

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	DOCKET UE-230897
AVISTA CORPORATION d/b/a AVISTA UTILITIES'	ORDER 01
2024-2033 Ten-Year Achievable Electric Conservation Potential and 2024-2025 Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010	ACCEPTING 2024-2033 TEN-YEAR ACHIEVABLE CONSERVATION POTENTIAL AND 2024-2025 BIENNIAL CONSERVATION TARGET, SUBJECT TO CONDITIONS

BACKGROUND

- 1 Under the Energy Independence Act (EIA or Act), electric utilities with 25,000 or more customers are required to set and meet energy conservation targets every two years.¹ 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 identifying its ten-year achievable conservation potential and its biennial conservation target every two years.²
- 2 On November 1, 2023, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed its 2024-2025 Biennial Conservation Plan (BCP or Plan) identifying a 2024-2033 ten-year achievable conservation potential of 317,000 megawatt-hours (MWh) and a 2024-2025 biennial conservation target of 66,543 MWh.

¹ 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 those two years of its cost-effective conservation potential for the subsequent two-year period.

² WAC 480-109-120.

3 Table 1 compares Avista’s 2024-2025 electric expected savings with expected savings from the 2022-2023 biennium.

Table 1 – Electric Savings and Budgets from Avista’s 2022-2023 and 2024-2025 BCPs

Program	2022-2023 Projected Savings (MWh)	2022-2023 Budget	2024-2025 Projected Savings (MWh)	2024-2025 Budget
Residential	16,969	\$5,034,258	8,857	\$2,927,385
Low-Income	1,579	\$3,952,239	2,855	\$9,768,644
Commercial/Industrial	78,401	\$17,612,031	51,662	\$17,251,797
NEEA Electric	10,600	\$2,716,000	15,739	\$3,306,993
Portfolio Support Total ³	-	\$14,049,577	-	\$13,431,901
<i>Pilots</i>	-	<i>\$6,000,000</i>	-	<i>\$2,000,000</i>
Total	107,549	\$43,364,106	79,113	\$46,686,720

4 Commission staff (Staff) and Avista negotiated a set of conditions that Avista agrees to adhere to throughout the biennium. These are included in Attachment A to this Order.

5 Staff filed responsive comments on the Plan on December 22, 2023.⁴ Those comments detailed Avista’s expected electric savings in the 2024-2025 biennium and an analysis of the Plan.

6 Staff recommends that the Commission issue an order accepting Avista’s ten-year electric conservation potential of 317,000 MWh; Two-Year EIA Target of 63,374 MWh; Two-Year EIA Penalty Threshold of 47,635 MWh; Two-Year Decoupling Threshold of 3,169 MWh pursuant to Order 05 in Docket UE-140188; and a total Two-Year utility conservation goal of 66,543 MWh, subject to the conditions set out in detail in Attachment A to Staff’s memo. In summary, the conditions require the Company to:

- Continue to invest in regional studies and market transformation, in collaboration with funding from other parties and with other strategic market partners in this biennium that complements Avista’s energy efficiency programs, planning, services, and measures.

³ Portfolio support total includes pilots.

⁴ *In re Avista’s Biennial Conservation Plan*, Docket UE-230897, Commission Staff Comments Regarding Electric Utility Conservation Plan (Dec. 22, 2023).

- Retain sole responsibility for complying with RCW 19.285 and WAC 480-109.
- Continue to use its advisory group and Integrated Resource Planning advisory group, including notifying and consulting with the groups in a variety of circumstances.
- Provide Annual Budgets in a detailed format including energy savings and a reasonable allocation towards pilot programs, research, and data collection.
- Maintain and provide specific program details in its conservation tariffs and notify the Advisory Group of filings.
- Follow approved strategies for selecting and evaluating energy conservation savings.
- Follow program design principles.
- Use the Total Resource Cost Test (TRC).
- Develop pilot programs and follow research requirements pursuant to RCW 19.405.120.
- Demonstrate progress towards equitable distribution of nonenergy benefits.
- Use funds collected through the Electric Conservation Service Rider on approved conservation programs and their administrative costs.
- Continue to review the feasibility of pursuing cost-effective conservation in the form of reduced electric power consumption resulting from increases in the efficiency of energy use at electric power production facilities it owns in whole or in part.
- Avoid double-counting of efficiency savings achieved at electric power production facilities owned in whole or in part.

DISCUSSION AND DECISION

7 We agree with Staff's recommendation and accept Avista's BCP subject to certain conditions. We accept Avista's calculation of its ten-year electric conservation potential of 317,000 MWh; Two-Year EIA Target of 63,374 MWh; Two-Year EIA Penalty Threshold of 47,635 MWh; Two-Year Decoupling Threshold of 3,169 MWh pursuant to Order 05 in Docket UE-140188; and a total Two-Year utility conservation goal of 66,543 MWh, subject to the conditions attached to and incorporated into this Order as Appendix A for the reasons explained below.

