

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION's

2014-2015 Biennial Conservation Target
Under RCW 19.285.040

DOCKET UE-132045

ORDER 03

ORDER REGARDING
CONSERVATION ACHIEVEMENT
FOR THE 2014-2015 BIENNIUM

BACKGROUND

- 1 The Energy Independence Act (EIA) requires electric utilities with 25,000 or more customers to set and meet energy conservation targets. Under RCW 19.285.040(1)(b), each utility must establish a biennial acquisition target for cost-effective conservation, and must meet that target during the subsequent two-year period. Avista Corporation (Avista or Company) set a 2014-2015 biennial conservation target of 64,956 megawatt-hours. The Washington Utilities and Transportation Commission (Commission) approved that target in Order 01 in this docket (Order 01).
- 2 On November 25, 2014, the Commission approved the all-party settlement stipulation in Docket Nos. UE-140188 and UG-140189 which, among other things, allowed Avista to institute a revenue decoupling mechanism. An associated element of the settlement requires Avista to achieve an additional five percent conservation savings above its biennial conservation target (decoupling commitment).
- 3 On June 1, 2016, as required by Order 01, RCW 19.285.070(1), and WAC 480-109-040(1)(a), Avista filed its 2014-2014 Biennial Electric Conservation Report (Report). Avista reported that it had achieved 70,959 megawatt-hours of electric conservation during the 2014-2015 biennium, exceeding its biennial target of 64,956 megawatt-hours. Avista also reported that it had met all of the requirements of Order 01 over the course of the biennium.
- 4 Beginning January 1, 2014, conservation achieved above a utility's conservation target can be claimed as excess savings to meet shortfalls in subsequent biennia.¹ Avista

¹ RCW 19.285.040(1)(c)(i) and WAC 480-109-100(3)(c).

achieved savings during the 2014-2015 biennium beyond both its base Commission target and its decoupling commitment of an additional 5 percent savings. Commission Staff (Staff) finds Avista achieved 2,489 megawatt-hours of excess savings. No single large facility savings have been identified by Avista.

- 5 On June 3, 2016, the Commission issued a Notice in accordance with WAC 480-109-040(2) inviting interested persons to file written comments on Avista's Report. During the comment period, the Commission received written comments from Staff, the NW Energy Coalition (Coalition) and Jonathan Powell. Mr. Powell expressed his concerns with transparency in Avista's methodology and analysis, Total Resource Cost calculations, and a lack of "meaningful independence" in the EM&V of Avista's Demand Side Management (DSM) portfolio. The Coalition questioned whether Avista should exclude the Northwest Energy Efficiency Alliance (NEEA) conservation program numbers, and recommended that excess conservation figures should be utilized to satisfy conservation targets once and not be applied to multiple goals. The Coalition also suggested that Avista should exclude NEEA savings when setting targets and reporting for future biennia. On August 1, 2016, Avista submitted responses to Mr. Powell's comments and addressed his concerns. On September 13, 2016 Mr. Powell submitted additional comments on how Staff corroborated his earlier comments.
- 6 At the recessed Open Meeting on August 12, 2016, the Commission heard oral comments from Staff, Public Counsel, the Coalition, and ICNU. Public Counsel supports Staff's recommendation. ICNU also supports Staff's recommendation, but would like more discussion related to decoupling. The Coalition supports Staff's recommendation as it relates to large facilities, non-energy benefits, and real-time monitoring, but does not support using excess saving for conservation. Instead, the Coalition would like to see real-time measurements.
- 7 Staff recommends the Commission issue an order finding that: (1) Avista has complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070; (2) Avista has complied with Order 01; (3) Avista has achieved 70,693 megawatt-hours of conservation during the 2014-2015 biennium; (4) Avista has applied 3,248 megawatt-hours of conservation during the 2014-2015 biennium towards satisfying its decoupling conservation commitment; and (5) Avista has achieved 2,489 megawatt-hours of excess conservation during the 2014-2015 biennium.

DISCUSSION

8 The Commission agrees with Staff that Avista has complied with its reporting and other obligations under RCW 19.285.040(1)(b), RCW 19.285.070, WAC 480-109-040(1), and Order 01 in this docket. We also find that Avista has achieved 2,489 megawatt-hours of excess conservation during the 2014-2015 biennium,

FINDINGS AND CONCLUSIONS

- 9 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, and accounts of public service companies, including electric companies.
- 10 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 11 (3) This matter came before the Commission at its regularly scheduled open meeting on September 22, 2016.
- 12 (4) Avista serves more than 25,000 customers within the state of Washington, and is a “qualifying utility” within the meaning of RCW 19.285.030(16).
- 13 (5) Avista has achieved 70,693 megawatt-hours of conservation during the 2014-2015 biennium, exceeding its target of 64,956 megawatt-hours. Avista has complied with RCW 19.285.040(1)(b).
- 14 (6) Avista has achieved 2,489 megawatt-hours of excess conservation during the 2014-2015 biennium.
- 15 (7) Avista has met the reporting requirements of RCW 19.285.070 and WAC 480-109-040(1).
- 16 (8) Avista has complied with Order 01 in this docket.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Avista Corporation has complied with reporting requirements pursuant to WAC
480-109-120 and RCW 19.285.070.
- 18 (2) Avista Corporation has complied with the requirements of Order 01 in this
Docket.
- 19 (3) Avista Corporation achieved 70,693 megawatt-hours of conservation during the
2014-2015 biennium.
- 20 (4) Avista Corporation has applied 3,248 megawatt-hours of conservation during the
2014-2015 biennium towards satisfying its decoupling conservation commitment.
- 21 (5) Avista Corporation has achieved 2,489 megawatt-hours of excess conservation
during the 2014-2015 biennium.

DATED at Olympia, Washington, and effective September 22, 2016.

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner