

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: September 30, 2016                      WITNESS: Jason L. Ball  
DOCKET: UE-160228/UG-160229                      RESPONDER: Jason L. Ball  
REQUESTER: ICNU    TELEPHONE: (360) 664-1279

**REQUEST NO. 12:** Please refer to Exhibit No. JLB-5T at 3:17-4:6:

- a. Is it Mr. Ball's understanding that all successful demand response programs are delivered through third parties?
- b. Could a utility implement a successful demand response program on its own?
- c. Regarding third-party demand response program marketers, is it Mr. Ball's understanding that such marketers tend to appeal to smaller load customers and seek to aggregate their loads and demand response resources?
- d. Given the size and level of sophistication of customers in Schedule 25, does Mr. Ball believe that it would be necessary to have a third party be responsible for such items as program marketing and outreach, customer recruitment, technology installation and incentive payments? If so, please explain why this would be necessary and why it could not be handled by Avista.
- e. Does Mr. Ball have any information on how much of the demand response savings are retained by third-party demand response program providers that could otherwise flow to customers? If yes, please provide or identify such information.
- f. Is it Mr. Ball's opinion that Avista could not have a customer-specific or class-specific demand response program of its own, in addition to third-party demand response program marketers? If yes, please explain why not.

**RESPONSE:**

- a. No. However, the Applied Energy Group Report in Appendix C of Avista's 2015 Integrated Resource Plan stated that "For the Firm Curtailment option, which is typically third-party delivered over shorter contract periods of three to five years, participation is assumed to ramp up linearly within a three-year timeframe."<sup>1</sup>
- b. A utility could implement a demand response program. However, the success of such a program would not be guaranteed just because it is implemented by a utility, and the measure for success must be sufficiently defined.
- c. Third-party aggregators may focus on customers with smaller loads, but there is no requirement for them to do so. A request for proposals by Avista could seek information from third-party aggregators targeting customers with smaller and larger loads. Staff is not prejudging the ability of Avista to run its own programs.

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<sup>1</sup> Docket UE-143214, Avista 2015 Integrated Resource Plan, Appendix C, 10 (Aug. 31, 2015) (emphasis added).

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- d. As stated in Mr. Ball's cross answering testimony, Exhibit No. JLB-5T, at 3:17-4:6, as cited by this data request:

**Q. How could a general demand response program be implemented?**

- A. A pilot program could evaluate potential interest and costs of demand response. The first step would be to issue a Request for Proposals (RFP) from third-party demand response program marketers...An RFP, similar to those by PSE in Dockets UE-160808 and UE-160809, would allow Avista to evaluate demand response programs that target multiple customers. The second step would be for Avista to propose a demand response pilot program through a tariff filing based on the RFPs.<sup>2</sup>

The first step in analyzing the potential for demand response, including the costs of administering such a program, would be to issue a Request for Proposals (RFP). This would allow Avista to compare the costs of administration by a third-party with those associated with Avista's direct administration. Mr. Ball makes no judgments regarding the sophistication of Schedule 25 customers.

- e. No.
- f. It is possible that Avista could offer simultaneous third-party and directly administered demand response programs. However, a single customer-specific demand response program should not be a tariffed service as explained in Mr. Ball's cross answering testimony, Exhibit No. JLB-5T at 3:5-15:

**Q. Is this docket the appropriate forum to develop and implement the demand response program as proposed by INCU?**

- A. No. Because ICNU's proposal is narrowly tailored to target a specific individual customer, it should not be a tariffed service. If ICNU wishes to implement a demand response program for a single customer, then that proposal should be discussed with the Energy Efficiency or IRP Advisory Groups. This would allow stakeholders and interest groups with the appropriate expertise to evaluate and comment on the proposal. Alternatively, ICNU or the customer in question could negotiate with Avista and bring to the Commission a special contract to implement a demand response program. The resulting contract could then be evaluated by the Commission independently.<sup>3</sup>

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<sup>2</sup> Ball, Exh. No. JLB-5T 3:17 - 4:6.

<sup>3</sup> *Id.* at 3:5-15.