8 The Company, in collaboration with Staff and advisory groups, developed a BCP using methodologies consistent with the Northwest Power and Conservation Council's most

recent final Power Plan,⁵ which proposed appropriate program changes. The Plan also complies with the statutory requirement to “pursue all available conservation that is cost-effective, reliable, and feasible.”⁶

9 The Clean Energy Transformation Act (CETA) also significantly expands the requirements related to highly impacted communities and vulnerable populations, mandating that “all customers are benefiting from the transition to clean energy.” In addition, Section 12 of CETA requires the Department of Commerce to collect and report data on energy burden and energy assistance need for each utility beginning July 31, 2020. Furthermore, newly implemented Commission rules related to utility Integrated Resource Planning (IRP), Advisory Groups, and other CETA implementation found under WAC 480-100 provide additional guidance.

10 As described above, CETA emphasizes nonenergy impacts which requires utilities to ensure an equitable distribution of benefits. Coinciding, the EIA requires utilities to include quantifiable environmental costs and benefits in their cost-effective conservation calculations. While the Company plans to implement several measures intended to enhance its conservation achievement with this sector of hard-to-reach customers in 2024, we agree with Staff that the public interest requires imposing additional conditions related to non-energy impacts, distribution savings, coordination between utilities, and public involvement to accept the Company’s 2024-2025 BCP. These conditions are outlined in detail in Attachment A to this Order.

11 Accordingly, we accept Avista’s calculation of its ten-year electric conservation potential of 317,000 MWh; Two-Year EIA Target of 63,374 MWh; Two-Year EIA Penalty Threshold of 47,635 MWh; Two-Year Decoupling Threshold of 3,169 MWh pursuant to Order 05 in Docket UE-140188; and a total Two-Year utility conservation goal of 66,543 MWh, subject to the conditions attached to and incorporated into this Order as Attachment A.

FINDINGS AND CONCLUSIONS

12 (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, and affiliated interests of public service companies, including electric companies.

⁵ RCW 19.285.040(1)(a).

⁶ RCW 19.285.040(1).

- 13 (2) The Commission has authority to determine investor-owned utilities' compliance with RCW 19.285.040(1) and RCW 19.285.060(6). The Commission has authority to review and decide whether to approve investor-owned utility's conservation targets. The Commission may rely on its standard practice in exercising that authority. See RCW 19.285.040(1)(e). The Commission adopted WAC 480-109-010 to implement RCW 19.285.040(1).
- 14 (3) Avista is an electric company and a public service company subject to Commission jurisdiction. Avista is a qualifying investor-owned electric utility under RCW 19.285.030.
- 15 (4) On November 1, 2023, Avista filed its 2024-2025 BCP identifying a 2024-2033 ten-year achievable conservation potential, 2024-2025 EIA Target, 2024-2025 EIA Penalty Threshold, and 2024-2025 Decoupling Threshold.
- 16 (5) This matter came before the Commission at a specially scheduled recessed meeting on January 17, 2024.
- 17 (6) Avista's calculation of its 2024-2033 ten-year achievable conservation potential of 317,000 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 18 (7) Avista's calculation of its 2024-2025 biennial conservation target (EIA Target) of 63,374 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 19 (8) It is the Commission's standard practice to remove forecasted savings from previously undertaken market transformation activities when calculating the EIA Penalty Threshold.
- 20 (9) Avista's calculation of its 2024-2025 EIA Penalty Threshold of 47,635 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 21 (10) Avista's calculation of its 2024-2025 Decoupling Penalty Threshold of 3,169 MWh is consistent with Order 05 in Docket UE-140188.
- 22 (11) It is in the public interest to accept Avista's biennial conservation target, as authorized by RCW 19.285.040(1)(e) and WAC 480-109-120(5), subject to the conditions proposed by Staff, as set out in Attachment A to this Order.

- 23 (12) The Commission should accept Avista’s calculation of its ten-year electric conservation potential of 317,000 MWh; Two-Year EIA Target of 63,374 MWh; Two-Year EIA Penalty Threshold of 47,635 MWh; Two-Year Decoupling Threshold of 3,169 MWh; subject to the conditions attached to this Order as Attachment A.

ORDER

THE COMMISSION ORDERS:

- 24 (1) Avista Corporation d/b/a Avista Utilities’ 2024-2033 Ten-Year Achievable Electric Conservation Potential of 317,000 MWh; 2024-2025 EIA Target of 63,374 MWh; 2024-2025 EIA Penalty Threshold of 47,635 MWh; 2024-2025 Decoupling Threshold of 3,169 MWh are accepted subject to the conditions attached to this Order in Attachment A.
- 25 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

Dated at Lacey, Washington, and effective January 17, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner