

# **AVISTA WASHINGTON CLEAN ENERGY IMPLEMENTATION PLAN**

**Docket UE-210628**

**Public Draft, 1<sup>ST</sup> Edition, August 16, 2021**

## **COMMENTS OF THE ENERGY PROJECT**

**September 7, 2021**

### **INTRODUCTION**

The Energy Project appreciates the opportunity to comment on Avista's Public Washington Draft Clean Energy Implementation Plan, issued on August 16, 2021 (Draft CEIP). The Energy Project joined with other Avista Advisory Group members Public Counsel and NWECA, and with Front & Centered to provide recommended Customer Benefit Indicators (CBI) to Avista on July 30, 2021, prior to issuance of the draft.<sup>1</sup> In general, the focus of these comments is to respond to Avista's selected CBIs and to suggest where our recommended CBIs can be added to the CEIP in order to improve the plan. We recognize that the initial CBI development process has been under time pressure but we think that there is still an opportunity to refine the CBIs for inclusion in the final filed plan.

#### Organization and General Points

Avista's CBI discussion, as reflected in the Draft CEIP, Table 3.1, is organized around Equity Areas, which have some overlap with, but aren't identical to, the 9 statutory benefit

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<sup>1</sup> Joint Comments on Customer Benefit Indicators on Behalf of The Energy Project, Front And Centered, NW Energy Coalition, and the Washington State Office of The Attorney General, Public Counsel Unit, July 30, 2021. The comments were also filed with the Commission. ("Joint Advocate CBIs" or "JA CBIs"). In addition being provided to Avista, the JA CBIs were also filed at the Commission on July 30.

areas.<sup>2</sup> Avista's CBIs are then grouped within each Equity Area while also being linked to one or more of the statutory elements. As a result, it is not always clear which CBIs are intended to measure which statutory elements.

The Energy Project's comments use the alternative approach reflected in the July 30 Joint Advocate CBIs. Since WAC 480-100-640(4)(c) requires that each utility must include, at a minimum, at least one CBI for each statutory element, the JA CBI recommendations are organized around the benefit areas identified in the statute and rule, with specific CBIs identified for each element, along with suggested metrics for each CBI. This approach is depicted in Table 1 submitted with these comments. Table 1 also presents Avista's draft CBIs next to the most closely related JA CBI for comparison purposes. The Energy Project is not advocating removal of specific Avista CBIs but instead recommends additions or modifications in order to improve the effectiveness of the final product. Table 2 provided with these comments summarizes all the recommended CBIs of both Joint Advocates and Avista. As Table 2 reflects, there are four Avista CBIs that have substantial overlap with the JA recommendations.

In several areas, Avista's Draft CEIP contains some good components, as discussed in more detail below. The Energy Project agrees with Avista's concept of, where possible, establishing "baseline" indicators from which progress can then be measured over the term of the plan. The Energy Project agrees that the CBIs should be directional, at a minimum tracking directional movement in indicators so as to yield some conclusion about progress towards statutory goals. In many cases, however, there is a need for more specificity about the metrics used to measure progress.<sup>3</sup> In addition, some important areas are not addressed in the Avista

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<sup>2</sup> RCW 19.405.040(8) and WAC 480-100-640(4)(c)

<sup>3</sup> There may be areas where baseline history is not available from prior measurements or Avista data history. This should not necessarily be determinative of whether a given CBI is included in the CEIP.

draft. Avista's CBIs in a number of cases are quite general and high level, perhaps as a result of the filtering and simplification process employed. The JA CBIs goal is to add some more practical specificity, measuring improvement in particular tangible areas that reflect whether or not direct benefits are being experienced by customers.

One related observation we have about the development of the CBIs is that the original proposals from the EAG contain some valuable specific recommendations which were not always captured in the final Avista CBI list, perhaps due to the effort to simplify and consolidate. Specific items from this earlier list which are consistent with the JA recommendation are discussed at the appropriate point in the comments below.

