



ATTORNEY GENERAL OF WASHINGTON

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September 7, 2021

SENT VIA WUTC WEB PORTAL

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

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COMMISSION

Re: *Avista's 2021 Clean Energy Implementation Plan (CEIP) pursuant to WAC 480-100-640, Docket UE-210628, Comments of Public Counsel*

Dear Mark Johnson:

The Public Counsel Unit of the Washington State Attorney General's Office ("Public Counsel") respectfully submits these comments in advance of the October 1, 2021, final filing date. These comments are in response to Avista's ("Company") draft Clean Energy Implementation Plan (CEIP) filed on August 16, 2021. The draft CEIP provides an overview of Avista's plan for progressing towards the 2030 and 2045 clean energy requirements of WAC 480-100-610 (2) and (3), the Clean Energy Transformation Act (CETA). Avista has asked stakeholders for feedback by September 8, 2021, so that it may be incorporated before the final filing date of October 1, 2021.

According to WAC 480-100-655(1)(a), the utility must involve all advisory groups in the development of its CEIP and its biennial CEIP update, including the equity advisory group (EAG). Public Counsel representatives serve on Avista's Integrated Resource Planning (IRP), Energy Efficiency, and Energy Assistance advisory groups. Additionally, we take part in Avista's EAG. As such, Public Counsel has followed the entire external process that led to this draft. Public Counsel commends Avista for filing its CEIP on time and on its work with the newly formed EAG. We provide this initial feedback to the Company and Commission and further emphasize our understanding that this is the first of many opportunities for feedback.

Public Counsel outlines the following suggestions, below, for the final CEIP draft. Additionally, Public Counsel reserves the right to amend or offer additional feedback as the process progresses.

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- Avista should explain, in detail, the prioritization process of customer benefit indicators;
- Avista should either explain, in detail, how they plan to approach the prioritized benefit indicator of customer access to broadband, or allow stakeholders to select another metric;
- Avista should explain, in detail, why they only selected one customer benefit indicator in the environmental category, but selected the top two in all other categories;
- Avista should revise its metrics to track customer benefit indicators so that they more accurately reflect the intent of the EAG and other stakeholders, and so that Avista Utilities is held accountable to each in the transition to clean energy;
- Avista should consider lower-cost, higher-benefit alternatives to investments at Post Falls and Kettle Falls generating stations;
- Avista should propose demand response targets related to each of their programs, commit to formally reporting demand response results, and discuss, in detail, their plans to use demand response to meet future targets; and
- Avista should discuss, in detail, how they plan to address barriers to participation.

CUSTOMER BENEFIT INDICATORS

A. PRIORITIZATION

Each utility must develop Customer Benefit Indicators (CBIs) in accordance with WAC 480-100-610(4). In total, Avista stakeholders identified 86 preliminary CBIs, which were consolidated using common themes for ease of reference and prioritization. This resulted in 26 CBIs.¹

Avista then asked stakeholders to prioritize the 26 CBIs in three areas:

- Proxy Power: Represents the indicator which is most critically tied to everyone benefitting equitable from the transition to clean energy;
- Communication Power: Shows the indicator can be understood by a broad audience; and
- Data Power: Represents the indicator which can be most readily tracked, measured, and counted.

Avista then weighed the answers 65 percent for the EAG and 35 percent for the other stakeholders. Avista does not recount in the draft CEIP how this prioritization was presented to stakeholders. For instance, if the stakeholders were asked to select the top one indicator in each area, if there was a ranked choice, or any other method. They also do not explain how they then took the votes and used the weighting process to come to the total numbers provided in the table. Further, Avista does not outline which stakeholders comprised the "other" category. Outside

¹ Avista Corp. Draft 2021 Clean Energy Implementation Plan, at 3-7 (filed August 16, 2021).

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stakeholders should be able to understand this process when reading through the CEIP. They should include the specifics of how each CBI was prioritized and selected in the final CEIP.

