

Agenda Date: August 12, 2016
Item Numbers: D3 and D4

Dockets: UE-132045 and UG-132046
Company: Avista Corporation

Staff: Chris McGuire, Energy Policy Strategist
Jennifer Snyder, Regulatory Analyst
Brad Cebulko, Regulatory Analyst
Deborah Reynolds, Assistant Director, Conservation and Energy Planning

Recommendation

Allow additional time for staff to review this filing so that it may make a properly informed recommendation regarding Avista's electric and natural gas conservation programs.

Discussion

On June 1, 2016, Avista Corporation (Avista or company) filed its 2014-2015 Biennial Conservation Report (report) with the Washington Utilities and Transportation Commission (commission), as required by Order 01 in docket UE-132045,¹ RCW 19.285.070(1), and WAC 480-109-120(4). Docket UE-132045, Order 01, lays out requirements for planning, reporting, and implementation of conservation programs, including the use of an advisory group for issues like program evaluation, measurement, and verification. The commission imposed an additional requirement for this filing in Order 04 of Docket UE-151148, requiring a progress update on the administration of its conservation program.²

The report filed by Avista includes the results of both natural gas and electric program achievement.³ The initial report indicated that the company had achieved 70,959 megawatt-hours (MWh) of savings during the 2014-2015 biennium and had exceeded its biennial target of 64,956 MWh. Further, the report indicated that the company had exceeded its revised target of 68,204 megawatt-hours as established by the company's decoupling commitment.⁴ Lastly, the report indicates that Avista exceeded its natural gas conservation target of 1,239,042 therms, achieving 1,250,742 therms.⁵

¹ *In the Matter of Avista Corporation's Report Identifying Its 2014-2023 Ten-Year Achievable Electric Conservation Potential and Its 2014-2015 Electric Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010*, Docket UE-132045, Order 01 Appendix A ¶ 8(e) (December 19, 2013).

² *WUTC v. Avista Corporation*, Docket UE-151148, Order 04 at ¶21 (February 26, 2016).

³ The 2015 Annual Conservation Report covering both natural gas and electric results is Appendix B of the Biennial Conservation Report, filed June 1, 2016, in dockets UE-132045 and UG-132046.

⁴ *WUTC v. Avista Corporation*, Docket UE-140188, Order 05 at ¶26 (November 25, 2014).

⁵ While Avista does not currently have a formal natural gas conservation target, the combined 2014 and 2015 natural gas conservation business plan target used here is found on page 4 of the 2015 Annual Conservation Report. The 2015 portion of the target is found on page 22 of the 2015 DSM Business Plan, filed October 31, 2014, in docket UG-143917.

Although Staff believes it is likely that Avista exceeded its electric target, an issue has been discovered that necessitates further investigation. Specifically, parties have indicated Avista may not be in compliance with Order 01 of Docket UE-132045, requiring Avista to obtain Advisory Group advice on “modification of existing...EM&V conservation plans.”⁶ The 3rd party evaluation plan, developed by Nexant, contains items that are not clearly contained within Nexant’s final evaluation report. On the surface, it would appear that the scope of work contained within the plan changed subsequent to providing the Advisory Group with Nexant’s “final” work plan. In particular, the work plan contained clear action items related to 1) the evaluation of the DSM team’s 2014 reorganization and 2) Avista’s response to the prior (2012-2013) 3rd party evaluation conducted by Cadmus. Nexant’s final report does not include sections specifically and clearly addressing these issues.

Staff believes this issue likely is due to miscommunication, a lack of a shared understanding of terminology used in the Appendix to Order 01, and a lack of a clear understanding on the part of Avista about Advisory Group members’ expectations of the work to be performed in the 3rd party evaluation. Staff is working with Avista to address and resolve these issues. Avista has requested that Nexant provide a supplemental appendix to the 3rd party evaluation report that specifically and directly addresses the two items in the work plan identified above. Staff has also requested supporting documentation, including notes and summaries pertaining to consultant interviews and correspondence between Avista and Nexant regarding any changes made to the structure and content of the report.

As of the date of this memo, Avista was still working with Nexant to obtain these materials. Staff will review the materials as soon as they are available.

Conclusion

Staff has concluded that, although Avista appears to have met its biennial target, new information calls into question Avista’s compliance with commission orders. Staff is working with Avista to resolve the issues detailed in this memo, but additional time to review this filing has become necessary.

⁶ *In the Matter of Avista Corporation’s Report Identifying Its 2014-2023 Ten-Year Achievable Electric Conservation Potential and Its 2014-2015 Electric Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010*, Docket UE-132045, Order 01 Appendix A ¶ 3(a)(i)(2) (December 19, 2013).