## **DISCUSSION BY STATUTORY BENEFIT AREA**

### Energy Benefits

The Joint Advocates recommend two CBIs for this element: (1) improved energy efficiency for low-income housing stock; and (2) access to an increased number of renewable or non-emitting distributed generation DG resources. We identified two related Avista CBIs: (1) increased participation in Company programs, and (2) Named Community Clean Energy.

While the related Avista CBIs are reasonable at a high level, TEP recommends adding more detail to the metrics to allow more effective tracking of progress. To track energy benefits from energy efficiency, CBIs should include specific tracking of (1) increased funding of energy efficiency, (2) increased program participation, (3) bill reductions, (4) conversion to energy efficient appliances, and (5) expanded energy efficiency in rental residential housing stock. The Energy Project notes that conversion to energy efficient appliances was an indicator

identified by Avista’s Equity Advisory Group (EAG).<sup>4</sup> Increased availability of energy efficient appliances is a practical, tangible way of getting clean energy benefits directly to low-income households.

By the same token, increased access to renewable or non-emitting generation resources should be tracked by: (1) the increase in number of distributed and community renewable projects; (2) an increase in the number of community groups and households that own renewable energy projects; and (3) an increase in the percentage of electricity generated by distributed renewable projects. Avista’s CBI for “Named Community Clean Energy” has some conceptual overlap with this JA recommendation but lacks specificity.

#### Non-Energy Benefits

While the Avista Draft CEIP text narrative recognizes a fairly broad range of types of non-energy benefits (NEBs) at various points in the discussion, the draft does not always clearly identify which of the proposed CBIs are indicators for the NEB benefit. Avista’s identification “Availability of Methods/Modes of Outreach and Communication” as a non-energy benefit seems somewhat tangential. TEP believes that non-energy benefits deserve stronger emphasis in the CEIP as a named statutory element that should be given equal focus with the other elements.

Joint Advocates recommend two CBIs to demonstrate non-energy benefits: (1) improved health and community well-being, and (2) increased community employment opportunities. To measure health and well-being TEP recommends measuring factors such as: (1) reduced number of school and work absences triggered by poor air quality in highly impacted communities; (2)

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<sup>4</sup>Draft CEIP, Table 3.2, p. 3-8

improved housing conditions resulting from weatherization measure installation; (3) increased residential “comfort” factors due to more affordable bills, for example via installation of efficient heat pump technology;<sup>5</sup> (4) increased access to electricity as a transportation fuel, and (5) incorporation of NEBs in utility cost-effectiveness analysis.

For the second CBI, increased community employment opportunities, TEP recommends tracking: (1) increased representation of low-income and vulnerable populations in clean energy apprenticeships and/or training programs in the state; (2) an increase in living wage/union jobs; and (3) increased representation of low-income and vulnerable communities among contractors selected in program delivery. There is some overlap with two Avista CBIs that address this area – employee diversity and supplier diversity. TEP recommends that more specificity be included, however, such as by tracking an increase in participation in apprenticeship and training programs, and contractor representation. In particular, TEP notes that the EAG identified “workforce development programs for local jobs” as a potential CBI, one which received a substantial number of votes but was not selected for final inclusion.<sup>6</sup> This supports the JA recommendation for specific workforce development metrics.

### Reduction of Burdens

Avista and the Joint Advocates have substantial agreement on one main aspect of this element. Both the draft CEIP and the JA recommendations identify the reduction in the number

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<sup>5</sup> This includes health and safety factors due to improved air quality. Essentially removing indoor combustion appliances (i.e. gas furnaces) and replacing them with ductless heat pumps allows for increased air quality as well as the opportunity to provide conditioned (cooling) air in summer months when there is smoke or high amounts of air pollutants in the external ambient air. The concept of “comfort” reflects the ability of a customer to heat/cool their residence as needed to a normal comfort level for daily living, as opposed to privation levels, for example, self-rationing by heating or cooling only certain rooms, or keeping a thermostat at an excessively low level to save money

<sup>6</sup> Draft CEIP, Table 3. 2, p. 3-8

of energy burdened households as a CBI to measure “reduction of burden.” Avista states its “goal is to have a reduced number of customers, especially in Named Communities, with an energy burden of 6 percent or more.” The Draft CEIP states this metric will be tracked for all customers and for named communities.<sup>7</sup> Avista indicates that it still developing the ability to measure the energy burden for its customers and is using a consultant, Empower Dataworks, and an internal team.