B. SELECTION

The CBIs were categorized and prioritized within seven equity areas: affordability, access to clean energy, community development, energy security/resiliency, environmental, and health and wellbeing. The top two CBIs, as prioritized by stakeholders, were selected as final indicators in each category, except for two categories.

One of the top two indicators in the “access to clean energy” category, number of households reached by broadband, was not selected. Avista acknowledges this and says “additional evaluation and discussion will be required to determine how Avista could have any influence over this metric and how it might be measured.”² It is not fair to the stakeholders who worked to have this metric and then determine it cannot be included without a clear explanation as to why it would not be an appropriate metric to measure customer access to clean energy. At the very least, if Avista does not include this metric, the advisory groups should be allowed to readdress the equity category and choose a second metric that Avista will consider. Public Counsel acknowledges Avista's efforts to include all the concerns of the EAG, which resulted in this metric being considered. However, if the desire to increase access to broadband were not within Avista's purview or control, that should have been discussed in those meetings so efforts could be focused elsewhere. Though Public Counsel understands that Avista is not a broadband provider and that access to broadband may not have a clear nexus with clean energy access, the stakeholders voted in earnest, so the Company should do more than disregard the EAG's opinion without explanation.

In the “environmental” category, Avista only chose one indicator, “reducing polluting emissions” and provided no explanation for why they did not include the second highest, “locational environmental impacts equitably sited.” Based on conversations with Company representatives, it is Public Counsel's understanding that this was done because the prioritized two metrics were correlated. As outlined in the “metrics chosen” section below, however, the metric chosen to represent pollution reduction essentially eliminates localized pollution impacts. This disregards the earnest, well-supported concerns of the EAG and other stakeholders.

Public Counsel partnered with Northwest Energy Coalition, The Energy Project, and Front & Centered to provide a comprehensive list of CBIs to consider, with the intent of each utility using it as guidance in developing their CBIs. The document was filed in the CEIP Docket, UE-210628, on August 20, 2021, and in the earlier CEIP public participation plan Docket, UE-210295, on July 30, 2021. Avista chose their list of CBIs with feedback from its

² Avista Corp. Draft 2021 Clean Energy Implementation Plan, at 3-7 (August. 16, 2021).

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stakeholders. Public Counsel believes they should remain accountable to those stakeholders. However, they should also consider other metrics, in addition to those selected, that would help capture further, essential customer benefits in the transition to clean energy. Table 1 shows our jointly proposed CBIs, the associated statutory element, and the associated equity area proposed by Avista's EAG. Public Counsel continues to support use of the CBIs recommended in the filing.

Table 1. Revised Table 3.1: Statutory Elements, Joint Advocates' Customer Benefit Indicators & Related Avista CBIs³

Statutory Element	Joint Advocates' Customer Benefit Indicators*	Related Avista CBI **
<u>Energy Benefits</u>	<ul style="list-style-type: none"> Improved efficiency of housing stock in utility service territory, including low-income housing (increased funding, program participation, bill reductions, rental EE) Low income and vulnerable communities have access to an increasing number of renewable or non-emitting distributed generation resources (increased Low-income renewable projects, community-owned projects, increased percent of DG) 	Participation in Company Programs Named Community Clean Energy
<u>Non-Energy Benefits</u>	<ul style="list-style-type: none"> Increase community employment opportunities (apprenticeships and training, living wage jobs, contractor representation) Improved Health and Community wellbeing (work and school absences, weatherization, home comfort w/HVAC, heat pumps, EVs, include non-energy benefits in cost-effectiveness) 	Avista Employee Diversity Supplier Diversity

³ This table was drafted by The Energy Project staff, in consultation with Front & Centered, NWEA, and Public Counsel.

