

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Avista Corporation  
2018-2019 Biennial Conservation Report**

**DOCKET UE-171091**

**COMMISSION STAFF COMMENTS REGARDING  
ELECTRIC UTILITY CONSERVATION ACHIEVEMENTS UNDER THE ENERGY  
INDEPENDENCE ACT,  
RCW 19.285 and WAC 480-109  
(2018-2019 BIENNIAL CONSERVATION REPORT)**

**August 7, 2020**

**Summary**

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Now codified in RCW 19.285 and Chapter 480-109 WAC, “qualifying” electric utilities — those with at least 25,000 customers in Washington — are mandated to set and meet energy conservation targets.<sup>1</sup> The Washington Utilities and Transportation Commission (Commission) approved the 2018-2027 achievable conservation potentials and 2018-2019 biennial conservation targets, subject to conditions, for Puget Sound Energy (PSE) in Docket UE-171087, Pacific Power and Light Company (Pacific Power) in Docket UE-171092, and for Avista Corporation (Avista) in Docket UE-171091 on January 12, 2018.

On June 1, 2020, PSE, Avista, and Pacific Power timely filed their respective Biennial Conservation Reports (BCRs or Reports), regarding their 2018-2019 conservation targets with the Commission as required by law.<sup>2</sup>

**Table 1: Summary of Reported 2018-2019 Cost-Effective Savings**

	Total Goal (MWh)	EIA Penalty Threshold (MWh)	Decoupling target (MWh)	Total Reported Savings (MWh)	Savings Applicable to Penalty Threshold (MWh)	Cost-effectiveness <sup>3</sup>	
						TRC	UCT
PSE	520,456	448,109	23,658	549,116	508,286	1.64	2.17
Avista	95,047	79,785	4,489	99,893	89,115	1.63	2.11
Pacific Power	83,484	74,293	3,975	88,464	80,604	1.12	1.14 <sup>4</sup>

**Avista’s Conservation Target and Achievement**

In Order 01 in Docket UE-171091, the Commission established Avista 2018-2019 EIA penalty threshold at 79,785 megawatt hours (MWh), with a corresponding decoupling conservation target of 4,489 MWh. Avista reports that it exceeded these targets in the biennium, as illustrated in Table 2 below. When including all savings achieved locally by the utility and Avista’s share of regional savings from the Northwest Energy Efficiency Alliance (NEEA), Avista’s total conservation achievement in the 2018-2019 biennium was 99,893 MWh.

<sup>1</sup> RCW 19.285.030(19) (definition of “qualifying utility”); RCW 19.285.040(1)(b) (requiring biennial conservation targets).

<sup>2</sup> RCW 19.285.070; WAC 480-109-120; initial orders in Dockets UE-171087, UE-171091, and UE-171092.

<sup>3</sup> Low-income conservation is excluded from program-level cost-effectiveness calculations per WAC 480-109-100(10)(b). “TRC” refers to the total resource cost test, while “UCT” refers to the utility cost test.

<sup>4</sup> Portfolio level UCT for 2019 only.

**Table 2: Summary of Avista's 2018-2019 Conservation Achievement**

	<b>Planned</b>	<b>Actual</b>	<b>Percentage of Target</b>
<b>EIA Penalty Threshold (MWh)<sup>5</sup></b>	79,785	89,115	112%
<b>Total Local Biennium Target including 5% Decoupling Commitment (MWh)</b>	84,274		106%
<b>Total EIA Target (MWh)<sup>6</sup></b>	94,260 <sup>7</sup>	99,893	106%

**Program-Level Achievements and Cost-Effectiveness**

**Table 3: Avista's 2018-2019 Conservation Achievements and Cost-Effectiveness by Program**

<b>Program</b>	<b>Savings Goal <sup>8</sup> (MWh)</b>	<b>Actual Savings (MWh)</b>	<b>Budget</b>	<b>Expenditures</b>	<b>TRC<sup>9</sup></b>
Residential <sup>10</sup>	41,635	29,727	\$3,213,932	\$7,885,376	1.38
Low-Income <sup>11</sup>	1,463	717	\$2,066,844	\$1,651,550	0.72
Non-Residential	41,963	58,058	\$6,943,426	\$8,616,120	1.55
Administration/Other	749 <sup>12</sup>	613	\$7,480,165	\$6,144,907	
<b>Total Before NEEA</b>	<b>85,061</b>	<b>89,115</b>	<b>\$19,703,367</b>	<b>\$24,297,953</b>	
NEEA	9,986	10,778	\$2,800,000	\$2,549,414	
<b>Total</b>	<b>95,047</b>	<b>99,893</b>	<b>\$22,503,367</b>	<b>\$26,847,367</b>	1.63
Fuel Conversions	No savings reported/ not eligible EIA savings		\$9,033,572	\$6,861,415	
<b>Total including FC</b>			<b>\$31,536,939</b>	<b>\$33,708,782</b>	

<sup>5</sup> Docket UE-171091, Order 01, p. 10 (Jan. 12, 2018). Does not include NEEA savings.