While it is not entirely clear, Avista’s draft appears to indicate that it may be planning to identify energy burden for “all Washington customers.”<sup>8</sup> This seems overly broad. TEP recommends that this CBI be refined to measure a reduction in energy burden for these specific categories of customers: (1) highly impacted communities; (2) vulnerable populations; (3) participants in bill assistance programs; (4) known low-income customers; and other residential customers with high energy burdens. The focus should be on low-income, vulnerable populations, and highly impacted communities, rather an “all customers.”

JA also recommends a second CBI to measure reduction in burden -- reduced barriers for program participation. Specifically this includes: (1) increased participation in bill assistance, weatherization, and energy efficiency programs and grant opportunities; (2) expanded translation services; (3) reduced cost disparities for charging EVs. There is substantial agreement in this area. Avista has also identified increased participation in company programs (bill assistance, weatherization, and energy efficiency) as a CBI, as well as a CBI for “Availability of Methods/Modes of Outreach Communication.” While the latter is conceptually reasonable, the description of the CBI is that it will simply track existing outreach events.<sup>9</sup> Language barriers

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<sup>7</sup> Draft CEIP, p. 3-11

<sup>8</sup> Draft CEIP, p. 3-12

<sup>9</sup> *Id.*

are referenced in the narrative but not specifically addressed in the Avista CBI. We recommend adding a metric to track availability of translation services.<sup>10</sup>

### Public Health

Avista's CBIs for the public health element include employee and supplier diversity and indoor air quality. While increased diversity goals are important, Joint Advocates recommend that diversity issues be addressed in CBIs for the non-energy benefits as discussed above, rather than as a public health benefit. The JA recommendations would directly focus on improved public health outcomes by tracking: (1) hospital admissions for asthma; (2) decreased wood use for home heating; (3) improvements in indoor and outdoor air quality; and (4) reduction in health care cost burden. Avista also lists indoor and outdoor air quality as CBIs.

Avista indicates that indoor air quality is often stated as a non-energy benefit of energy efficiency actions.<sup>11</sup> TEP agrees. The JA recommendations implicitly recognize this by listing various health and well being metrics affected by air quality. Avista's "indoor air quality" CBI discussion does not propose a specific metric.<sup>12</sup> Joint Advocates propose metrics that should reflect improvements in indoor air quality.

### Environment

There is substantial general agreement in this area. Avista includes two "environment" CBIs: (1) Outdoor Air Quality; and (2) Greenhouse Gas Emissions. The JA recommendations include: (1) reduction of GHG emissions; and (2) reduced pollution burden and exposure (re

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<sup>10</sup> This could include tracking the number and type of produced outreach materials available in the most common non-English languages.

<sup>11</sup> Draft CEIP, p. 3-20.

<sup>12</sup> TEP understands that Avista is developing an indoor air quality metric and may potentially look at asthma rates.

outdoor air quality). Again, however, the JA recommendations identify more specific metrics than the Draft CEIP. For outdoor air quality, Avista proposes only to track the number of days the average customer experiences unhealthy air quality. This is only one measure of outdoor air quality and does not focus specifically on Named Communities. The JA recommendations would additionally track: (1) decrease in share of population and pollution burden by race/ethnicity, geography, and specific target customer groups; (2) decrease in air pollution exposure index by race/ethnicity, and other customer groups; (3) reduced particulates from fossil fuel burners in targeted neighborhoods; (4) reduced particulates next to coal rail lines; and (5) reduced diesel particulates.

