

8: Action Plan

2013-2014 Action Plan Review

Action Item

Avista will monitor actual demand for indications of deviations away from the Expected Case.

Results

Forecast to actual analysis reveals that the modeling techniques are producing forecasts that track actual demand. Recent natural gas demand does not show significant deviation away from expected results.

Action Item

Continued enhancement of the gate station analysis will assess if the aggregated IRP analysis masks any individual gate station deficiencies. Any deficiencies identified and potential solutions will be discussed with Commission Staff. Avista will continue to coordinate analytic efforts between Gas Supply, Gas Engineering and the intrastate pipelines to perform gate station analysis and seek least cost solutions for any identified deficiencies.

Results

Avista is completing the gate analysis in Oregon on the NWP system. Any deficiencies will be communicated along with solutions for rectifying the deficiencies to Commission Staff. The gates along the GTN system will be reviewed next.

Action Item

Avista filed in Idaho, Oregon and Washington to suspend natural gas DSM programs due to the low avoided costs in the 2012 IRP. Over the next two to three years, Avista will review natural gas prices as a signpost for the cost-effectiveness of DSM programs. If natural gas prices increase enough, Avista will seek to reinstate a full complement of natural gas DSM programs.

Results

Idaho approved the filing, and natural gas DSM programs were suspended. In Oregon, DSM programs will continue for a two-year period. During that time, Avista will evaluate program costs and develop a separate program for low-income participants. In Washington, DSM programs were also allowed to continue for a limited period and the test for evaluating cost effectiveness was changed from the total resource cost to the utility cost test.

Action Item

Pursue the possibility of a regional elasticity study through the NGA or the AGA.

Results

Price elasticity theory predicts that energy consumers will reduce consumption as prices rise. The amount of a response is debatable. Avista has reviewed historic research on price elasticity. The analysis shows a wide range of results from statistically significant to statistically insignificant and even positive in some cases.

Avista contacted the NGA and they are still willing to help facilitate a process if a regional price elasticity study moves forward. At this time, Avista is assessing the costs and benefits of such an undertaking. A regional natural gas price elasticity study will commence if enough interest develops in the project.

2015-2016 Action Plan

The recent recession significantly affected the expected long-term customer growth in Avista's service territory. This natural gas demand reduction has created no resource needs in the Expected Case within the 20-year planning horizon. Scenario analysis shows that even in the most robust growth case, Avista will not have a resource deficiency until very late in the 20-year forecast.

With no immediate resource needs, Avista can evaluate current resources and potential future resources. Avista will continue to optimize underutilized resource to recover value for customers and reduce their costs until resources are required to meet changing demand needs.

Avista remains committed to offering cost-effective conservation measures as a way for customers to reduce their energy bills and promote a cleaner environment. Like the 2012 IRP, the low price of natural gas has reduced the amount of cost-effective DSM measures. Based on the latest CPA, incorporating the lower avoided costs, Avista estimates 22,800 Dth of first year savings in Idaho, 16,100 Dth of savings in Oregon and 128,700 Dth of savings in Washington. .

Avista will comply with Commission findings to try to increase the cost effectiveness of DSM measures by reducing administration and audit costs, analyzing non-natural gas benefits and increasing measure lives. Avista will monitor natural gas prices as signpost for increasing avoided costs. If avoided costs increase, Avista will evaluate DSM programs for cost effectiveness and submit to resume natural gas DSM options.

Complete the gate station analysis to assess resource deficiencies masked by aggregated IRP analysis. Any identified deficiencies and potential solutions will be discussed with Commission Staff. Avista will continue to coordinate analytic efforts between Gas Supply, Gas Engineering and the intrastate pipelines to perform gate station analysis and develop least cost solutions should deficiencies exist.

- In the 2016 IRP, include a section that discusses the ongoing management of Avista's surplus capacity.
- In the 2016 IRP, provide more detail on the distribution model results and analyses that identify specific distribution system needs.
- In the 2016 IRP, provide the resource portfolio solution that fills any demand not served for each scenario.
- Discuss with the TAC incorporating state-specific resource needs when a resource deficiency is identified.
- Discuss with the TAC the appropriateness of using a 1 in 572 event for peak day planning in Washington and Idaho.
- Discuss with the TAC the potential need for stress-testing the company's storage resources during a peak event in a high-demand year.
- In the 2016 IRP, ensure that the entity performing Avista's CPA is using assumptions (e.g. ramp rates, UES values) that are in alignment with the assumptions used for program planning.

Ongoing Activities

- Monitor actual demand for indications of growth exceeding the forecast to respond aggressively to address accelerated resource deficiencies arising from flat demand risk. This will include providing Commission Staff with IRP demand forecast to actual variance analysis on customer growth and use-per-customer. Avista will provide this information in updates to Commission Staff at least biannually.
- Continue to monitor supply resource trends, including the availability and price of natural gas to the regions, LNG exports, Canadian natural gas imports and interprovincial consumption trends, regional plans for natural gas-fired generation, and its affect on pipeline availability, as well as regional pipeline and storage infrastructure plans.
- Monitor new resource lead-time requirements relative to resource need to preserve resource option flexibility.
- Regularly meet with Commission Staff members to provide information on market activities and significant changes in assumptions and/or status of Avista's activities related to the IRP and natural gas procurement practices.