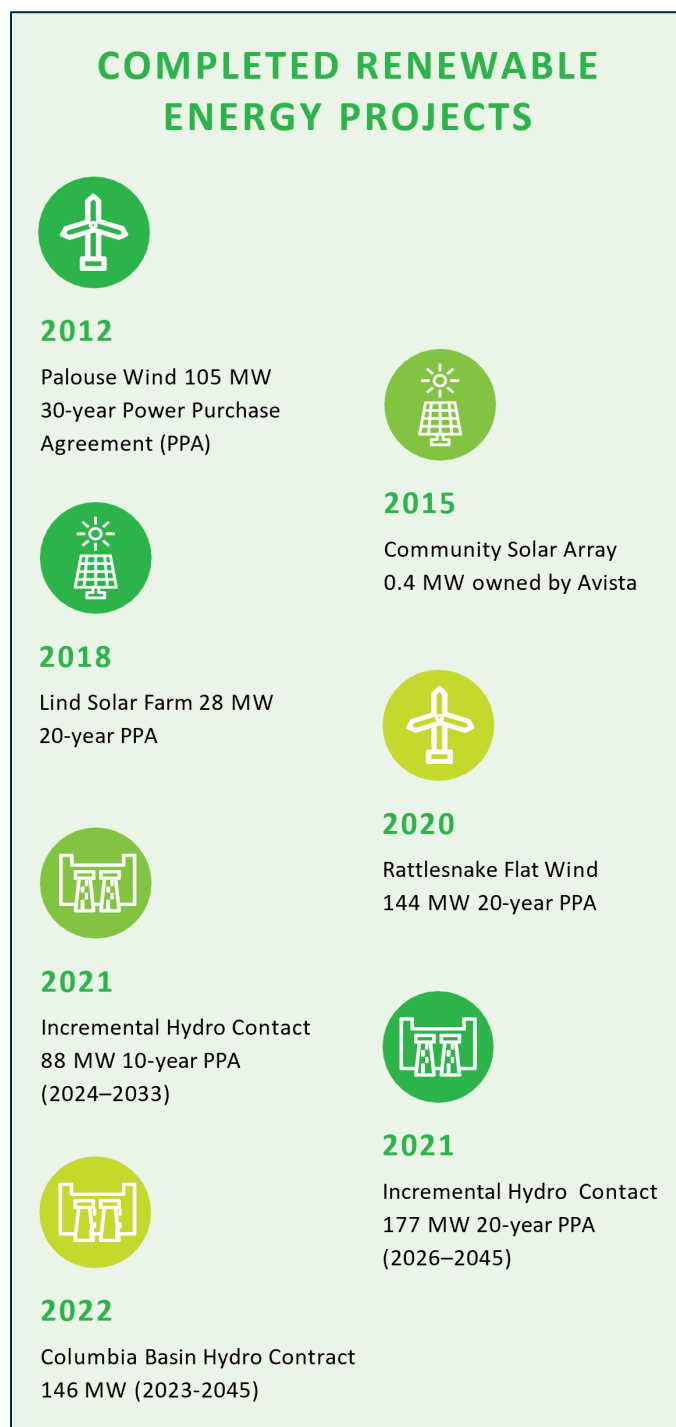
Since the Company's founding on renewable hydroelectric power in 1889, Avista has continued to increase the share of renewable energy in our generation portfolio. Our current electrical generation capability is comprised of 59% renewable energy that includes hydroelectric, biomass, solar and wind resources. As a comparison, the US electric industry's generation capability is comprised of only 22% renewable energy.⁷

Our existing hydroelectric generation is a flexible baseload energy resource that supports the integration and operational reliability of renewable energy generation. When the wind dies down and the sun does not shine as brightly, our hydroelectric generation can immediately ramp up to balance the dip in renewable generation, ensuring a smooth generation profile across our resource portfolio.

The costs and operational efficiencies of renewable energy resources have been improving steadily over the past several decades and this trend is expected to continue. In addition, renewable energy projects do not emit GHG emissions, are more geographically diverse, consume far less water, and may be sited in numerous different areas across our service territories as compared to traditional baseload thermal plants. These renewable energy characteristics lower the risks associated with acute and chronic physical climate change risks and aid in the transition to a lower carbon future that aligns with Avista's aspirational clean electricity goal and renewable energy strategy. Our electric IRP planning processes continue to validate the transition to renewable energy projects going forward.

Since 2012, Avista has implemented seven electric generating projects totaling 688.4 MWs of renewable energy on behalf of our customers. These projects include wind, solar and hydroelectric generating resources. Going forward over the next 10 years, we have identified an additional five projects totaling 517 MWs of renewable energy to be implemented as detailed in our current electric IRP and near-term PRS.⁸

To further aid in implementing our renewable energy strategy, Avista operates within the Western Energy Imbalance Market (EIM) operated by the California Independent System Operator (CAISO) in the western United States. The Western



⁷ U.S. Energy Information Administration 2022 US electric industry generation capability: Renewables 22%, Nuclear 18%, Coal 20%, Natural Gas 40% and Petroleum/Other 1%.

⁸ Please see Chapter 9 of [Avista's 2023 Electric IRP](#) for additional details regarding the Company's Preferred Resource Strategy.

EIM is a real-time energy balancing market that automatically uses the lowest-cost electric resources available over a large geographic area to meet utility customer needs while optimizing the use of renewable energy. Rebalancing supply and demand in real-time across a larger more diverse footprint allows for the efficient use of intermittent renewable energy resources while maintaining the reliability of the regional electrical grid. This allows all Western EIM participants to share generation resources and drives customer costs lower.

Avista is actively preparing for new opportunities and energy sources on the natural gas side of our business as well. In particular, RNG is being analyzed as a near-term supply resource for our natural gas local distribution company (LDC). The captured methane gas in RNG yields substantial greenhouse gas emissions savings and is considered a renewable energy resource. RNG may be used by boilers for heat, compressed natural gas vehicles for transportation or directly injected into natural gas distribution facilities for customer end use, as well as being used as fuel for power generation. Additionally, RNG increasingly becomes a cost-effective supply resource when located within our natural gas LDC area as this proximity reduces siting, infrastructure and transportation-related costs.

Avista has recently entered into three long-term purchase agreements to acquire RNG on behalf of our customers. The total output of these RNG projects on an annual basis is an expected 6.7 million therms of renewable natural gas, which is equivalent to the annual amount of natural gas used by approximately 8,500 of our customers.

Hydrogen is another opportunity and energy source with potential to help solve our future energy needs. While hydrogen remains a longer-term resource option for our natural gas LDC, expanding renewable electricity production to create green hydrogen is moving from concept to market throughout the world. Further, green hydrogen can be combined with a carbon dioxide source to produce methane, referred to as methanation, and then injected in natural gas distribution facilities for customer end use – a process known as power to gas. This process can also be used for seasonal energy storage needs.

Avista continues to analyze and prepare for these emerging opportunities on the natural gas side of our business. We view RNG and hydrogen as important components of our aspirational natural gas goal and corporate strategy moving forward.⁹ These emerging technologies will provide our customers with new environmentally friendly, low carbon fuel choices, delivered seamlessly through our existing natural gas system.

In light of growing customer demand for clean energy, Avista intends to continue to seek opportunities to incorporate renewable energy choices into our customers’ products and service offerings. The Company currently offers several voluntary renewable energy programs for our customers in order to provide simple, flexible and convenient opportunities to directly support the continued expansion and transition to clean, renewable energy.

Voluntary Customer Clean Energy Programs	
My Clean Energy	Customers may reduce their electricity-related carbon footprint by purchasing Renewable Energy Credits (RECs) from qualifying renewable energy facilities.
Renewable Natural Gas	Customers may reduce their natural gas-related carbon footprint by purchasing Renewable Natural Gas (RNG) blocks. This option combines the environmental attributes of renewable energy with the reliability of natural gas to meet the needs of our customers.
Solar Select	Offered to our commercial and industrial customers, the Solar Select program provides the opportunity to acquire the benefit of solar electricity and the associated RECs with no additional costs. This program is powered by a large solar array located in central Washington.
Onsite Generation	Resources, tools and net metering services offered to customers for onsite renewable energy projects. From initial evaluation, locating experienced installers and getting connected to our grid, Avista actively supports solar and other types of customer onsite renewable energy generation.

⁹ Please see Chapter 4 of Avista’s [2023 Natural Gas IRP](#) for additional information regarding RNG, Hydrogen and Synthetic Methane.

Energy Efficiency

As mentioned previously in this report, Avista believes that some of the most effective carbon reduction strategies that we can implement involve helping customers avoid energy usage in the first place. In the past decade alone, our customers have realized energy efficiency savings in excess of 700 million Kilowatt hours of electricity and just over 12 million therms of natural gas. Our current IRP planning processes on the electric and natural gas sides of our business both continue to identify long-term and increasing value in the Company’s offering of energy efficiency and demand response programs to our customers.

