

# AVISTA UTILITIES

## Clean Energy Implementation Plan UE-210628

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### **Appendix C – Energy Efficiency**

October 1, 2021

## **Avista Programs supporting the Clean Energy Implementation Plan**

### **Site Specific Projects**

Avista's site-specific program is a major component in its commercial/industrial offerings and has historically been one of the more cost-effective portions of the Energy Efficiency Portfolio. Customers receive technical assistance and incentives in accordance with Avista's Schedule 90 in Washington. The program approach strives for a flexible response to energy efficiency projects that have demonstrable kWh savings within program criteria. The majority of site-specific kWh savings are composed of custom lighting projects and custom HVAC, envelope, and industrial process load projects that do not fit the prescriptive path. The site-specific program is available to all commercial/industrial retail electric customers, and typically brings in the largest portion of savings to the overall Energy Efficiency Portfolio.

**Commercial/Industrial Business Partner Program:** This program targets Avista's rural small business customers by bringing awareness of utility programs and services to assist them in managing their energy bills. The initiative includes an energy-efficiency assessment along with information about other services such as billing options and energy-efficiency rebates. If an energy efficiency project is identified and qualifies for a utility rebate, CEEP funding is also leveraged to match the rebate, thus assisting the customer with a lower out-of-pocket expense. This program is designed to serve rural business owners, some of whom may be members of or serve members of Named Communities. Energy savings for this program are included as part of nonresidential prescriptive program savings.

**Commercial/Industrial Prescriptive Programs:** This group of programs encourages Avista's commercial electric customers to increase the energy efficiency of their business through direct financial incentives. The program uses a prescriptive approach, where customers receive a predetermined incentive amount for a range of common efficiency measures. The program makes it easier for smaller customers and vendors to participate. Incentives are available for lighting, heating, and building shell measures as well as for food service equipment, grocer equipment, air compression and motor equipment.

**Always-On Behavioral Pilot Program** – In Q2 of 2022, Avista will launch a new pilot approach to providing effective messaging to customers to encourage the reduction of wasted energy in their homes. The Always-On pilot will leverage Advanced Meter Infrastructure energy usage data. Avista will be able to provide participants with usable information on their energy use, with an emphasis on exploring ways to reduce idle energy use- that is, the portion of energy that customers use continually throughout the day. As a component of program design, Avista is also considering a monetary incentive for customers to successfully lower their idle load each month. This program is designed to serve all residential customers, including members of Named Communities. Avista will consult with the EAG to determine ways in which these customers could be best served by a behavioral pilot program.

**Active Energy Management Pilot Program:** The Active Energy Management (AEM) pilot program will use the communication networks in Avista's eco-district (a campus of new "smart" buildings east of downtown Spokane), as well as cloud services and data mining algorithms, to capture, process, and disseminate information on ways to improve a building's energy usage to participants in the program. Potential building efficiency actions will be generated based on building data from the Scott Morris Center for Energy Innovation and the Catalyst building, both of which are located inside the eco-district, as well as data from up to 10 participating pilot program buildings located outside of the eco-district. Information to increase energy efficiency will be shared with participating pilot program buildings.

**Multifamily Direct Install:** This program provides direct-installation of energy efficient lighting, low flow showerheads, faucet aerators and other efficiency measures in residential buildings of five units or more. The program targets hard-to-reach markets where customers rent rather than own their property by providing these items free of cost for residents, thereby lowering their energy burden. This program is intended to serve all customers. However, the program as designed will reach many members of Named Communities, particularly those who rent rather than own their home. This program is currently on hiatus due to the COVID-19 pandemic.

**Residential Prescriptive Programs/ Small Home Weatherization:** Prescriptive rebate programs offer financial incentives to encourage customers to adopt qualifying energy-efficiency measures. Customers must complete the installation and apply for a rebate, submitting proper proof of purchase, installation, and/or other documentation to Avista. Incentives are available for HVAC systems, water heating, window and insulation upgrades, and appliances. Residential prescriptive programs typically cover single-family homes up to a four-plex, with single family homes having a minimum energy usage requirement to participate. This program waives the energy usage requirement and expands financial incentives and their related non-energy benefits to small homes (less than 1,000 square feet in size) and to multifamily dwellings (specifically customers in condominiums larger than five units in size). While this program is designed for all customers, it could also benefit members of Named Communities who reside in smaller sized homes.

**Low Income Programs:** In accordance with WAC 480-109-100(10), Avista fully funds low-income conservation measures that are determined to be cost-effective, consistent with either the Weatherization Manual maintained by the Washington State Department of Commerce or when it is cost-effective to do so using utility-specific avoided costs. Avista partners with multiple Community Action Partnership (CAP) agencies and one Tribal Housing Authority to deliver low-income energy-efficiency programs. The agencies provide income-qualification for customers, generate referrals and have access to funding sources that can be used to best meet customers' home energy needs, thereby lowering their energy burden.

The program fully funds a variety of efficiency measures including home insulation, heat pumps, lighting, and ENERGY STAR refrigerators. The program also allows agency partners to spend up to 30 percent of the program budget on health, safety and repairs needed to keep homes safe and to ensure the systems and improvements the home has received are operating as intended. This program is currently designed to serve Named Communities, particularly members with low incomes. By eliminating out-of-pocket costs of energy efficiency

upgrades for these customers, the program mitigates a significant barrier that has historically inhibited participation in energy efficiency programs by lower income customers.

In addition to weatherization services, Avista's CAP agency partnerships also include outreach components, to provide educational and low-cost energy resources to customers. Many of Avista's outreach efforts connect directly to the community through food banks, energy fairs, outreach events and other methods. We also work with CAP agencies to stock low-cost, energy saving products for the comfort, health and safety of customers.

**Community Energy Efficiency Program:** A funding source created by the Washington State Legislature in 2009 to tackle hard-to-reach markets in both the residential and commercial/industrial sectors by encouraging energy-efficiency improvements. Avista has been a recipient of these funds. Currently, three community action agencies partner with Avista to implement the CEEP funds under two programs: energy-efficiency improvements for multifamily housing and converting income-qualified homes with alternative heat sources (e.g. wood and oil) to a heat pump system. In addition, CEEP funds are being used to match utility rebates for energy-efficiency work done in small businesses in rural communities.

**Weatherization Programs for Named Communities (2021-2022):** Avista initiated two pilot programs with members of named communities in 2021. In 2022, these programs will complete implementation, and will provide a new focus on identifying data gaps and other participation barriers that are currently preventing an equitable distribution of energy efficiency opportunities.

The first pilot will leverage existing partnerships to provide necessary insulation, heating ventilation and air conditioning (HVAC) equipment and window upgrades to a small nonprofit housing provider's entire single family and duplex portfolio. Feedback from the EAG indicated that members of Named Communities are not aware of or do not understand the application process or methods used to qualify for these programs. Through this collaboration with CAP agencies, Avista is utilizing an alternative method of outreach to communicate specifically with those customers in this Named Community, and is waiving typical income verification requirements, as that process has been identified as a potential barrier to participation in weatherization programs, particularly for customers with language barriers. All of the tenants of this complex are known low income, with language barriers, in a named community of Avista's service territory.

The second pilot addresses energy needs of members located in a resident-owned mobile home community, the majority of whom receive energy assistance and are members of Named Communities. This pilot program leverages multiple resources to provide health and safety updates, as well as necessary window, insulation, HVAC, and hot water system upgrades to a significant number of residents in this community. This pilot will continue to uncover gaps in current data for existing weatherization programs for mobile homes and enable a closer assessment of barriers to participation in weatherization programs, including the condition of building stock and awareness of programs and eligibility barriers. Savings from both of these pilot programs will be counted as part of the company's low-income energy efficiency program. Lessons learned from these pilots will inform future programs designed to help eliminate barriers to the benefits of clean energy for Named Communities.

**On Bill Repayment:** Scheduled to be available October 2021, this new program offering from Avista allows customers to finance energy efficiency projects by offering loans at competitive rates, then allowing customers to repay the loan as a line item on their monthly Avista bill. The program helps customers overcome the up-front cost hurdle for energy upgrades and allows them to gain benefits of efficient energy sooner rather than later. Loans are administered through a third-party lender who works with Avista to provide reasonable loan rates that are more accessible to loan applicants than a typical private loan. While this program is open to all residential and general service Avista customers, it can be of help to members of Named Communities by providing access to credit at lower rates with more flexible credit qualification requirements.

**Market Transformation** – Avista invests in regional efforts to promote energy efficiency and expedite the creation and adoption of new technologies. These efforts have expedited technologies such as LED lighting, ductless heat pumps, water heaters, smart thermostats and other common energy efficiency items. Avista works with the Northwest Energy Efficiency Alliance for regional efforts and also partners with Brio for market transformation efforts in eastern Washington and north Idaho. These efforts are focused on the adoption of heat pumps in our region by working with vendors, distributors and others within the supply chain to strengthen channels to make DHPs more prevalent in our service territory. These partnerships benefit all customers, including those in Named Communities.

**Home Energy Audit Program:** This pilot program allows residential customers to receive a free home energy audit. The audit provides basic information and education for the customer regarding how their home is currently utilizing energy for heating and lighting and other appliances. Some efficiency measures are installed on site (e.g. screw-in LED lights), while other efficiency measures are recommended for future projects. This program is intended to reach all customers. Savings for this program are included as part of residential prescriptive program savings. This program is on hold until COVID-19 pandemic issues are resolved.

### **New program offerings for 2022 to further Avista's CETA goals**

**Community-Identified Projects** – Avista will invest in energy efficiency projects in our communities that have been identified as high priority through its equity partners, including the EEAG and EEAG. This approach allows flexibility for our community to direct efforts to specific areas of need. The nomination and selection process will be developed in Q1 2022. Avista will facilitate coordination between the Equity Advisory Group (EAG) and the Energy Efficiency Advisory Group (EEAG), who will be empowered with project selection. We are aiming for programs / projects that will be implemented starting in mid to late 2022.

**Midstream Channels** – Avista is in the early stages of designing a midstream incentive program, which will ensure that more customers are receiving the benefit of energy efficiency within our communities. This program will provide an incentive or discount at the distributor level, including a discount for an efficient product within the purchase price of the unit. Midstream or “instant rebate” models are popular with customers because they do not require

any sort of rebate form or qualifying process; customers simply pay a lower price. As our data on named communities and customers with high energy burden improves, we may be able to target customers in particular neighborhoods that have been identified as named communities with tailored marketing materials and/ or additional bonus incentives.

**Wood Stove Replacement Partnership with the Spokane Clean Air Agency:**

Starting in 2022, Avista will launch a partnership with the Spokane Clean Air Agency to develop and implement a comprehensive wood stove replacement and weatherization program for Spokane County residences that will include Named Communities. Although the program is in early design stages, Avista anticipates that program benefits will include substantial lowering of customers' energy burden and positive impact on regional air quality, in addition to energy savings.

**Community and Small Business Energy Assistance in Named Communities**

Leveraging the existing weatherization program or business partner program (or elements of both), Avista could offer free or low cost energy efficiency and weatherization upgrades to small businesses and nonprofit, community based organizations as well as religious organizations that serve members of Named Communities. This program aligns with feedback Avista has heard from the EAG that more neighborhood-level investment is valued by members of Named Communities.