For greenhouse gas emissions, Avista proposes to track regional GHG, but the draft discussion focuses on how imprecise this is for Avista's service territory. A specific metric is still being developed for inclusion in the October 1 filing so there will be further discussion of this metric. The JA recommendations propose the following metrics: (1) continuous reduction of GHG emissions in the utility service area; (2) increased electrification (gas to electric conversions); (3) increased electrification of medium and heavy duty utility maintenance fleets; (4) increased transit electrification. Data for these metrics should generally be available.

Avista's Draft CEIP mentions that the CBI development process included review of the report *Justice in 100 Metrics*, by the Initiative for Energy Justice.<sup>13</sup> The Joint Advocates' proposed set of CBIs also relied on this report as an important source of metrics for consideration, including the CBI for "Reduced Pollution Burden and Pollution Exposure."

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<sup>13</sup> Draft CEIP, p. 6-10; and footnote 9.



The JA recommendations are also consistent with two preliminary EAG CBIs recommendations that were not included in the final list: (1) active transportation opportunities (under “health and well being”) and (2) “locational environmental impacts equitably sited.”<sup>14</sup>

### Reduction in Cost

For this element TEP recommends adoption of two JA CBIs: (1) expanding the bill assistance program; and (2) reduction in number and amount of arrearages. Neither of these CBIs appear to be fully included in the Avista draft. While Avista lists a CBI of increased participation in bill assistance programs, it does not propose tracking the directional change in resources available to provide bill assistance. TEP proposes use of the following metrics for this CBI: (1) increased participation rates among all eligible customer, including Named Communities; (2) increased penetration rates (i.e., the portion of eligible customers participating); (3) increase both in annual program budgets and in utilization of the budgets; and (4) increase in customers avoiding disconnection due to receipt of assistance.

TEP also supports an additional CBI to track cost reduction – tracking the number and amount of arrearages. Specifically, the CBI would measure the reduction in number and percentage of residential customers with arrearages over 90 days past due, with break-outs for customer by zip code/census tract, renter, highly impacted communities, vulnerable populations, known low-income and BIPOC communities. These data are available and are being reported in connection with the COVID-19 docket. Avista does not include a CBI that makes use of this information as an indicator of reduction in cost.

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<sup>14</sup> Draft CEIP, Table 33., p. 3-9.

Avista has proposed a CBI for “Named Community Investment”. While TEP agrees conceptually with providing targeted “investments in Named Communities to positively impact local community and economic development or reduce non-energy financial burdens,”<sup>15</sup> we have serious concerns about using the Avista Foundation as the source of this investment for CETA compliance purposes, given that the Foundation is a separate entity from Avista and is not regulated by the UTC. The Draft CEIP proposes the development of a Named Community Investment Fund<sup>16</sup> which TEP believes would be a preferable approach.

### Reduction in Risk

The Energy Project supports including two specific CBIs that reflect reduction of risk to customers. First, a reduction in numbers of customers with low credit scores, with fewer customers sent to collection. As TEP’s analysis of the utility arrearage data by zip code in the COVID-19 docket showed, there is strong correlation between customers with arrearages, and zip codes with highly impacted communities and social and health vulnerability measures as identified by the Department of Health Environmental Health Disparities Map. Customers with arrearages, and those with low utility credit code scores, are at risk of disconnection and are much more likely to disproportionately include communities of color.<sup>17</sup>

In this regard, the Joint Advocates’ CBI concerning utility credit code scores, which includes a utility review of their credit code score system, is also consistent with the EAG’s prioritization of initiatives to address systemic racism. As shown in Table 3.3 of Avista’s Draft

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<sup>15</sup> Draft CEIP, p. 3-14

<sup>16</sup> Draft CEIP, p. 4-17

<sup>17</sup> Docket U-200281 (COVID-19 Docket), The Energy Project’s Supplemental Comments, Filed May 7, 2021, see esp. pp 4-9).