Currently, approximately 155 aMW of electric energy efficiency is benefiting our customers, representing nearly 11.2% of our 2022 electric load requirements. Put simply, we are avoiding the greenhouse gas emissions associated with these 155 aMW of electric generation due to the energy efficiency and conservation actions of our electrical customers. Based on our 2023 electric IRP preferred resource strategy,¹⁰ the Company expects an additional 85 aMW of electrical energy efficiency from our customers through 2045. In total, energy efficiency is anticipated to meet more than 27% of all future load growth.

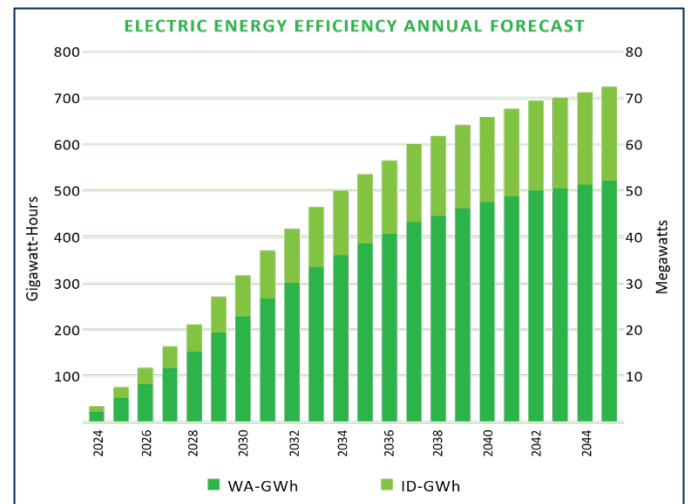
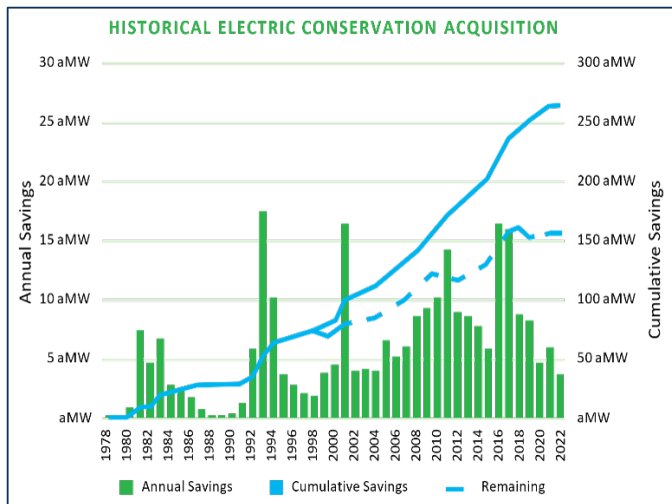
Furthermore, demand response (DR) programs are integral to Avista’s strategy of serving peak load requirements with non-emitting resources in the future as well. Avista’s current DR resources include commercial electric vehicle (EV) Time-of-Use (TOU) rates and one bilateral agreement with an industrial customer for 30 MW. This bilateral contract was executed in 2022 for a four-year term with provisions to extend another six-years. Additional DR resources are planned as pilots in

Washington State to begin in 2024 and include a TOU program, a Peak Time Rebate (PTR) program and a Direct Load Control (DLC) program for grid-enabled water heaters. By offering and piloting a variety of cost-effective DR program incentives and rate redesigns, Avista intends for demand response to be part of our strategy to meet peak customer load requirements.

On the natural gas side of our business, we anticipate a similar increase in energy efficiency opportunities to be realized in the future. Based on our 2023 natural gas IRP, the Company expects cumulative energy efficiency savings in excess of 54 million therms through 2042.¹¹ By the end of this 20-year timeframe, this represents approximately 10% of our baseline natural gas supply forecast for our customers being provided through energy efficiency.

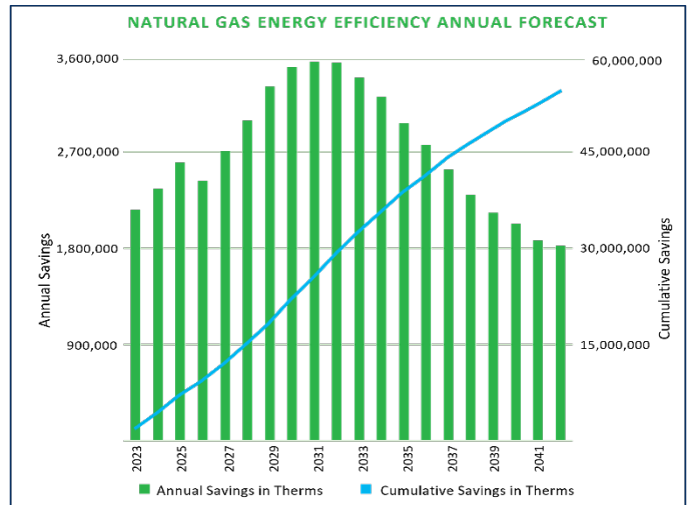
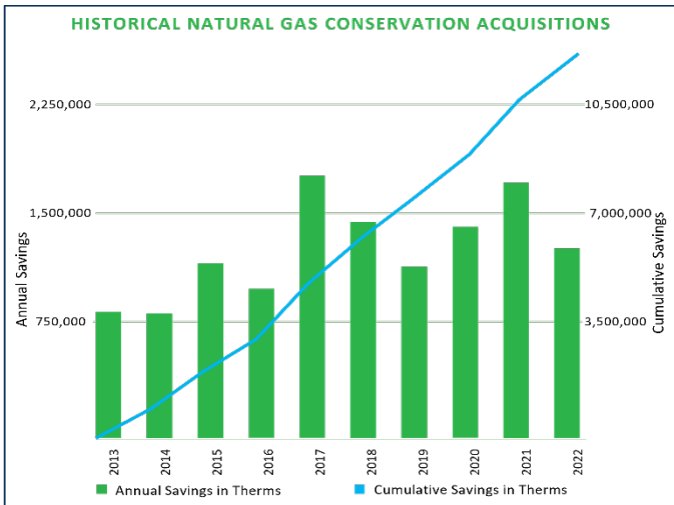
To support these energy efficiency programs from a revenue perspective, the Company has regulatory decoupling mechanisms in place with each of our state’s public utility commissions. Decoupling is designed to sever the link between reductions in customer energy usage due to abnormal weather, conservation or energy efficiency and Company revenue.

By continuing to offer our conventional energy efficiency and conservation programs and by leveraging new and emerging smart grid technologies for demand response programs that are anticipated on both the utility side and the customer side of the meter, the Company expects energy efficiency, conservation and DR opportunities to remain an important part of our transition to a lower carbon future.



¹⁰ Please see Chapter 5 of Avista’s [2023 Electric IRP](#) for additional details regarding opportunities for distributed energy resources.

¹¹ Please see Chapter 3 of Avista’s [2023 Natural Gas IRP](#) for additional details regarding our natural gas energy efficiency .



Electric Transportation

Whether moving people or goods, electric transportation powered by clean, affordable and renewable energy sources promises a better energy future. By mid-century, it is expected that a majority of transportation will be electrified. This will provide the Inland Northwest region and Avista customers with over \$1 billion annually in net transportation cost savings and eliminating more than 80% of greenhouse gases in the transportation sector that currently account for the largest source of emissions in our region.

Avista is committed to supporting electric transportation in a responsible way that provides benefits to all customers not just to those directly utilizing electric transportation, as detailed in our comprehensive [Transportation Electrification \(TE\) Plan](#). Building on what we learned from our initial EV pilot program carried out from 2016 through 2019, the TE Plan lays out a roadmap to achieve strategic objectives in a cost-effective manner, including the following programs and activities:

- Investments in public, workplace, fleet, and multi-family charging infrastructure
- Support for low-income communities and customers
- Education and outreach throughout our communities
- Commercial and public fleet electrification support including medium and heavy-duty applications
- Grid integration including time-of-use rates and load management programs

These programs were successfully launched in 2021 and continue to gain momentum as markets and technologies evolve, and with strong policy support at the local, state and federal levels. As of mid-year 2023, over 625 residential and 541 commercial charging ports are in service through Avista’s programs, as well as 16 DC fast charging ports, with high equipment reliability and customer satisfaction above 95%. A robust regional charging buildout is underway, with strong investments in historically underserved communities. Our partnerships with community-based organizations continue to grow as well, providing tailored electric transportation solutions that extend benefits to the communities served, in terms of cost reductions and new, clean transportation services.

The Company’s developed capabilities and infrastructure network represents the early foundation to achieve an accelerated transition to electric transportation in the years ahead, already providing over \$5.0 million in regional transportation savings and 15,000 avoided tons of CO2 emissions annually. Avista is committed to providing cost-effective solutions for electric transportation, working together with our industry partners, community leaders, regulators and customers, and to serve as a model at both a regional and national levels for utilities to realize the shared benefits of electric transportation for the customers and communities they serve

Recent regulatory approvals in Washington state have enabled commercial EV rates with time-of-use designs to encourage off-peak charging, accelerated fleet electrification and private

investments in public DC fast charging sites. Locally, we have witnessed the growing electrification of public transit and city fleets, electric forklift adoption and strong customer interest in workplace and residential charging.

