

July 16, 2012

David Danner
Executive Director and Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. S.W.
PO Box 47250
Olympia, WA 98504-7250

RE: UE-100176, Avista Corporation 2010-2011 Conservation Program
Achievement

INTRODUCTION AND RECOMMENDATION

The following comments are provided by the NW Energy Coalition (“Coalition”) in response to the Commission’s June 4, 2012 Notice of Opportunity to Comment on Avista Corporation's Report Concerning its Annual Reporting Requirements Regarding its Progress in Meeting its Conservation Target During the Preceding Biennium Pursuant to RCW 19.285.070 and WAC 480-109-040.

Avista filed its report on June 1, 2012 with the Commission and the Department of Commerce “on its progress in the preceding year in meeting the targets established in RCW [19.285.040](#), including expected electricity savings from the biennial conservation target, expenditures on conservation, [and] actual electricity savings results, ...”¹ While it’s unclear whether Avista has made its report available to its customers yet, the Coalition looks forward to the company sharing its achievements prominently on its website.² As demonstrated in its filing, Avista cost-effectively exceeded its approved biennial target of 128,603 MWh and appears to have fully complied with its 2010-11 electric settlement conditions.³ Overall, the Coalition is pleased to see that Avista has exceeded its biennial conservation target by a significant margin even if adjustments are made to the savings.

We recommend the Commission find Avista Corporation (“Avista”) to be in compliance with RCW 19.285.040 and RCW 19.285.070 with regard to meeting its 2010-2011 biennial conservation target and reporting its conservation savings to the Commission and the Department.

¹ RCW 19.285.070

² RCW 19.285.070(3) and WAC 480-109-040 require qualifying utilities to make their reports available to their customers. Avista traditionally posts similar documents at the following URL:
<http://www.avistautilities.com/savings/dsm/dsmhistory/pages/default.aspx>

³ UE-100176, Order 01, issued May 13, 2010, set Avista’s 10-year conservation potential and biennial target subject to conditions.

DISCUSSION

The Coalition is an active member of Avista's energy efficiency advisory groups, whose names have changed over the years. Over the past two years, Avista has done a remarkable job providing opportunities for stakeholders to participate in various forums to discuss programs related to its 2010-2011 biennial conservation plan. In order to better document Avista's compliance with the terms of its associated Conditions List in the future, the Coalition recommends using a format that goes into further detail. Puget Sound Energy's filing provides a good example of specifying when and how each item of its Conditions List was met.⁴ The details provided in Attachments 4 & 5 to Bruce Folsom's testimony regarding the recommendations from The Cadmus Group ("Cadmus") were more useful than the Conditions List checklist as provided in Attachment 2, which lacked any supplemental information.

Additional clarity is recommended regarding several discrepancies in how energy efficiency savings are being reported to different entities as well as within this docket. While Avista reported to Commerce that its 2010-2011 conservation biennial achievement was 172,979 MWh⁵, the Demand Side Management ("DSM") 2011 Report filed with the UTC states that "During this biennium, Avista acquired 172,341 MWh (125,212 MWh from local programs and 47,129 MWh from NEEA's regional ventures), however with the conversion limitation, only 169,467 MWh can be claimed for I-937 energy efficiency purposes."⁶ Not only do these numbers not match up, but also it is difficult to discern how they interrelate with the Key Metrics listed in Illustration No. 1, p.8 in Bruce Folsom's testimony.⁷ The only consistent value appears to be the 125,212 MWh savings for local programs, and it's unclear how that metric is combined to reach any of the previously reported totals.

In regards to distribution efficiency savings, the Coalition notes that reconditioning and power factor work are both important for improving the distribution of electricity and we appreciate Avista's diligent work to identify the opportunities and begin acquisition. While the need for more thorough EM&V work is necessary for Avista's larger expected savings projected for the 2012-13 biennium, the Coalition is comfortable including the 3,512 MWh in the current savings accomplishments particularly since these savings do not materially impact Avista's achievement of its 2010-11 targets.

Despite these concerns, we commend Avista for its conservation program management and achievements.

