

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION d/b/a  
AVISTA UTILITIES

Report Identifying Its 2018-2019  
Electric Biennial Conservation Target  
Under RCW 19.285.040 and WAC 480-  
109-120

DOCKET UE-171091

ORDER 02

REGARDING CONSERVATION  
ACHIEVEMENT FOR THE 2018-2019  
BIENNIUM

**BACKGROUND**

- 1 Electric utilities with 25,000 or more customers are required under the Energy Independence Act (EIA or Act) to set and meet energy conservation targets every two years.<sup>1</sup> The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA, which further require that each utility must file a report with the Commission a biennial conservation report regarding its progress in meeting its conservation target during the preceding two years.<sup>2</sup>
- 2 On November 1, 2017, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed its Biennial Conservation Plan identifying a 2018-2027 10-year achievable conservation potential of 368,000 megawatt-hours (MWh), and a 2018-2019 biennial conservation target of 79,785 MWh.

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<sup>1</sup> RCW 19.285.040(a) requires each electric utility to identify its 10-year achievable cost-effective conservation potential using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan. At least every two years, a utility must also review and update its assessment for the subsequent 10-year period. RCW 19.285.040(b) requires each qualifying utility to establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in RCW 19.285.040(a) and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than the qualifying utility's pro-rata share for that two-year period of its cost-effective conservation potential for the subsequent two-year period.

<sup>2</sup> WAC 480-109-120(4).

- 3 On January 12, 2018, the Commission accepted Avista’s proposed 2018-2019 biennial conservation target of 79,785 MWh, with a corresponding decoupling conservation target of 4,489 MWh, in Order 01, subject to conditions.
- 4 On May 29, 2020, Avista filed its 2018-2019 Biennial Conservation Report (Biennial Conservation Report) with the Commission, as required by Order 01 in this docket, RCW 19.285.070(1), and WAC 480-109-120(4).
- 5 In its Biennial Conservation Report, Avista submits that it has achieved 99,893 MWh of conservation savings, exceeding its Energy Independence Act (EIA) penalty target of 94,260 MWh. Avista claims 9,330 MWh of excess savings, which may be used to satisfy future conservation targets.
- 6 On June 4, 2020, the Commission issued a Notice of Opportunity to Comment and Notice of Open Meeting regarding Avista’s Biennial Conservation Report.
- 7 On July 23, 2020, Jon Powell submitted written comments. Although Powell submitted his comments as a member of the public, he was previously on the Board of Directors for the Northwest Energy Efficiency Alliance. Powell raised concerns that utilities may seek to control the independent third-party evaluators and that independent evaluations, led by Commission staff (Staff), would allow for greater consistency and energy savings. Powell also argues for greater consistency between the establishing of a biennial conservation target and the later measurement of acquisition eligible to be credited towards that target.
- 8 On August 7, 2020, Staff filed its Comments on Avista’s Biennial Conservation Report. Staff recommends that the Commission find Avista has complied with the conditions of Order 01, WAC 480-109-120, and RCW 19.285.070. Staff recommends that the Commission find that Avista met its biennial conservation target and achieved 4,841 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets. Staff submits that all of Avista’s conservation programs remained cost-effective in 2018-2019, aside from the Low-Income program.<sup>3</sup> Staff provides a summary of these conservation savings in the following table:

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<sup>3</sup> The Company appropriately excludes low-income conservation programs from the portfolio-level cost-effectiveness calculations pursuant to WAC 480-109-100(10).

**Table 1. Avista’s 2018-2019 Actual Savings Compared to Expected Savings (in MWh)**

	Expected MWh savings	Actual MWh savings
Total Utility Conservation (MWh)	94,260	99,893
Less Exclusions <sup>4</sup>	(9,986)	(10,778)
EIA Target	79,785	89,115
Decoupling Conservation Commitment <sup>5</sup>	4,489	4,489
Excess Savings		4,841

9 Staff notes that Avista achieved sufficient savings in the 2018-2019 biennium and does not need to use any of the 67,829 MWh of excess savings from previous biennia to meet its 2018-2019 conservation target.

10 However, Staff disagrees with Avista’s calculation of 9,330 MWh of excess savings. Only counting those savings beyond the decoupling penalty threshold, Staff calculates excess savings of 4,841 MWh. Table 2 provides an account of the excess savings available to meet shortfalls in each biennium.

**Table 2: Accounting of Avista’s Available Excess Savings**

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

<sup>4</sup> Exclusions remove savings from NEEA.

<sup>5</sup> WUTC v. Avista Corporation d/b/a Avista Utilities, Dockets UE-140188 and UG-140189, Order 05 ¶26 (November 25, 2014)

## DISCUSSION

- 11 On or before June 1st of each year, an investor-owned utility must report its progress to the Commission in the preceding year in meeting its biennial conservation target.<sup>6</sup> This report must include actual electricity savings results, expenditures on conservation, and the type and amount of renewable energy credits acquired.<sup>7</sup> On or before June 1st of each even-numbered year, an investor-owned utility must file a biennial conservation report with the Commission, including additional information.<sup>8</sup> Excess savings from earlier biennia may be used to meet the biennial conservation target, subject to certain limitations.<sup>9</sup> The Commission will then issue an order determining whether the utility has met its biennial conservation target.<sup>10</sup>
- 12 The Commission agrees with Staff's recommendation and finds 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.
- 13 Avista may appropriately claim 4,841 MWh of available excess savings from the 2018-2019 biennium. We agree with Staff that the available excess savings should only reflect those savings beyond the decoupling penalty threshold. This method is consistent with Commission practice and the agreement following the 2018 Washington Statewide Advisory Group.<sup>11</sup> Thus, Avista has achieved 4,841 MWh of excess savings that may be used to mitigate shortfalls in the subsequent two biennial targets.

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<sup>6</sup> RCW 19.285.070(2).

<sup>7</sup> *Id.*

<sup>8</sup> WAC 480-109-120(4).

<sup>9</sup> RCW 19.285.040(1)(c)(i).

<sup>10</sup> WAC 480-109-120(5).

<sup>11</sup> See *In the Matter of Avista Corporation's 2016-2017 Biennial Conservation Target*, Docket UE-152076, Order 02, p. 1 (August 9, 2018) ("Avista achieved savings during the 2016-2017 biennium beyond both its base Commission target and its decoupling commitment of an additional 5 percent savings."), 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) ("Excess Savings – Savings beyond Decoupling Threshold not claimed for incentive which can be used to meet targets in future biennia.").

### FINDINGS AND CONCLUSIONS

- 14 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 15 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 16 (3) WAC 480-109-120(4) requires electric companies to file biennial conservation reports on or before June 1<sup>st</sup> of each even-numbered year.
- 17 (4) WAC 480-109-120(4) requires biennial conservation reports to include certain information.
- 18 (5) Staff has reviewed Avista's Biennial Conservation Report in Docket UE-171091.
- 19 (6) Staff recommends that the Commission find that AVISTA has met its biennial conservation target and achieved 36,518 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets, complying with Order 01, WAC 480-109-120, and RCW 19.285.070.
- 20 (7) This matter came before the Commission at its regularly scheduled meeting on September 10, 2020.
- 21 (8) After reviewing Avista's 2018-2019 Biennial Conservation Report filed in Docket UE-171091, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Company's 2018-2019 Biennial Conservation Report complies with the requirements of Order 01, WAC 480-109-120, and RCW 19.285.070.

### ORDER

#### THE COMMISSION ORDERS:

- 22 (1) Avista Corporation d/b/a Avista Utilities' 2018-2019 Biennial Conservation Report complies with the conditions of Order 01 in Docket UE-171091.
- 23 (2) Avista Corporation d/b/a Avista Utilities' 2018-2019 Biennial Conservation Report complies with the reporting requirements of WAC 480-109-120 and RCW 19.285.070.

- 24 (3) Avista Corporation d/b/a Avista Utilities has applied the full amount of conservation to its 2018-2019 79,785 MWh biennial conservation target.
- 25 (4) Avista Corporation d/b/a Avista Utilities has applied the full amount of conservation to its 2018-2019 decoupling commitment of 4,489 MWh.
- 26 (5) Avista Corporation d/b/a Avista Utilities has achieved 4,841 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennia.
- 27 (6) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it.
- 28 (7) The Commission retains jurisdiction over the subject matter and Avista Corporation d/b/a Avista Utilities to effectuate the provisions of this Order.
- 29 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

Dated at Lacey, Washington, and effective September 10, 2020.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**MARK L. JOHNSON**  
Executive Director and Secretary