The Company's current electric IRP estimates that there are approximately 3,900 residential light duty electric vehicles (LDEV) in the Avista service territory. By 2045, the Company is forecasting that the number of these residential LDEV will increase to 342,000, an annual growth rate of 23% between 2024 and 2045. This represents a LDEV penetration rate increase from 0.5% of residential customers in 2023 to just over 27% by 2045, which represents a total new load growth

of 123 aMW in 2045. Similarly, the medium duty electric vehicles (MDEV) penetration rate is forecasted to rise from near 0% of commercial vehicles in 2024 to just over 13% by 2045 for a total new load growth of 23 aMW in 2045.

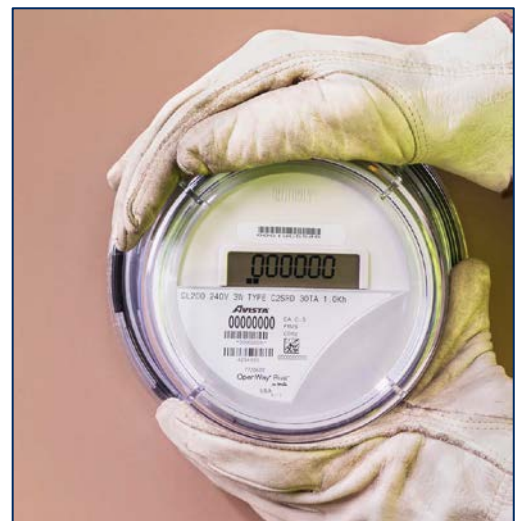
By working together with our industry partners, community leaders, regulators, and customers, Avista is well positioned to support and benefit from these electric transportation opportunities through increased electrical loads, billing revenue and a significant reduction of transportation related GHG emissions in our region.



Smart Grid

Avista is committed to taking advantage of opportunities associated with the emergence of the smart grid. We have long been an advocate for the development of a digital and intelligible grid which enhances the products and services our customers desire to continue our collective transition to a low carbon future.

The Company's Advanced Metering Infrastructure (smart meters) is an example of our enhanced product and service capabilities. Smart meters provide for two-way communication between Avista and our customers for operational efficiencies and improved customer usage information. This enhanced information will arm our



customers with a better understanding of their energy use in order to make informed decisions regarding how best to manage their energy consumption, reduce their own bills and help cut greenhouse gas emissions.

Likewise, smart meters provide a platform for accommodating new and emerging technologies in conjunction with the smart grid of the future. With smart meters and the smart grid, digital technologies are applied to every aspect of the industry, from generation, to transmission, to distribution, to the customer interface. This will enable the grid to sense current conditions in energy flow and improve reliability and energy efficiencies. The smart grid will also contribute to a more sustainable energy future by facilitating the integration of additional renewables, helping to reduce our region's carbon footprint.

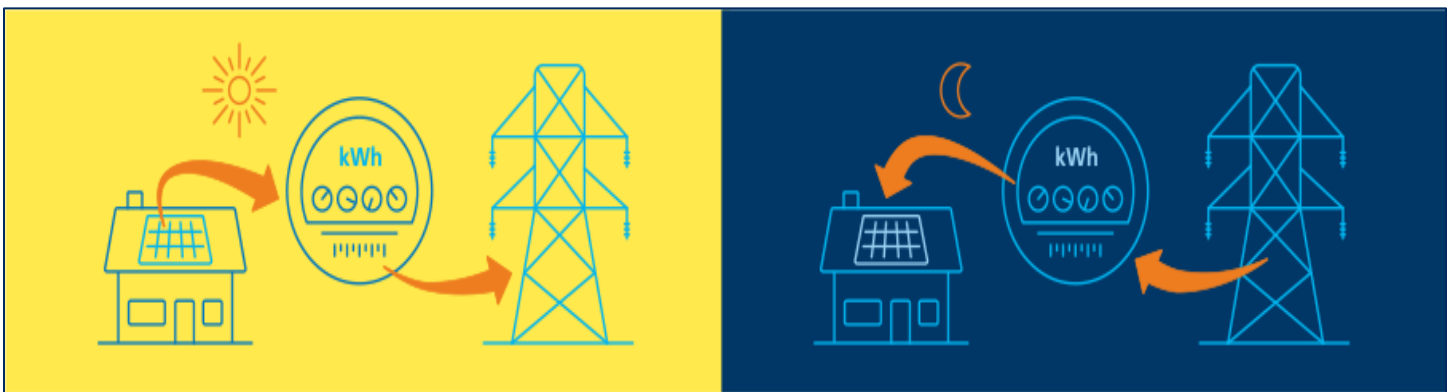
Avista is well positioned to leverage existing and emerging smart grid technologies in support of distributed energy resources such as energy efficiency, demand response programs and distributed generation resources such as roof-top solar and distributed energy storage. The Company's smart meters enable DR programs to be evaluated, piloted, and implemented for both our electric and natural gas customers. Many DR programs rely on two-way communications and operability on the customer side of the meter, something that traditional metering technology was not capable of.

Likewise, distributed energy resources (DERs) benefit from new smart grid technologies and capabilities by enabling distribution sized generation and storage projects at the

residential, commercial and community level. Avista has been actively preparing for the integration of these smaller scale projects through their smart grid demonstration projects and pilot programs over the past several decades. Such customer or distribution sized resources have gained traction as avenues to promote equitable outcomes to specific communities or to solve local energy supply issues. As part of the Company's current electric IRP, such DERs were included as resource options under the Named Community Investment Fund, including targeted energy efficiency efforts and distribution level solar throughout the IRP planning horizon.¹²

As previously discussed, Avista has been at the forefront of clean energy and innovation for quite some time. We have been actively involved in smart grid initiatives and partnerships with third parties to efficiently research, develop and innovate the smart grid of the future for the past several decades. Our Eco-District, Urbanova, EDO, EIM and Energy Capital Ventures partnerships and efforts are continuing to shape how shared energy resources may be used in the most efficient manner, among other opportunities.

These and other initiatives and partnerships all play a role in Avista's efforts to develop, support and implement the smart grid of the future that will enable additional clean energy opportunities, increasing energy efficiencies and additional products and services for our customers in pursuit of their clean energy demands.



¹² Please see Chapters 9 and 11 of [Avista's 2023 Electric IRP](#) for additional details regarding the Named Community Investment Fund.

Risk Management

Climate change-related risks are fundamental risks to our industry and have been shaping its evolution for an extended period, as witnessed by the shift from fossil fuel generation to renewables, growth in conservation and demand response, technological innovation for a smarter grid and additional products and services to our customers, as well as the advancing regulatory and policy frameworks supporting the transition to a lower carbon future.

Avista's management team utilizes an enterprise risk management (ERM) process throughout all levels of the organization to identify and assess all relevant business risks, including those related to the climate change. The ERM process supports management its efforts to identify, assess, quantify, manage and mitigate our risks. In addition to climate change-related risks, the Company also evaluates other sustainability and ESG factors in its integrated ERM processes as well due to the high degree of interrelationships between these subjects and our other business risks.

Avista's risk management department facilitates the collection and analysis of risk information across all areas of the Company through the application of their ERM framework methodology. This framework incorporates ERM design and process best practices from leading risk management organizations and standards, including the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's ERM process includes guidance to promote a consistent risk assessment process throughout all levels of the organization.

The Company's ERM process includes assessing each risk to determine time horizons, as well as the likelihood and severity of potential impacts to the Company. Each risk is evaluated for likelihood and severity across the same impact factors; financial, stakeholder, reliability, environmental, and safety. The ERM process also includes periodic reviews of potential future risks in addition to the current risks. Climate change-related risks are assessed using the same methodology as all other risks to which the Company is exposed.

Following the ERM risk identification and assessment processes, the risk management department reviews the business units' risk mitigation and monitoring activities. This risk management process also considers the risk appetite of the organization when determining the appropriate risk mitigation criteria, including whether to accept, avoid, transfer or reduce the potential impact of the risk to the Company.

The business is responsible for implementing and ensuring that the appropriate risk mitigation activities are being executed as designed. Regular reviews and assessments of risk mitigation effectiveness occur through ongoing ERM processes, which may require revised mitigation activities if the desired risk reduction has not been realized upon subsequent risk assessments. Climate change-related risks undergo these same ERM processes for the development, execution, monitoring and assessment of risk mitigation activities.

In addition to the ongoing ERM process of gathering, assessing, monitoring and assessing risks throughout the organization, the Company's risk management department performs an annual risk review with Company officers. This review process examines whether the ERM processes are identifying the relevant risks facing the organization, including the identification of pending and future potential risks. The risk management department facilitates the review of the organization's top risks with the officer team to enable a portfolio level review. This risk management process is designed to ensure that risks and interrelated risks are correctly identified, assessed and prioritized, to ensure alignment to Company strategy and to ensure support and budget and resources are available to successfully carry out the implementation of the risk acceptance activities.

The Company's risk management department collaborates with both the Internal Audit and the Ethics & Compliance functions throughout the year to exchange information on risks identified through their respective functions. Risks are likewise reviewed and discussed in such venues as monthly Risk Management and Capital Planning Group meetings. Risk processes are further embedded throughout the organization through the placement of Risk Liaisons in many of our departments. Risk Liaison's help business unit management identify and assess risks, foster discussion of risk topics within the department, and champion risk identification and mitigation efforts.

