

Monitoring and Reporting Plan for Residential and Non-Residential Peak Time Rebate Pilot

Background

Avista will pilot a peak time rebates program to a limited number of residential and general service customers to collect data and determine the impacts of peak time rebates 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 peak time rebate program to all residential and/or general service customers, by measuring the value of peak time rebates for residential and general service 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 peak time rebates program?
 - Did participants save a meaningful amount on their bills?
 - Was customer information and education about the program adequate?
- **Economic Efficiency**
 - Do customers on this program pay their cost of service?
 - Do participants significantly shift kWh energy usage away from peak hours?
 - Do the benefits of the program outweigh the costs?
- **Customer Appeal**
 - Do customers want to sign up for this program?
 - What motivates customers to sign-up for this option?
 - Do participants choose to stay on this program?
 - Why do customers choose to drop out of the program?
 - 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**
 - Do low-income customers and/or customers from vulnerable populations and/or highly impacted communities participate?
 - Do low-income customers and/or customers from vulnerable populations and/or highly impacted communities benefit from this program?
 - What barriers exist that may prevent low-income customers and/or customers from vulnerable populations and/or highly impacted communities from participating?
 - What barriers exist that may prevent low-income customers and/or customers from vulnerable populations and/or highly impacted communities from benefitting from this program?

Pilot Design and Implementation

- The pilot will be open to a maximum of 500 low income residential, 500 standard residential and 500 general service customers on an opt-in, first-come first-served basis for a maximum of 1,500 participants in total
- A minimum of 100 customers in each customer group is (+ some to accommodate for churn) needed to be statistically significant.
- 15-20 peak time rebate events per year are expected to be called in 2–6-hour blocks with day-ahead notification, and in rare instances day-of notification.
- The settlement method to calculate the counterfactual baseline for payment settlement will be determined in coordination with Avista stakeholders and Avista’s third-party evaluator.
- Settlement notifications will be sent to customers in a timely manner after-the-fact to participants to inform them of their performance and the amount of their applicable bill credit.
- At the end of the participant’s first annual period on the program, a program update notification will be sent to them. This may be an opportune time to include in that communication an invitation to participate in an online survey. To increase the response rate to the survey, an incentive will be offered.
- The Company plans to recruit a statistically appropriate sample size of customers through various outreach and enrollment activities. Education in and enrollment about the program will be made across multiple channels that may include:
 - Bill messaging
 - Website
 - Newsletters
 - Targeted email announcements
 - Targeted direct mail announcements
 - Local media outreach
 - Social media posts
 - 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.
- **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 peak time rebates will be put onto its 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 relative to overall enrollment over time.
 - Customer enrollment, retention, satisfaction will be analyzed against demographic characteristics and load characteristics (e.g., numbers of people at 200% of Federal Poverty Level (FPL) or 80% of Average Median Income (AMI), number of participants who own EVs, etc.)
 - To what degree participating customers (or customers who have dropped out) place more value on the potential savings from peak time rebates or appreciate the convenience of reliable/predictable bills based on non-time varied rates (i.e., does the potential for savings due to a peak time rebate structure outweigh the uncertainty of whether or not savings will actually accrue?) will be measured in survey responses.
 - Why do customer choose to opt-out of the program.
 - **Equity**
 - Customer enrollment, retention, satisfaction, and bill savings/cost will be tracked along demographic lines to understand if program experience differs for low income, customers from vulnerable populations and/or highly impacted communities.
 - Participation will be tracked by census tract.

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 peak time rebate 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.