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Statutory Element	Joint Advocates' Customer Benefit Indicators*	Related Avista CBI **
<u>Reduction of Burdens</u>	<ul style="list-style-type: none"> Reduction in Number of Energy Burdened Households in target groups (highly impacted communities, vulnerable population, bill assistance, known low income) Reduced barriers for program participation (increased participation, translation services, EV charging cost equity) 	Participation in Company Programs Number of Energy Burdened Households Availability of Methods/Modes of Outreach and Communication
<u>Public Health</u>	<ul style="list-style-type: none"> Improved Health Outcomes (hospital admissions, decreased wood burning, indoor and outdoor air quality, reduced health care costs) 	Indoor Air Quality Employee Diversity Supplier Diversity
<u>Environment</u>	<ul style="list-style-type: none"> Reduction of Greenhouse Gas Emissions (increased electrification) Reduced Pollution Burden and Pollution Exposure (metrics detailed) 	Greenhouse Gas Emissions Outdoor Air Quality
<u>Reduction in Cost</u>	<ul style="list-style-type: none"> Expand Bill Assistance Programs (participation rates, penetration rates, program budgets) Reductions in Number and Amount of Arrearages (90+ days, zip code analysis) 	Participation in Company Programs Named Community Investment
<u>Reduction in Risk</u>	<ul style="list-style-type: none"> Fewer customers with low utility credit code scores & fewer customers sent to collections Increased Neighborhood Safety (frequency and duration of outages, increased local disaster response capacity) 	Outage Duration

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Statutory Element	Joint Advocates' Customer Benefit Indicators*	Related Avista CBI **
<u>Energy Security</u>	<ul style="list-style-type: none"> • Reduced Residential Disconnections (demographic analysis by zip code, AMP and PIPP participation) • Improved Access to Reliable Clean Energy (local storage/back up, increased local DG, improved distribution system planning) 	Proximity of Energy Generation Named Community Clean Energy
<u>Resilience</u>	<ul style="list-style-type: none"> • Reduction in Outage Frequency (SAIFI) and Duration (SAIDI) in Target Communities • Reduction in Energy and Capacity Need (demand response participation, increased EE savings, water savings) 	Outage Duration Named Community Clean Energy

* The Joint Advocates' comments filed July 30, 2021 provide further detail regarding specific components of proposed customer benefit indicators (CBIs). This Table is for summary purposes.

** Some CBIs in the Avista Draft CEIP are listed multiple times if they pertain to more than one of the Joint Advocates' CBIs.

C. METRICS CHOSEN

Public Counsel has the following concerns with metrics chosen to represent the customer benefit indicators:

1. Availability of Methods/Modes of Outreach and Communication

The EAG expressed concern about increasing access to clean energy and reaching customers who previously have not participated in programs to language barriers or lack of understanding of the application process. Avista's draft CEIP outlines that they will track the number of workshops, mobile, outreach, and energy fair events they facilitate annually. This does not address the EAG's concern about language barriers or understanding. In fact, Avista has already tracked this data at least since 2016, and does not specifically discuss any new initiatives. The Company fails to address the continued problem of customers that are unable to be reached due to these barriers, despite Avista's existing events.

Avista only states that they will strive to increase the number of events and identify new methods to engage with customers through additional modes of communication and outreach. In *Table*

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4.6: *2022 to 2025 Energy Efficiency Directional Customer Impacts*,⁴ Avista outlines that increased translation services, for instance, may lead to increased public participation, but that is the extent of their discussion. In the final CEIP, Avista must be more specific about language access and how they plan to increase that access.

2. Named Community Investment

This indicator was selected to target investments in named communities to positively impact local community and economic development or reduce non-energy financial burdens. Avista states that they will accomplish this using the Avista Foundation. The Avista Foundation is separate from Avista's utility operations, and is the primary community investment source from Avista Corporation.

When outlining the requirements, WAC 480-100-610(4) states: "In making progress toward and meeting subsections (2) and (3) of this section, each *utility* must..." Avista's proposal is not allowed according to the WAC, as it is not a *utility* action. Avista Foundation is separate from Avista Utilities. The investment must come from Avista Utilities in order to be compliant. Avista mentions later in the document the potential for a "Named Community Investment Fund," which has not yet been set up. If developed, it would be utilized for direct investment in projects to improve the equitable distribution of clean energy by targeting named communities. This fund would comply with the WAC, and should be the focus of Avista in this CBI.