Collectively, risk information is organized among the Company's primary categories of risk exposure – utility regulatory, operational, climate change, cyber and technology, strategic, external mandates, financial, energy commodity, and compliance. On a quarterly basis, or more often if needed, status updates on the Company's top risks are communicated to the Audit Committee and the full Board.

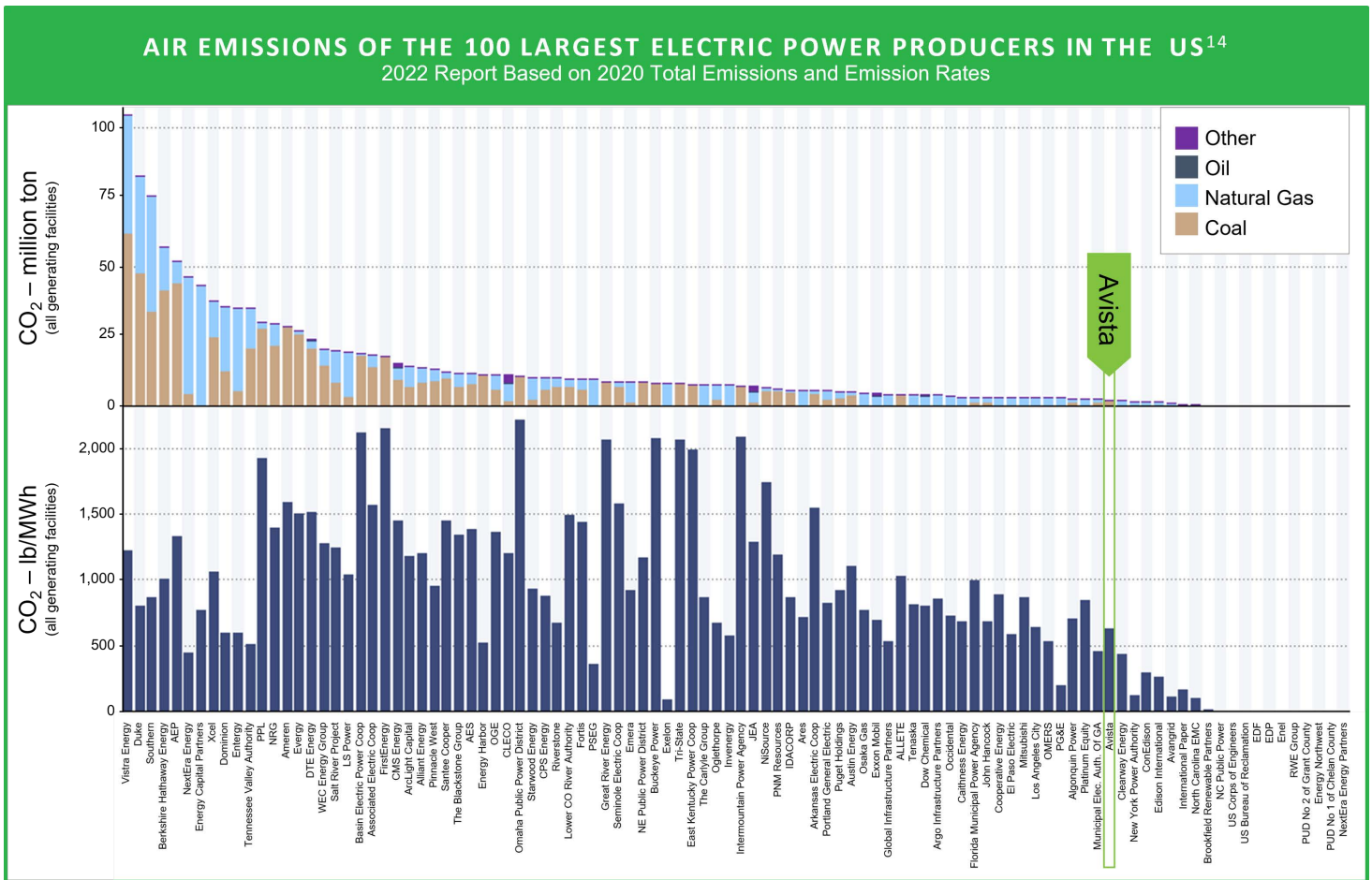
Metrics & Targets

Since Avista’s founding in 1889 as a producer of clean, renewable hydro power, environmental stewardship has meant conducting our business in ways that honor the integrity of the natural resources in the areas we serve. As a leader in clean energy and innovation, we are proud to continue these commitments to environmental stewardship and sustainability as we continue to meet the changing energy needs of our customers and communities. Our aspirational clean energy goals demonstrate that our vision of a clean energy future encompasses both electric and natural gas resources. We are actively working towards reducing greenhouse gases from the production of energy we deliver to our customers and the communities we serve.

Avista’s aspirational clean electricity goal of serving our customers with 100% clean electricity by 2045 demonstrate our vision and support of a clean energy future. We continue

to work towards reducing and ultimately eliminating greenhouse gases from the electricity that we deliver to our customers and the communities we serve. In addition, our aspirational clean electricity goal meets or exceeds current greenhouse gas emission reduction laws and regulations that apply to our Company.

We have long been recognized by the Natural Resources Defense Council (NRDC) as one of the cleanest power producers in the country when it comes to greenhouse gases. Our electrical generation capability is reflective of our renewable energy strategy and is currently comprised of 59% renewable energy that includes hydroelectric, biomass, solar and wind resources. As a comparison, the US electric industry’s generation capability is comprised of only 22% renewable energy.¹³



¹³ U.S. EIA 2022 US electric industry generation capability: Renewables 22%, Nuclear 18%, Coal 20%, Natural Gas 40% and Petroleum/Other 1%.

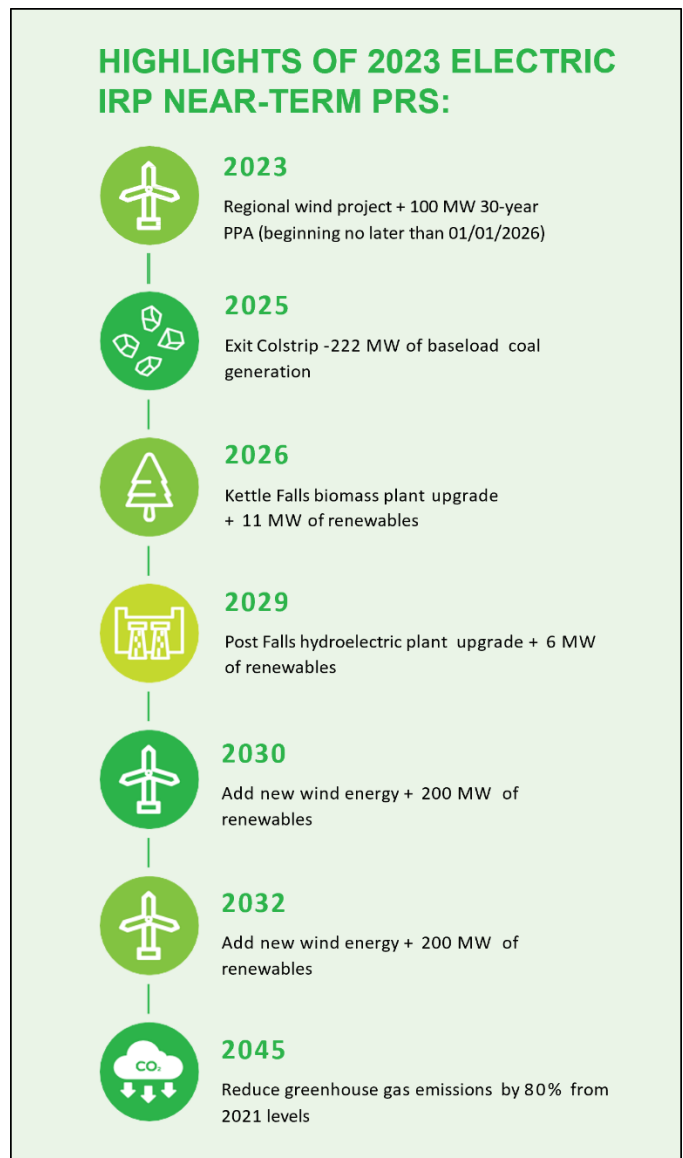
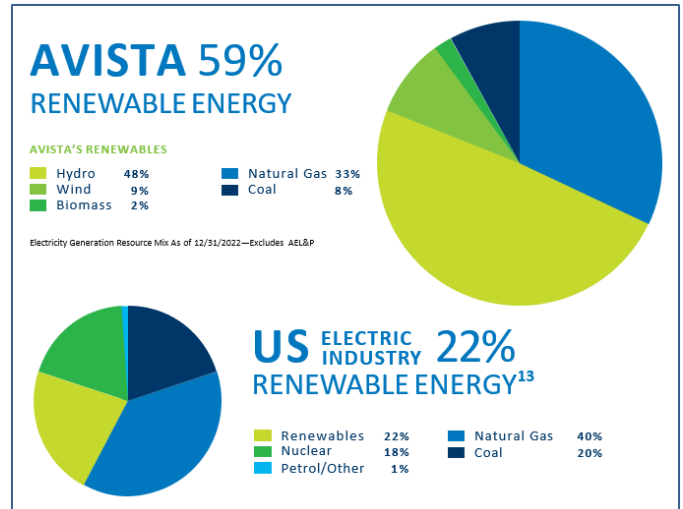
¹⁴ ERM Sustainability Institute: [Benchmarking Air Emissions of the 100 Largest Power Producers in the US \(November 2023\)](#).

