

Monitoring and Reporting Plan for Non-Residential Time-of-Use Pilots

Background

Avista will pilot a time-of-use rate to a limited number of non-residential customers to collect data and determine the impacts of introducing time-of-use rates in Washington. This pilot program will become effective on or around June 2023, implemented 9 – 12 months after the effective date, and will be studied for a two-year period with the option of extending an additional two years.

Avista engaged stakeholders and a third-party evaluator to develop this final monitoring and reporting plan.

Pilot Goal

The goal of the pilot is to determine if the Company should offer a time-of-use program to all non-residential customers, by measuring the value of TOU rates for non-residential customers in a pilot program.

Pilot Objectives

The pricing pilot design encompasses the following four objectives:

1. System cost minimization: reduce costs to serve customers by improving capacity utilization, encouraging economic conservation and peak shaving.
2. Customer choice: Offer customers options to help them manage their energy bills.
3. Equity and accessibility: Design and offer rates and programs that consider needs and effects on low-income/vulnerable populations/highly impacted communities.
4. Integration of Renewables: Investing and integrating renewable resources helps Avista achieve its 100% carbon free goals.

Pilot Outcomes to Measure Value

No specific formula exists for what will constitute a successful pilot, but rather its success or failure will be judged on several measures listed below.

- **Customer Satisfaction**
 - How satisfied are participants with the time-of-use option?
 - Was the customer information and education about the program adequate?
 - Web content
 - Content from all other channels
 - Online comparison tools
 - At enrollment
 - Ongoing
 - Online usage tools showing how usage buckets for on/off peak and morning discount as applicable
 - Did participants save a meaningful amount on their bills?
- **Economic Efficiency**
 - Do participants significantly shift kWh energy usage away from peak hours?
 - Do customers on this rate option pay their cost of service?
 - Do the benefits of the program outweigh the costs?
- **Customer Appeal**

- Do customers want to sign up for this option?
 - What motivates customers to sign-up for this option?
 - Do participants choose to stay on this option, or do they go back to their previous schedule?
 - What do customers value more: the appeal of potential bill savings due to shifting loads or more bill certainty under non-time-varying rates?
 - Why do participants choose to go back to their previous rate schedule?
 - Are there particular characteristics common amongst customers who remained on the program?
 - Are there common characteristics among customers who dropped out of the program?
- **Equity**
 - Are the owners of participating businesses members of vulnerable population and/or highly impacted community, if applicable?
 - How does this pilot impact the workforce?
 - Is participation occurring in locations with higher proportion of low income/vulnerable populations/highly impacted community?

Pilot Design and Implementation

- Two TOU designs will be offered. TOU-A is a traditional TOU structured program, and TOU-B offers a morning discount in the summer season.
- The TOU-B summer discount is offered to encourage customers to shift usage to match renewable generation resources more closely, and thereby reducing loads in the afternoon that contribute to the steep ramp rate often seen in the summer due to the increased solar production. The pilot's load impact studies will analyze this theory.
- The pilot will be open to a maximum of 500 non-residential customers on an opt-in, first-come first-served basis for each TOU program (TOU-A and TOU-B). Combined participation from both TOU programs is not to exceed 1,000.
- A minimum of 100 customers in each TOU program (+ some to accommodate for churn) is needed to be statistically significant.
- Usage profiles will be collected for participants.
- Existing data from non-residential customers will be used as a control to compare to the pilot group. Data from the control group will include load profiles from the non-residential load research study.
- A personalized on-line savings comparison tool will be offered to customers to learn if a TOU rate plan would be beneficial to them over their standard rate option.
- A personalized on-line comparison tool for TOU pilot program participants will be made available that shows monthly TOU charges compared to a counterfactual of standard tiered rate charges.
- Annually on the anniversary of the participant's enrollment in the program, a letter will be sent to the participant informing them of their net savings or cost relative to their previous schedule. Included in that communication may be an invitation to participate in an online survey. To increase the response rate to the survey, an incentive will be offered.
- The Company will promote enrollment in the program through the following channels:
 - Bill messaging
 - Website
 - Newsletters
 - Targeted email announcements
 - Target direct mail announcements
 - Local media outreach
 - Social media posts
 - Avista Account Executives and Regional Business Managers



- Outreach through Avista’s Energy Assistance Advisory Group, Energy Efficiency Advisory Group, Equity Advisory Group, and other applicable organizations.
- Outreach conducted in languages other than English in line with local customer demographics

Measures

- **Customer Satisfaction**

- Surveys will be conducted to determine satisfaction with the program and if the materials and education provided were adequate for participant success.
- Net customer bill savings/cost relative to service under traditional non-residential schedules will be tracked for each participant. A distribution of net savings/cost will be examined.
- Webpage analytics will be tracked for online TOU tools available to customers.

- **Economic Efficiency**

- An analysis will be conducted to quantify the effectiveness of the pilot.
- Costs will include, at a minimum:
 - Metering
 - Customer Service
 - Marketing
 - Administration
 - A variant of the cost-benefit analysis will consider the net bill savings (or costs) of participants as a cost
- Benefits will include, at a minimum:
 - Energy savings
 - Capacity savings
 - Transmission and distribution deferral
- The cost-benefit analysis will also compare current metering with a counterfactual sensitivity under which the Company has deployed advanced metering infrastructure (AMI).
- A cost-of-service study will be conducted under which the two time-of-use rates will be put onto their own class within the study to determine if participants pay more or less than their cost of service in the final report.

- **Customer Appeal**

- Enrollment counts by date will be tracked. Inferences could be made from enrollment timing regarding seasonality and simultaneous timing of program promotions.
- Retention will be tracked by measuring counts of customers who drop off the program and return to traditional schedules relative to overall enrollment over time.
- To what degree participating customers (or customers who have dropped out) place more value on the potential savings from time-varying rates or appreciate reliable/predictable bills based on non-time varied rates (i.e. does the potential for savings due to a new rate structure outweigh the uncertainty of whether or not savings will actually accrue?) will be measured in survey responses.

- **Equity**

- Customer enrollment, retention, satisfaction, and bill savings/cost will be tracked by participants who identify as a business owned by a member of vulnerable population or highly impacted community to understand if program experience differs for customers from these groups.
- Participation and associated characteristics will also be cross-referenced against zip codes to determine whether non-residential customers in communities with higher proportions of low income, vulnerable populations and/or highly impacted communities benefit from this rate option.
- Participation will be tracked by census tract.
- The survey will attempt to gauge whether participation in the time-of-use rate option may have caused any adverse impacts for workers.



The data collected and analysis performed will be used to determine if the pilot should be terminated, expanded, modified, or made permanent.

Reporting

- Avista will convene interested parties to review a proposed draft survey plan prior to pilot launch.
- A preliminary check-in report will be prepared on the results of the first year of the pilot and subsequently filed with the Commission.
- A final report will be filed with the Commission within six months of the end of the pilot's two-year period that will include a full review of the program metrics, conclusions on the successfulness of the program as well as recommendations for the continuation or cancellation of the program.
 - At this time, the Company may recommend a two-year extension of the pilot if more information or tariff changes are necessary. If such an option is exercised, an additional final report will be required within six months of the end of the four-year extended pilot term.
- The tariff for the time-of-use rate will not have an automatic termination date.
- Any changes made to the pilot design will need to be addressed in the reports and efforts made to create accurate comparisons between pre- and post- change versions of the program.