<sup>6</sup> All cost-effective conservation potential as required by RCW 19.285. Includes the CPA Pro-Rata Share plus other programs/measures with confident savings that were omitted from CPA, such as NEEA savings.

<sup>7</sup> Docket UE-171091, Replacement Page: Revised 2018-2019 Biennial Conservation Plan Target, on behalf of Avista Corporation d/b/a Avista Utilities, from Linda Gervais, p. 1 (Jan. 11, 2018)

<sup>8</sup> The Savings Goals identified here are used for planning and not binding on the utility.

<sup>9</sup> Program level TRC for 2019 only. Portfolio level TRC is for the biennium and excludes low-income programs.

<sup>10</sup> Excluding low-income conservation.

<sup>11</sup> Low-income conservation is excluded from program-level cost-effectiveness calculations per WAC 480-109-100(10)(b).

<sup>12</sup> 749 MWh of Distribution and Street Light efficiency was identified in the Biennial Conservation Plan, 613 MWh was achieved and listed under administration/other.

Table 3 above displays Avista's 2018-2019 program-level conservation achievements and cost-effectiveness. Cost-effectiveness is measured using the Total Resource Cost (TRC) test, which includes a 10% conservation credit adder and quantifiable non-energy benefits (NEBs). Low-income conservation savings are not included in the Residential program totals. Apart from the Low-Income program, all programs remained cost-effective in the 2018-2019 biennium.

### **Excess Savings Accounting**

WAC 480-109-100(3)(c)(i) allows utilities to meet up to 20 percent of the conservation targets in each of the following two biennia. Since Avista achieved sufficient savings in the 2018-2019 biennium, it does not need to use any of the 67,829 MWh of excess savings from previous biennia to meet its 2018-2019 conservation target.

Avista claims 9,330 MWh of excess saving in the Biennial Conservation Report. This number appears to be calculated based off the savings applicable to the penalty threshold and the EIA penalty threshold without accounting for the decoupling penalty threshold.

#### **Equation 1: Excess Savings without subtracting for decoupling**

$$89,115 - 79,785 = 9,330$$

#### **Equation 2: Excess Savings subtracting for decoupling**

$$89,115 - (79,785 + 4,489) = 4,841$$

Staff calculates that the actual excess savings earned, after subtracting savings to serve the decoupling penalty threshold, is 4,841 MWh. This method of only counting excess savings beyond the decoupling penalty threshold is standard Commission practice based on last biennium and agreed upon by parties to the 2018 Washington Statewide Advisory Group.<sup>13</sup> This method eliminates double counting savings towards both satisfying the decoupling commitment and towards a future shortfall.

As demonstrated in Table 4 below, Staff calculates that Avista has 69,915 MWh of excess savings available to use towards a potential shortfall in the 2020-2021 biennium.

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<sup>13</sup> See Docket UE-152076, Order 02, p. 1 (August 9, 2018), *see also* Docket UE-171091, Report on 2018 Washington State Investor Owned Utility Energy Efficiency Joint Advisory Group Activities and Outcomes, p. v (June 19, 2019).

**Table 4: Avista Excess Savings Accounting**

	<b>Excess Available for 2018-2019 Shortfall (MWh)<sup>14</sup></b>	<b>Excess Available for 2020-2021 Shortfall (MWh)</b>	<b>Excess Available for 2022-2023 Shortfall (MWh)<sup>15</sup></b>
<b>2014-2015</b>	2,755		
<b>2016-2017</b>	65,074	65,074	
<b>2018-2019</b>		4,841	4,841
<b>Total Available Excess</b>	<b>67,829</b>	<b>69,915</b>	<b>4,841</b>

**Summary**

Staff will review stakeholder comments and provide a recommendation at the September 10, 2020, regular open meeting, as to whether the Commission should:

1. Find that Avista complied with the conditions of Order 01 in Docket UE-171091,
2. Find that Avista complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070 in the biennial conservation report, and
3. Issue an order finding that Avista met their biennial conservation target and has achieved 4,841 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets.

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<sup>14</sup> Avista did not need to utilize this excess savings in the 2018-2019 biennium, and will no longer carry forward the 2,755 MWh achieved in the 2014-2015 biennium.

<sup>15</sup> Any unused excess savings from the 2020-2021 biennium will be available to account for a 2022-2023 shortfall, as well.