As detailed in the Renewable Energy section of this report, Avista is committed to meeting the needs for reliable and affordable energy while advancing environmental sustainability principles. Renewable energy’s operating attributes increasingly lower the risks associated with climate change and aid in the transition to a lower carbon future. As such, our renewable energy strategy, which involves the continued use and future acquisitions of additional renewable energy, clearly aligns with our aspirational clean electricity goal.

Furthermore, the Company’s electric IRP planning processes continue to validate our renewable energy strategy by supporting new renewable energy projects in both our short-term and longer-terms planning horizons. The acquisition of additional renewable energy projects is designed to offset market purchases and replace the retirement of Avista’s only coal-fired generating resource consistent with our 2023 electric IRP PRS. The graphic to the right further highlights near-term examples of our renewable energy strategy in action. Over the course of the next decade, our current electric IRP PRS anticipates adding 517 MWs of renewable energy projects. Furthermore, greenhouse gas emission reductions of 80% from 2021 levels by 2045 are expected as a result of implementing our renewable energy strategy in support of the Company’s aspirational clean electricity goal.

When it comes to reducing greenhouse gas emissions and our aspirational clean electricity goal, Avista is starting from a position of strength. Our Company was founded on renewable hydro power and since then we have continued to expand our renewable energy base. Today, 59% of our electrical generation capability is comprised of renewable energy, and this percentage will only continue to grow in the near-term and long-term as we implement our renewable energy strategy and work towards our aspirational clean electricity goal.

As presented in the “Avista CO₂e Emissions” summary tables on the next page of this report, Avista has already realized meaningful reductions in our greenhouse gas emissions. Compared to our historical baseline year of 2005, we have reduced our total (Scopes 1 and 3) greenhouse gas emissions from electric power deliveries by 17%, which represents a reduction of over seven hundred thousand metric tons of associated CO₂e emissions on an annual basis. Similarly, over this same timeframe, our total (Scopes 1 and 3) greenhouse gas emission intensity rate associated with power deliveries has been reduced by 19%.



Avista CO ₂ e Emissions in Metric Tons Associated with Electric Power Deliveries									
Category	2005 Baseline	2017	2018	2019	2020	2021	2022	2022 Reduction from 2005 Baseline	2045
Scope 1 – Owned Power Generation	2,371,430	2,093,789	2,072,194	2,371,368	1,968,205	2,204,752	2,458,675	+ 4%	100% Clean Electricity Supply
Scope 3 – Purchased Power	1,934,783	1,163,296	1,266,681	1,231,075	1,178,206	1,026,863	1,120,515	- 42%	
Scope 1 + Scope 3 Total	4,306,213	3,257,085	3,338,875	3,602,443	3,146,411	3,231,615	3,579,190	- 17%	
Avista CO ₂ e Emission Intensity (Metric Tons/Net MWh) Associated with Electric Power Deliveries									
Category	2005 Baseline	2017	2018	2019	2020	2021	2022	2022 Reduction from 2005 Baseline	2045
Scope 1 – Owned Power Generation	0.326	0.281	0.278	0.313	0.276	0.305	0.308	- 6%	100% Clean Electricity Supply
Scope 3 – Purchased Power	0.321	0.233	0.231	0.230	0.216	0.189	0.202	- 37%	
Scope 1 + Scope 3 Total	0.324	0.262	0.258	0.279	0.25	0.255	0.264	- 19%	
Emission calculations adhere to the WRI / World Business Council for Sustainable Development Greenhouse Gas Corporate Protocol Standard									

While the majority of our greenhouse gas emission reductions have come from the implementation of contracted third party renewable energy projects, presented as Scope 3 Purchased Power in the tables above, we have been working towards addressing our Scope 1 Company Owned Power Generation GHG emissions as well.

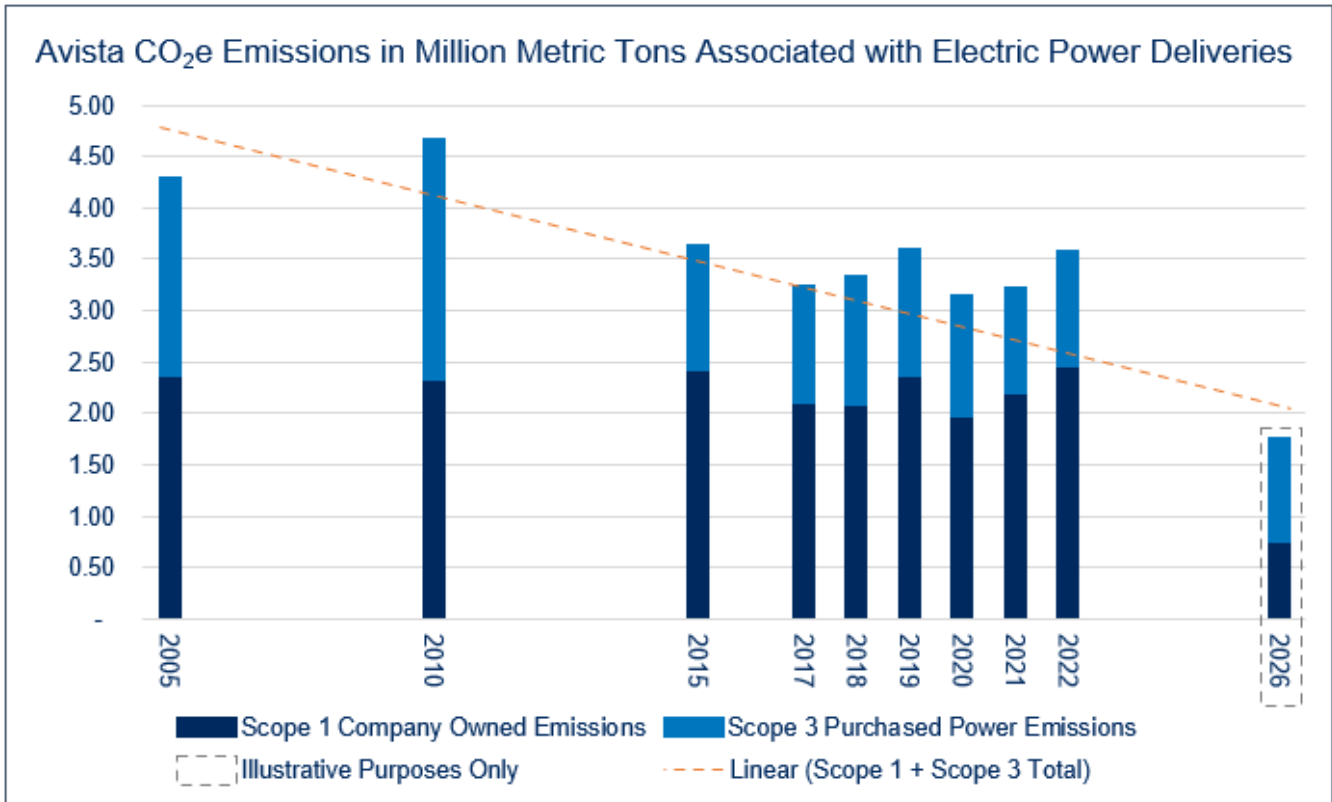
The Colstrip plant, located in eastern Montana, consists of two coal-fired steam plants (Units 3 & 4). Avista currently owns 15% of Units 3 & 4. Avista’s share of Colstrip has a maximum net capacity of 222 MW and represents our only coal-fired generation resource. Beginning on December 31, 2025, our ownership of Colstrip will be transferred to Northwestern Energy and therefore will no longer serve Avista customers. NorthWestern will assume all of Avista’s Colstrip ownership along with its related interest in the plant, plant equipment, rights, and obligations.¹⁵

Avista’s exit from the Colstrip plant will significantly reduce our Scope 1 Company Owned Power Generation GHGs, which is

our largest source of GHG emissions. In 2022, Colstrip generation accounted for 65% of these Scope 1 GHG emissions. The “Avista CO₂e Emissions” graph on the next page of the report highlights the impact of this Colstrip exit agreement on our GHG emissions.

It should be noted that this “Avista CO₂e Emissions” graph is not a complete representation of our forecasted greenhouse gas emissions’ trajectory, as the 2026 figure is for illustrative purposes only. The 2026 illustrative figure is based on the Company’s 2022 emissions data and removing Colstrip Units 3&4 emissions for 2026. The emissions graph does not include forecasted additions of new renewable energy resources, energy efficiency and demand response, upgrades to our existing hydroelectric and biomass plants or changes to customer load and regional emission forecasts as detailed in the Company’s current electric IRP PRS. Inclusive of all PRS planning assumptions and forecasts, the Company anticipates greater reductions than those illustrated in the following emissions trajectory graph.