⁴ UE-100177, 2012 Biennial Electric Conservation Achievement Report on behalf of Puget Sound Energy, Attachment 7, Condition Compliance Checklist

⁵ Department of Commerce [2012 EIA Report](#)

⁶ UE-100176, Hermanson Exhibit LBH-3, Demand Side Management 2011 Report.

⁷ UE-100176, Folsom Testimony BWF-1T, Direct Testimony of Bruce Folsom Representing Avista Corporation.

The Coalition agrees with Cadmus that calculation of non-energy benefits quantification for low-income programs makes sense and encourages Avista to pursue this matter further. The Coalition echoes the recommendation to seek clarification as to whether low-income weatherization is held to the same cost-effectiveness requirements as other DSM program offerings, and would like to see additional consideration for the factors Cadmus lists, including payment, mobility, affordability and increased property value.

While the Coalition recognizes that UTC Staff accepted Avista's energy savings estimate of 32 kWh per bulb for its CFL Contingency Plan⁸, we still feel uncomfortable with the large discrepancy between the savings calculated by Cadmus and those listed in the Regional Technical Forum ("RTF" manual and believe more analysis may be necessary. The Coalition affirms the UTC's recommendation for broader and deeper program delivery in future contingency planning and also believes that large-scale changes late in the biennium should be avoided unless they are part of an adaptive management strategy to enhance energy savings acquisition.

Avista's CFL contingency plan is a good example of a common challenge—how and when should research on Unit Energy Savings (UES) per measure be incorporated into the planning process? As discussed in more detail in our comments in UE-100170 related to PacifiCorp's biennial conservation report, the Coalition urges the Commission to take this opportunity to clarify whether an investor-owned utility ("IOU") can and/or should hold constant during the biennium the assumed UES used in preparing its conservation potential assessment (CPA), and at what point in time a utility should incorporate UES modifications from its program evaluations.

We recognize the conundrum faced by the utility – certainty is important, particularly when a penalty for noncompliance exists, yet knowing the level of conservation actually acquired is critical from a resource planning perspective as well as a public perception standpoint. Changing UES levels during a biennium or in the reporting period can be problematic. At the same time, we believe it is important to continue sending signals to motivate utilities to adaptively manage and optimize their programs.

I-937 recognizes this issue in part by requiring qualifying utilities to update their 10-year conservation potential assessments and set new targets every two years,⁹ providing an opportunity to incorporate new data, evaluation results and technology improvements. But this built-in update needs to be balanced with a desire for accurate and transparent reporting.

Northwest Energy Efficiency Alliance ("NEEA") savings are another example of the timing of adjustments to projected savings levels. We are thrilled that NEEA achieved more savings than originally anticipated, in keeping with its successful history of exceeding its goals. And we support the Company reflecting those actual savings results in its final report. However, this once again raises the question of whether a utility should rely on its original assumptions or more recent data. We could envision an argument

⁸ UG 110790, UE 100176, Open Meeting Memo for June 30, 2011

⁹ [RCW 19.285.040\(1\)](#).

being made that savings achieved by NEEA are separate and distinct from assumptions regarding unit energy savings, and reporting accuracy therefore should be paramount. Yet this raises an interesting question of whether a utility would be expected to report actual NEEA savings that were lower than anticipated if those were provided after the close of the biennium.

Acknowledging that each of the IOUs has used different methodologies for calculating its biennial conservation achievements, the Commission may want to consider whether consistency among the utilities is important or perhaps consistency within each utility, e.g., each utility can select a path for how it will address prescriptive UES, actual NEEA savings, and evaluation results, but then must continue on that path in future biennia.

CONCLUSION

The Energy Independence Act requires that “the commission shall determine compliance with the provisions of this chapter and assess penalties for noncompliance.”¹⁰ The Coalition believes that Avista has demonstrated compliance with the energy conservation mandate in the law, and encourages further additions and clarifications in future reports to ensure clearer comprehension.

Coalition Policy Director Nancy Hirsh will attend the Open Meeting on July 27 and will be available for questions.

¹⁰ RCW 19.285.060(6)