CEIP,<sup>18</sup> one of the customer benefit indicators prioritized by the Equity Advisory Group in the ‘health and well-being’ category is “initiatives addressing systemic racism.” Based on Avista’s Table 3.1, it appears that the final CBIs included in the Avista Draft CEIP related to this priority area are ‘Avista Employee Diversity’ and ‘Supplier Diversity.’ TEP recommends including the additional credit score CBI as a more specific measurement that is directly related to whether Avista utility customers are treated equitably with respect to credit and collection. Improvement in this metric will directly reflect reduction of the risk to vulnerable customers of disconnection or other negative financial consequences of the credit and collection process.

The second CBI TEP supports involves metrics to increase neighborhood safety by: (1) reduced frequency and length of outages due to major disasters, wildfire, or extreme weather events, and (2) increased capacity of the local community to respond to such weather events. Avista proposes a CBI related to outages, but appears to identify only outage duration, rather than both duration and frequency. Data on outage frequency is currently available from SAIFI reporting and should be included in the CBI.

### Energy Security

The Energy Project supports adding two CBIs that relate to energy security. The first is to measure reductions in residential disconnections. Perhaps the most fundamental measure of energy security is whether a household is able to remain connected to essential utility service. In this category, metrics should be adopted to track: (1) reduction in the number and percentage of residential disconnections; and (2) reduction in the number and percentage of residential disconnections by location and demographic information. If disconnections from service show

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<sup>18</sup> Draft CEIP, p. 3-9

an increase, especially in Named Communities, it will be hard to simultaneously conclude that the transition to clean energy is providing benefits to customers in the reduction of burden, reduction of cost, much less the reduction of risk. Avista's draft CEIP does not appear to include tracking of disconnections.

A second important CBI to measure energy security is access to reliable clean energy. Metrics for this CBI would look at: (1) increased numbers of neighborhoods with storage/back up/ or locally powered centers for emergencies; (2) increased distributed generation in low-income neighborhoods; and (3) optimized grid investment in distribution. The first metric is consistent with a CBI proposed by the EAG recommending "back up energy sources available in Named Communities."<sup>19</sup> This would seem to be a practical metric directly making a difference for Named Community energy security and should be added to the CBI list. The second metric overlaps with Avista's Named Community Clean Energy CBI. This positive proposal by Avista would track "the percent of clean energy resources, including distributed generation resources or energy efficiency located in Named Communities."

### Resilience

In order to improve resilience, TEP supports CBIs to reduce the frequency and duration of blackouts and brownouts in Named Communities. This would be measured by improvements in SAIDI and SAIFI for Named Communities.<sup>20</sup> As discussed above, Avista's draft only covers outage duration, so this would be enhanced by the JA proposal.

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<sup>19</sup> Draft CEIP, Table 3.3, p. 3-9

<sup>20</sup>Use of CAIDI as a metric may also be appropriate.

The Energy Project also supports a CBI to track reduction in energy and capacity need by monitoring: (1) increased participation in targeted demand response (DR) programs, load management, and behavioral programs that result in a measurable reduction to peak demand; (2) increased energy efficiency savings; and (3) increased water savings due to energy efficiency measures. The recommendation re energy savings overlaps with Avista CBIs. We note Avista has not included demand response as a specific action, or included any CBIs on the point. While TEP does not address whether DR should be included as a “specific action” in this CEIP, if DR is ultimately added to this CEIP, TEP recommends inclusion of a metric to measure to track whether any demand response program negatively impacts, or provides financial or other benefits to low-income customers.

### Conclusion

The Commission’s CEIP rules create an expectation of significant consultation by the Company with its Advisory Groups, which would include the Energy Efficiency and Low-Income Advisory Groups in the development of the CEIP.<sup>21</sup> Consistent with the rule, The Energy Project is hopeful that the recommendations which the Advisory Group members have submitted, including the Joint Advocate CBI recommendations, will receive serious consideration for inclusion in the final CEIP. The Energy Project looks forward to working with the Company and with other member of Avista’s Energy Efficiency and Low Income Advisory Groups, as well as the Equity Advisory Group to try to reach consensus on the final set of CBIs for measuring equitable transition to clean energy under CETA.

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<sup>21</sup> WAC 480-100-655(1)