¹⁵ Please see [Avista’s 2022 Annual Report](#), Note 22 of the Notes to Consolidated Financial Statements, for further agreement details.



As illustrated in the graph above, Avista’s exit from Colstrip Units 3 & 4 will significantly reduce our Scope 1 GHG emissions. In 2022, Avista’s Scope 1 GHG emissions associated with power deliveries amounted to 2.5 million metric tons of CO₂e, which is projected to drop to under 0.9 million metric tons of CO₂e for 2026 following Colstrip Units 3 & 4 exit. This represents a 65% reduction in absolute Scope 1 GHG emissions. From an emissions intensity rate perspective, Avista’s 2022 Scope 1 GHG emission intensity rate associated with power deliveries amounted to 0.31 metric tons of CO₂e per MWh of generated electricity, which is likewise projected to drop to 0.14 metric tons of CO₂e per MWh for 2026 following Colstrip Units 3 & 4 exit. This represents a projected 53% reduction in emission intensity rate for these Scope 1 GHG emissions in 2026 compared to 2022.

In September 2023, the National Public Utilities Council in partnership with Motive Power and Visual Capitalist released their [Annual Utility Decarbonization Report for 2023](#).¹⁶ This report features a deep dive into the state of decarbonization efforts across the investor-owned utility sector in the U.S. In the 2023 report, 47 of the largest investor-owned utilities were ranked based on their decarbonization efforts to date, and their respective low carbon transition plans going forward. The report also summarizes and presents an ESG report card for each of the ranked utilities as well. As depicted in the graphic on the following page, Avista was the 6th highest ranked utility based on the report’s methodologies and associated decarbonization metrics.

¹⁶ Please visit [The 2023 Utility Decarbonization Index](#) for additional details and rating methodologies.

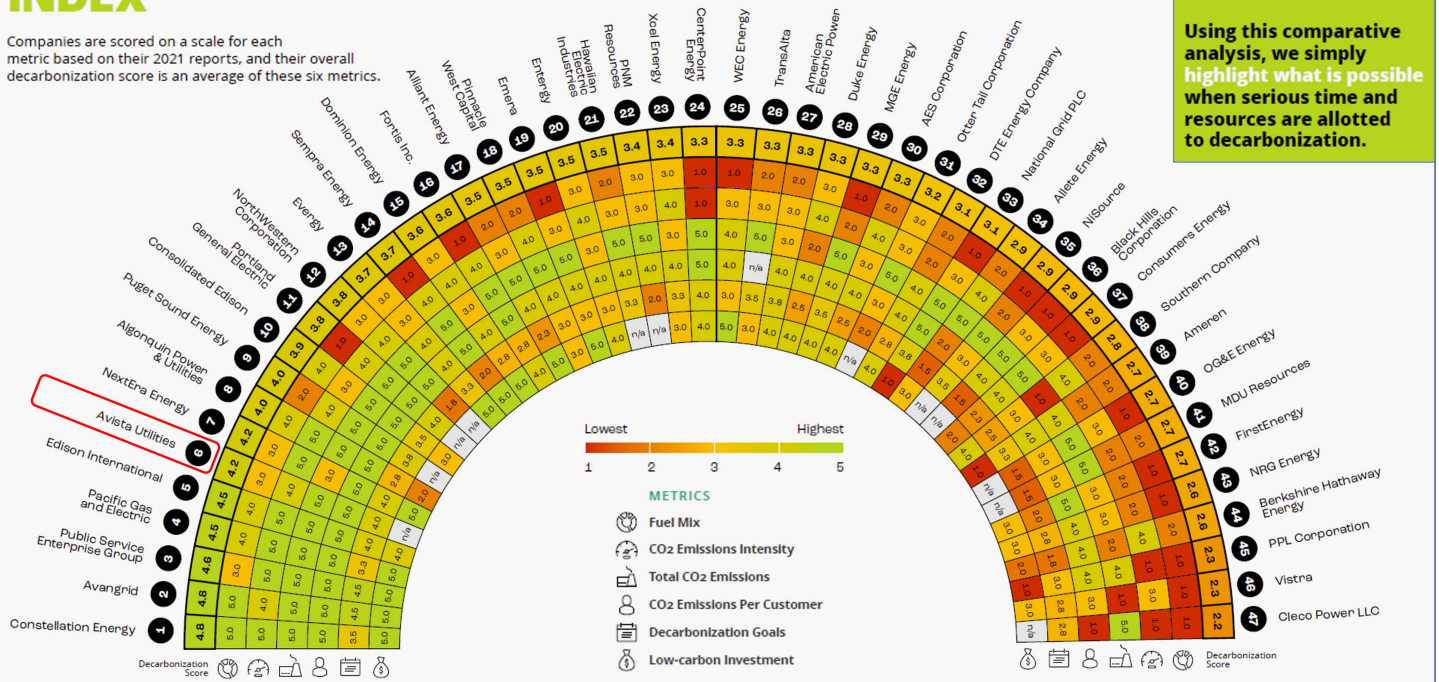
THE 2023 UTILITY DECARBONIZATION INDEX ¹⁶

Brought to you by National Public Utilities Council in partnership with Motive Power and Visual Capitalist.

The considered metrics are not all-inclusive in terms of companies' net-zero progress. Rather, they offer trackable insights and highlight general trends in the U.S. IOU landscape.

Companies are scored on a scale for each metric based on their 2021 reports, and their overall decarbonization score is an average of these six metrics.

Using this comparative analysis, we simply highlight what is possible when serious time and resources are allotted to decarbonization.



As reviewed in the Policy, Legal and Market Risks section of this report, to achieve our aspirational clean electricity goal, we expect that energy storage and other technologies, which are either not currently available or are not cost-effective under the lowest reasonable cost regulatory standard, will advance such that it will allow us to meet our goal while also maintaining reliability and affordability for our customers. Engaging stakeholders in IRP updates every two years, including post 2030 where technological development is critical to meeting our 2045 goal, will inform specific resource decisions and necessary adjustments in our plans. If the required technology is not available or not affordable in the future, we may not meet our goal in the desired timeframe. Meeting our aspirational clean energy goal may also require accommodation from regulatory agencies insofar as we may need to acquire emission offsets to meet our goal.¹⁷

Avista's commitments and progress towards our aspirational clean electricity goal work in unison with our other clean air initiatives as well. As we continue to move towards our aspirational 100% clean electricity goal, we are reducing our greenhouse gas emissions and other related air pollutants as well, such as Nitrogen Oxide (NOx), Sulfur Dioxide (SO2), Mercury (Hg), and Volatile Organic Compounds (VOCs), among others. The Company's generating resources are operated and

maintained in compliance with air quality permits and other agency rules. In addition, we have implemented pollution control measures to limit the amount of air pollutants associated with our electric power deliveries over the years.

As presented in the "Avista Other Air Emissions" summary tables and emission trajectory graphs beginning on the next page of this report, Avista has already realized meaningful reductions in several air emission categories. Compared to our historical baseline year of 2005, we have reduced our NOx and SO2 emissions from electric power deliveries by 53% and by 12% respectively. This absolute reduction translates to an emission intensity rate reduction for NOx and SO2 of 57% and 20% respectively.

Likewise, we have realized substantial reductions with respect to our Hg emissions associated with Colstrip Units 3 & 4 as well. Compared to our historical baseline year of 2005, we have reduced our Hg emissions from electric power deliveries by 97%. This absolute reduction also translates to an emission intensity rate reduction of 97% for Hg. These Hg reductions have been realized through a series of pollution control measures designed to limit mercury air emissions from coal and oil-fired electricity sources in compliance with federal and state air pollution requirements.

¹⁷ For additional information regarding Avista's aspirational electricity goal, please refer to our [2023 Electric IRP](#) and our [2022 Annual Report](#).

Going forward, and in a similar fashion with respect to greenhouse gas emission reductions, we anticipate even further reductions in both absolute and intensity rates for our other air emissions when Colstrip Units 3 & 4 exit our electric generation portfolio. For illustrative purposes, the impact of

removing Colstrip Units 3 & 4 in 2026 from Avista's 2022 other air emissions is projected for NOx, SO2, Hg and VOCs in their respective emission graphs presented on page 34 of this report.

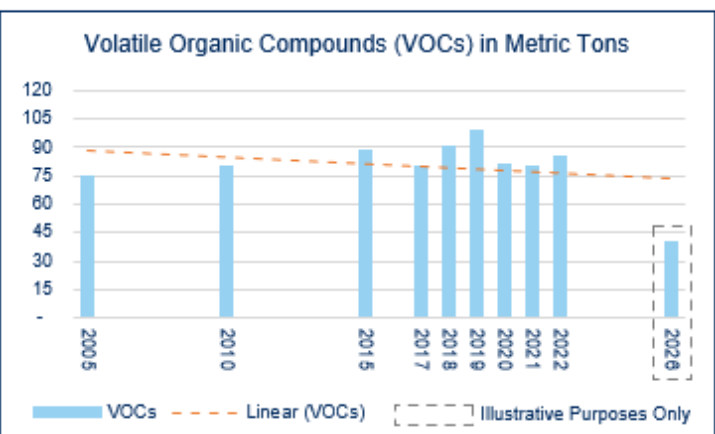
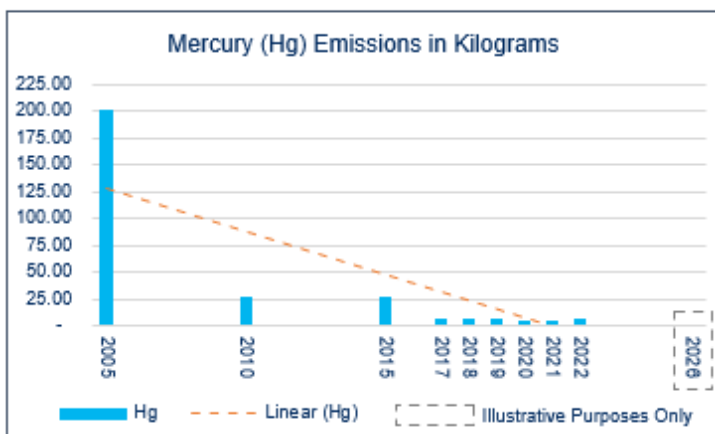
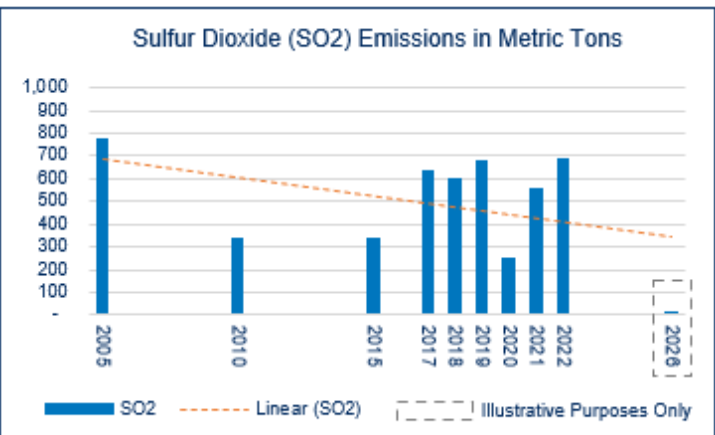
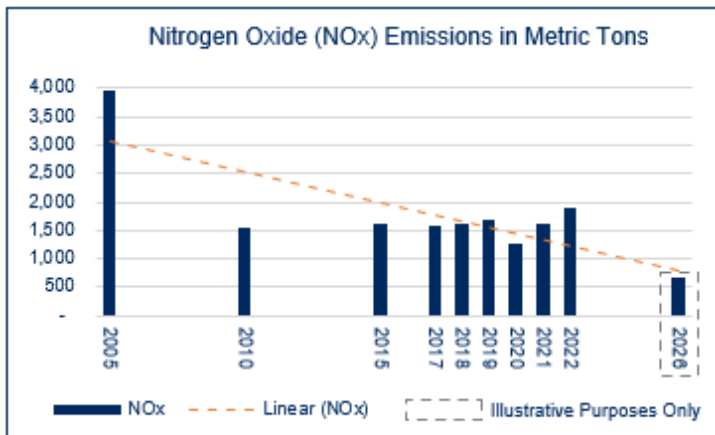
Avista Other Air Emissions Associated with Electric Power Deliveries (Scope 1)

Category	Unit	2005 Baseline	2017	2018	2019	2020	2021	2022	2022 Reduction from 2005 Baseline	Projected	
										2026 Emissions	2026 Reduction from 2005 Baseline
Nitrogen Oxide (NOx)	Metric Tons	3,954	1,549	1,588	1,684	1,247	1,602	1,869	-53%	655	-83%
Sulfur Dioxide (SO2)	Metric Tons	776	636	598	675	245	554	685	-12%	4	-99%
Mercury (Hg)	Kilograms	200.91	5.85	5.28	5.77	4.26	4.69	5.57	-97%	0	-100%
Volatile Organic Compounds (VOCs)	Metric Tons	75	80	90	99	81	80	85	+13%	40	-47%

Avista Other Air Emission Intensity (Unit/Net MWh) Associated with Electric Power Deliveries (Scope 1)

Category	Unit	2005 Baseline	2017	2018	2019	2020	2021	2022	2022 Reduction from 2005 Baseline	Projected	
										2026 Intensity	2026 Reduction from 2005 Baseline
Nitrogen Oxide (NOx)	MT / Net MWh	0.00054	0.00021	0.00021	0.00022	0.00018	0.00022	0.00023	-57%	0.00011	-80%
Sulfur Dioxide (SO2)	MT / Net MWh	0.00011	0.00009	0.00008	0.00009	0.00003	0.00008	0.00009	-20%	0.00000	-99%
Mercury (Hg)	Kilograms / Net MWh	0.00003	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	-97%	0.00000	-100%
Volatile Organic Compounds (VOCs)	MT / Net MWh	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	+3%	0.00001	-35%

Net MWh is comprised of Avista's Total Scope 1 Owned Power Generation MWhs for each reporting period and forecasted Net MWh for 2026.



Avista’s aspirational goal to serve our customers with 100% clean electricity by 2045 also supports our own use of electricity for operational purposes. As a vertically integrated electric utility, we generate, transmit and distribute electricity to customers within our service territories, including to ourselves. For the majority of our operations in Washington and Idaho, we supply our own electricity, meaning that our Scope 2 GHG emissions from electrical power consumption is directly linked to our aspirational clean electricity goal.

Further, for our operations located in Oregon which are not served by Avista for electricity, the State of Oregon has implemented Oregon House Bill 2021 which requires Oregon utilities to reduce their retail sales GHG emissions by 100% by 2040. This emissions-based clean energy framework means that Avista’s operations within Oregon will be supported by

electricity served from 100% renewable and non-carbon-emitting electrical resources by 2040.

As such, the Company’s anticipated Scope 2 GHG emissions from electrical power consumption will continue to decrease over the course of the next two decades until it reaches 100% clean electricity and zero associated GHG emissions by the end of 2045.

Currently, Avista’s electrical consumption benefits from our own renewable energy base. Today, approximately 59% of our Washington and Idaho operations are supported by electrical generation capability from renewable energy, and this percentage will only continue to grow in the near-term and long-term as we implement our renewable energy strategy and continue to work towards our aspirational clean electricity goal.

Such renewable energy growth is likewise anticipated for our electricity consumption requirements in Oregon as well. The state's House Bill 2021 mandates an 80% baseline emissions reduction by 2030 and a 90% baseline emissions reduction by 2035. These regulatory requirements support the continued procurement of new renewable energy resources for Oregon utilities to meet these compliance obligations, which ultimately benefit customers like Avista with lower carbon emitting electric generating resources.

Within our operations, we are actively pursuing energy efficiency efforts and conservation measures. Over the last few years, we have implemented numerous best practice energy efficiency and conservation measures to reduce our facilities' energy consumption and reduce these associated greenhouse gas emissions. Projects at our main corporate campus include lighting retrofit projects, HVAC system replacements, new building control technology, automated energy management products and better insulated windows that reduce energy loss through the envelope of the building.

The result of these and other energy efficiency projects has been a 60% reduction in our energy usage and an 80% reduction in our water use at our main corporate campus

which represents our largest source of operational energy use. We also operate a 3-kilowatt solar distributed energy resource at our main corporate campus.

These efforts have been recognized by various organizations for our energy savings and energy efficient operations including, LEED Gold certification, Energy Star rating, and the Building Owners and Managers Association BOMA 360 designation. Our earned Energy Star rating of 99 places us in the nation's top 1% for energy efficiency building design and operations.

At a growing number of our facilities, we have also been busy installing electric vehicle charging stations—an investment that will encourage the transition to electric vehicles among our employees, help us prepare for the arrival of more battery powered vehicles in the decades to come, and help us capture the associated benefits of avoided greenhouse gas emissions.

We are currently performing a Company-wide GHG emissions inventory in accordance with the Greenhouse Gas Protocol Guidance, including an analysis of our Scope 2 GHG emissions and will provide additional details in a future report.

Additional Metrics

SASB

Avista has also utilized the SASB standards for the Electric Utilities and Power Generators industry and the Gas Utilities and Distributors industry to prepare additional quantitative ESG-related disclosures. The methodologies underlying these SASB metrics are detailed in the industry-relevant accounting standards available at www.sasb.org. The Company's disclosed SASB metrics are presented in the next section of this report.

EEl & AGA ESG and Sustainability Reporting

We have also adopted EEl and AGA's ESG and sustainability reporting templates that were developed to provide the financial sector with uniform and consistent ESG and sustainability data and information relevant for the electric utility and natural gas utility industries. Additional information regarding the EEl and AGA ESG and sustainability reporting template is available at www.eei.org. The Company's disclosed EEl and AGA metrics are available on Avista's [ESG/Corporate Responsibility](#) webpage.