3. Outdoor Air Quality

Outdoor air quality was frequently brought up and discussed among Avista's EAG and other stakeholders, with an emphasis on localized impacts of pollutants. Avista has chosen to track the annual number of days where the Air Quality Index (AQI) reaches at least unhealthy air for sensitive groups (101+), and weighs it according to proximity to Avista's customer base.

This essentially reduces this metric to extreme events, such as wildfires, and ignores steps the utility may have more control over, such as electrification and cleaner fuel usage. Data provided by Avista in the draft CEIP attributes much of the historical AQI problems to regional wildfires. This is not what the EAG requested. In fact, outdoor air quality and reduced risk of wildfires were considered separately when prioritizing CBIs. Outdoor air quality was given a total score of 18 in the environmental category and wildfire received a score of only seven.

Choosing to use this metric removes accountability from Avista for their local emissions as a result of generation serving Washington retail load. Avista's final CEIP should incorporate discussion on how Avista will be held accountable for their own emissions and actions that affect

⁴ Avista Corp. Draft 2021 Clean Energy Implementation Plan at 4-13 (filed August 16, 2021).

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outdoor air quality. This may include wildfire risk reduction and other extreme events, but it should not be limited solely to extreme events.

4. Greenhouse Gas (GHG) Emissions

Like outdoor air quality, stakeholders expressed concerns about Avista's GHG emissions. Avista chose to use a regional emissions metric. This, again, removes accountability from Avista. Public Counsel's understanding is that with this metric, Avista could do absolutely nothing to reduce their GHG emissions, but because of advancing technology in other sectors, such as transportation and general electrification, the regional GHG emissions could still go down. The final CEIP should propose ways Avista will be held accountable for their own GHG emissions, across all generating resources serving Washington retail load.

RENEWABLE AND NONEMITTING RESOURCES

We understand that Avista proposes substantial upgrades for Kettle Falls and Post Falls.⁵ Public Counsel is concerned about the anticipated level of clean energy benefit in relation to the capital expenditure. Avista should consider whether it could achieve greater benefits through lower cost investments elsewhere to better meet Washington's clean energy goals.

DEMAND RESPONSE

Avista's draft CEIP does not propose any demand response program targets or actions for the 2022–2025 CEIP period, yet they have many demand response programs in development and operation during this period. This includes, but is not limited to, Time of Use and Peak Time Rebate pilots for electric residential and generation service customers, a connected communities project, an active energy management pilot program, and a micro-grid design project for Spokane Tribe of Indians.

Public Counsel would like to see targets from each of these programs. At the very least, Avista should commit in the final CEIP draft to formally reporting the results of each of these programs during the 2022–2025 period. While demand response may not be required during this CEIP for Avista to meet their interim targets, it likely will be necessary in future iterations. Further, the success of their current pilots and programs will be critical to meeting future targets. Demand response programs take a considerable amount of time to ramp up, so Avista should be planning more intently for the future.

⁵ Avista Corp. Draft 2021 Clean Energy Implementation Plan at 4-2 through 4-4 (filed August 16, 2021).

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BARRIERS TO PARTICIPATION

Avista outlined in the draft that they do not “have an established overarching Company-wide plan or process to identify and remove public participation barriers such as language, cultural, or economic barriers.”⁶ The Company states that this is because it will be a lengthy process, and they will work with the EAG to develop a plan to address these barriers within 12 months of filing its initial CEIP.

Avista should include in the final CEIP further discussion on this process, such as how often meetings will be held, and how they plan to keep stakeholders informed. Public Counsel recommends Avista should be required to report to its other advisory groups the progress on creating this plan, as well as the plan itself, once it is completed, to increase accountability and transparency to the public participation process.

Public Counsel appreciates the opportunity to submit these comments. If you have any questions about this filing, please contact Shay Bauman at (206) 389-3040 or via e-mail at Shay.Bauman@ATG.WA.GOV.

Sincerely,

/s/ *Lisa W. Gafken*

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⁶ Avista Corp. Draft 2021 Clean Energy Implementation Plan at 6-7 (filed August 16, 2021).