

July 12, 2016

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

RE: Docket No. UE-132045, Avista Corporation Report Concerning its Progress in Meeting Its Conservation Target during the preceding Biennium, pursuant to RCW 19.285.070 and WAC 480-109-040

The NW Energy Coalition (Coalition) appreciates the opportunity to comment on Avista Corporation's progress report on meeting its' conservation goal during the preceding biennium.

Targets

Avista's Biennial Conservation Report (BCR) submitted to the Commission states on page 3 of the Executive Summary that Avista exceeded its conservation target, 68,204 MWh, by 2, 755 MWh, as it achieved 70,959 MWh of savings in the 2014-15 biennium. Those amounts exclude the NEEA conservation program numbers, as agreed to by the three IOUs and accepted by the Commission.

Oddly, the I-937 Conservation Report submitted to the Department of Commerce and included as page 4 in the same BCR Executive Summary shows somewhat different targets, even if adjusted to remove the embedded NEEA savings. Going forward, the results reported in all formats should be the same.

It is equally perplexing that Avista, with 38 percent higher load and almost three times the customer base of Pacific Corp, established targets almost the same as Pacific Corp and achieved less than Pacific Corp over the 2014 -15 biennium. We suspect there are more conservation savings Avista could be pursuing and successfully implementing.

Avista reports it surpassed its 2014-15 Biennial Conservation target by 104 percent. In the next biennium Avista will need to achieve an additional 5 percent of the base target, for a total of 105 percent, to meet the additional decoupling requirement.

Conservation Roll Overs

Responses have been requested to the suggestion to allow excess savings achieved under RCW 19.285.040 (1)(c)(i) (an amendment to the Energy Independence act that allows limited conservation "rollovers" to be used in other biennia) to be applied to fulfill the 5% additional savings required by decoupling. We reiterate here what we stated in our comments on the Puget Sound Energy BCR.

The amendment to the Energy Independence Act was negotiated by the NW Energy Coalition and a few other key stakeholders to address the situation created when very large amounts of conservation savings were achieved in one biennium (far exceeding that biennium's target) caused by large-scale efficiency improvements that occurred in just that one biennium.

Rather than not permitting any of the excess savings to be applied to any future targets and thereby possibly discouraging other large-scale, front-end loaded projects, or simply allowing all excess savings to be applied to any target, thereby undercutting new conservation, a compromise was reached that allowed excess savings to be used to mitigate shortfalls in the immediately subsequent two biennia. The excess can not be used to reduce the following biennia targets, nor is a utility relieved of the obligation to work to achieve the next two targets, per WAC 480-109-100(3)(c)(i). In other words, a utility can not simply plan to use the excess as a component to meet or calculate the next two biennium targets – the excess savings can only be applied in situations where the utility, despite its best efforts, failed to meet the biennium's conservation target. Only then can the excess savings be applied to the biennium target and then only up to an amount that is no more than 20 percent of the biennium target. Allowing conservation savings to roll over to meet decoupling targets was never considered or discussed in the negotiations.

Avista's achieved savings in the 2014-2015 biennium apparently just met the EIA and the decoupling targets. Going forward, any savings not applied to the 2014-15 targets could be considered excess savings to be applied to future biennia target, but only up to the 20% limitation and only for two subsequent biennia, per RCW 19.285.040(1)(c)(i). Further, PSE must still report on how the company achieved the 5 percent decoupling savings as part of the reporting required under UE-140188. And as stated above, we would expect every effort be made to reach the targets, without factoring in those excess savings.

It is critically important, as staff noted in their comments, that if the conservation roll over is allowed for decoupling target shortfalls, that there be no double counting of savings MWh; verified MWh of conservation should be used *only once* to satisfy any conservation requirement, and that any MWh of excess conservation must not be used to comply with multiple targets.

NEEA

While the NEEA savings were originally included in some end of biennium reports, we would expect Avista to exclude them when setting targets and reporting savings for future biennia, in conformance with the Commission accepted proposal developed by the three IOUs for the 2014-2015 biennium.

Sincerely,

Joni Bosh
NW Energy Coalition