SASB Standards

Electric Utilities and Power Generators Standard¹⁸

SASB Code	Accounting Metric	Avista Utilities	
Greenhouse Gas Emission & Energy Resource Planning			
IF-EU-110a.1	Gross global Scope 1 emissions (mmt CO ₂ e) ¹⁹	2,458,675	
	Percentage covered under emissions-limiting regulations	100%	
	Percentage covered under emissions-reporting regulations	100%	
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries (mmt CO ₂ e) ²⁰	3,579,190	
IF-EU-110a.4	Number of customers served in markets subject to renewable portfolio standards	268,627	
	Percentage fulfillment of RPS target by market	100%	
Air Quality			
IF-EU-120a.1	NO _x emissions (metric tons); % of each in or near areas of dense population	1,869	9.4%
	SO _x emissions (metric tons); % of each in or near areas of dense population	685	0.1%
	PM ₁₀ emissions (metric ton); % of each in or near areas of dense population	807	1.7%
	Lead emissions (metric tons); % of each in or near areas of dense population	Not Available	
	Mercury emissions (metric tons); % of each in or near areas of dense population	0	0%
Water Management			
IF-EU-140a.1	Total water withdrawn for thermal generation (thousand cubic meters); percentage of each in regions with High or Extremely High Baseline Water Stress	24,528	0%
	Total water consumed for thermal generation (thousand cubic meters); percentage of each in regions with High or Extremely High Baseline Water Stress	24,182	0%
	Total water withdrawn for hydroelectric generation (thousand cubic meters); percentage of each in regions with High or Extremely High Baseline Water Stress	49,785,590	0%
	Total water consumed for hydroelectric generation (thousand cubic meters); percentage of each in regions with High or Extremely High Baseline Water Stress	0	0%
	Total water withdrawn for all Company generation*(thousand cubic meters); percentage of each in regions with High or Extremely High Baseline Water Stress	49,810,117	0%
	Total water consumed for all Company generation (thousand cubic meters); percentage of each in regions with High or Extremely High Baseline Water Stress	24,182	0%
	*99.95% of total water withdrawals represent non-consumptive use by our hydroelectric plants		
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	0	

¹⁸ Data provided for Avista Utilities only, 2022 operating data.

¹⁹ Figure represents Avista Utilities' total Scope 1 emissions from owned power generation.

²⁰ Figure represents Avista Utilities' total Scope 1 emissions from owned power generation and total Scope 3 emissions from purchased power.

SASB Standards

Electric Utilities and Power Generators Standard (Continued)

SASB Code	Accounting Metric	Avista Utilities	
Coal Ash Management			
IF-EU-150a.1	Coal combustion residuals generated (metric tons)	102,054	
	Percentage of coal combustion residuals recycled	0%	
IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	1x Incised, N/A 1x Significant, Satisfactory	
Energy Affordability			
IF-EU-240a.1	Average retail electric rate for residential customers (USD/kWh)	\$0.100	
	Average retail electric rate for commercial customers (USD/kWh)	\$0.106	
	Average retail electric rate for industrial customers (USD/kWh)	\$0.056	
IF-EU-240a.2	Typical monthly electric bill for residential customers for 500 kWh (USD)	\$49.93	
	Typical monthly electric bill for residential customers for 1,000 kWh (USD)	\$99.87	
IF-EU-240a.3	Number of residential customer electric disconnections for non-payment	5,102	
	Percentage of residential customer electric disconnections for non-payment reconnected within 30 days	74%	
Workforce Health & Safety			
IF-EU-320a.1	Total recordable incident rate (per 100 full-time workers)	3.38	
	Total fatality rate (per 100 full-time workers)	0.00	
	Total near miss frequency rate (per 100 full-time workers)	3.38	
End-Use Efficiency & Demand			
IF-EU-420a.1	Percentage of electric utility revenues from rate structures that are decoupled	82%	
	Percentage of electric utility revenues from rate structures that contain a lost revenue adjustment mechanism (LRAM)	0%	
IF-EU-420a.2	Percentage of electric load served by smart grid technology	99%	
IF-EU-420a.3	Customer electricity savings from efficiency measures (MWh), by market	WA	23,021
		ID	14,927
Nuclear Safety & Energy Management			
IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Avista Corporation does not own or operate any nuclear power units	
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness		

SASB Standards

Electric Utilities and Power Generators Standard (Continued)

SASB Code	Accounting Metric	Avista Utilities
Grid Resiliency		
IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	0
IF-EU-550a.2	System Average Interruption Duration Index (SAIDI) exclusive of major event days	146
	System Average Interruption Frequency Index (SAIFI) exclusive of major event days	0.92
	Customer Average Interruption Duration Index (CAIDI) exclusive of major event days	158
	System Average Interruption Duration Index (SAIDI) inclusive of major event days	204
	System Average Interruption Frequency Index (SAIFI) inclusive of major event days	1.10
	Customer Average Interruption Duration Index (CAIDI) inclusive of major event days	185
Activity Metrics		
IF-EU-000.A	Number of residential customers served	361,606
	Number of commercial customers served	44,578
	Number of industrial customers served	1,194
IF-EU-000.B	Total electricity delivered to residential customers (MWh)	4,153,697
	Total electricity delivered to commercial customers (MWh)	3,200,915
	Total electricity delivered to industrial customers (MWh)	2,131,895
	Total electricity delivered to all other retail customers (MWh)	31,183
	Total electricity delivered to wholesale customers (MWh)	3,144,486
IF-EU-000.C	Length of transmission lines (km)	3,701
	Length of distribution lines (km)	31,543
IF-EU-000.D	Total electricity generated from owned generation (MWh)	7,984,622
	Percentage of total electricity generated by Hydropower	49.2%
	Percentage of total electricity generated by Natural Gas	26.7%
	Percentage of total electricity generated by Coal	20.3%
	Percentage of total electricity generated by Biomass	3.8%
	Percentage of total electricity generated in regulated markets	100%
IF-EU-000.E	Total wholesale electricity purchased (MWh)	5,548,826

SASB Standards

Gas Utilities and Distributors Generators Standard²¹

SASB Code	Accounting Metric	Avista Utilities	
Energy Affordability			
IF-GU-240a.1	Average retail gas rate for residential customers (USD/MMBtu)	\$11.74	
	Average retail gas rate for commercial customers (USD/MMBtu)	\$9.37	
	Average retail gas rate for industrial customers (USD/MMBtu)	\$5.40	
	Average retail gas rate for transportation services (USD/MMBtu)	\$0.48	
IF-GU-240a.2	Typical monthly gas bill for residential customers for 50 MMBtu of gas delivered per year (USD)	\$48.90	
	Typical monthly gas bill for residential customers for 100 MMBtu of gas delivered per year (USD)	\$97.79	
IF-GU-240a.3	Number of residential customer gas disconnections for non-payment	2,198	
	Percentage of residential customer gas disconnections for non-payment reconnected within 30 days	52%	
End-Use Efficiency & Demand			
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that are decoupled	95%	
	Percentage of gas utility revenues from rate structures that contain a lost revenue adjustment mechanism (LRAM)	0%	
IF-GU-420a.2	Customer electricity savings from efficiency measures (MMBtu), by market	WA	54,577
		ID	30,633
		OR	37,432
Integrity of Gas Delivery Infrastructure			
IF-GU-540a.1	Number of reportable pipeline incidents	1	
	Number of Corrective Action Orders	0	
	Number of Notices of Probable Violation	2	
IF-GU-540a.2	Percentage of distribution pipeline that is cast and/or wrought iron	0%	
	Percentage of distribution pipeline that is unprotected steel	0%	
IF-GU-540a.3	Percentage of gas transmission pipelines inspected	100% Leak Survey Inspections	
	Percentage of gas distribution pipelines inspected	37% Leak Survey Inspections	

²¹ Data provided for Avista Utilities only, 2022 operating data.

SASB Standards

Gas Utilities and Distributors Generators Standard (Continued)

SASB Code	Accounting Metric	Avista Utilities
Activity Metrics		
IF-GU-000.A	Number of residential customers served	337,073
	Number of commercial customers served	36,753
	Number of industrial customers served	232
IF-GU-000.B	Total natural gas delivered to residential customers (MMBtu)	24,239,460
	Total natural gas delivered to commercial customers (MMBtu)	15,193,647
	Total natural gas delivered to industrial customers (MMBtu)	1,485,470
	Total natural gas transferred to a third party (MMBtu)	17,929,402
IF-GU-000.C	Length of gas transmission pipelines (km)	146
	Length of gas distribution pipelines (km)	22,442

Forward-Looking Statement

This report contains forward-looking statements, including statements regarding our current expectations, plans or objectives for future operations and other factors, which may affect the company in the future. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond our control and many of which could have significant impact on our operations, results of operations, financial condition or cash flows and could cause actual results to differ materially from those anticipated in our statements.

For a further discussion of these factors and other important factors please refer to our most recent Annual Report on Form 10-K, or Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission. Those reports are also available on our website at www.avistacorp.com. The forward-looking statements contained in this report is current as of December 1, 2023, and should not be relied upon as being current as of any subsequent date. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New risks, uncertainties and other factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on our business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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