



Avista Utilities 2021 Clean Energy Implementation Plan

June 16, 2022

Agenda

CEIP Development

Annette Brandon

Public Participation

Annette

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Annette

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James Gall

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James

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Shawn Bonfield

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Shawn

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Shawn

CEIP Development

Integrated Resource Plan (IRP) / Clean Energy Action Plan (CEAP)

20+ year resource planning identifying future resource needs

- Filed April 1, 2021
- Revised Final Filing April 30, 2021, to include final contract from 2020 Request for Proposal (i.e., Chelan Hydro Slice #2)

Public Participation

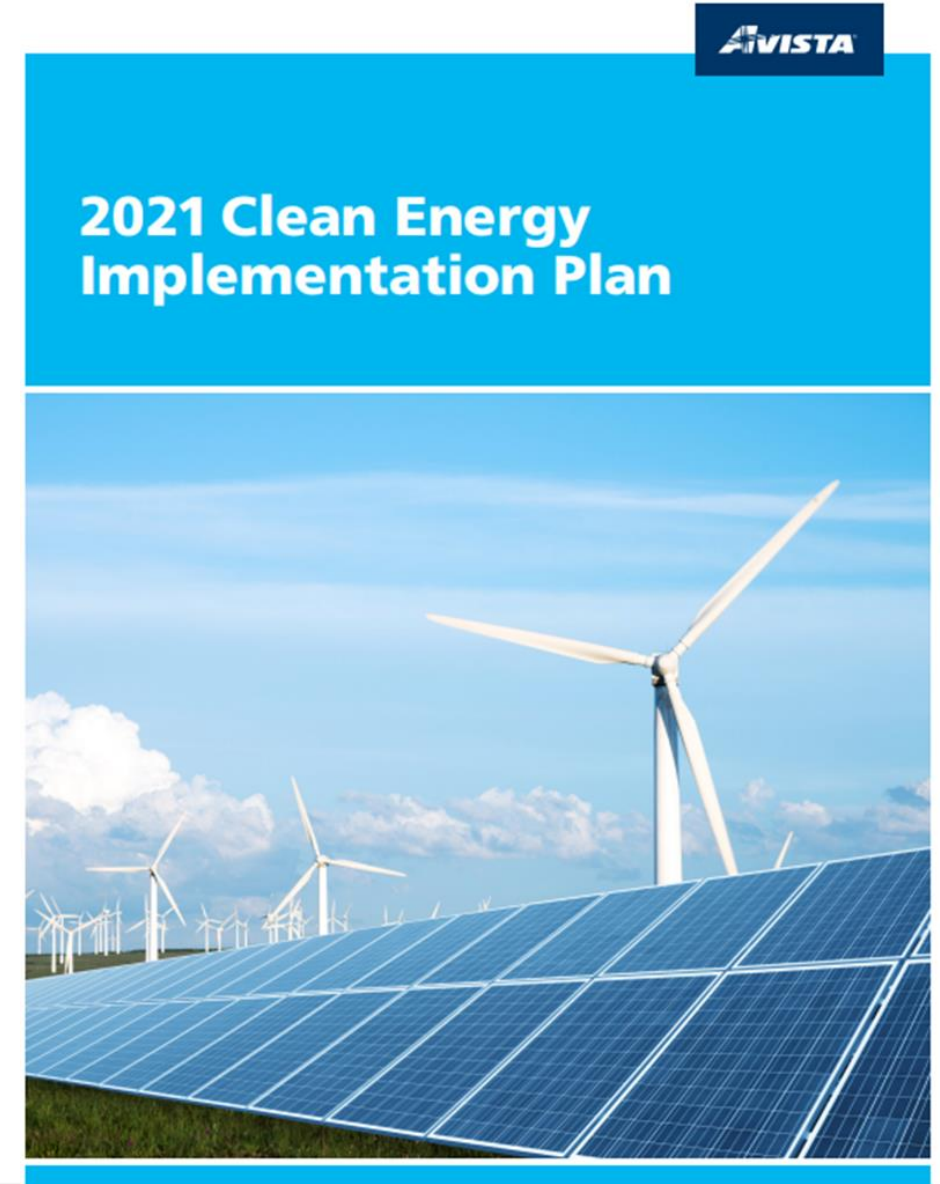
Public Participation, as described in Public Participation Plan (PPP), included input from customers, existing Advisory Groups and new Equity Advisory Group

- PPP filed on April 1, 2021 - Revised in early July 2021 based on Stakeholder Feedback
- Public Participation meetings May - September

Clean Energy Implementation Plan (CEIP)

CEIP outlines the targets and specific actions to be taken over the 2022-2025 implementation period to meet CETA clean energy requirements.

- Draft filed August 16, 2022
- Comments on Draft received by September 9, 2021
- Final filed October 1, 2022
- Stakeholder comments filed January 28, 2022
- Avista reply comments filed on February 24, 2022
- Stakeholder reply comments filed by March 14, 2022



Public Participation

Identify Named Communities

- Highly Impacted Communities (for reference)
- Vulnerable Populations

Benefits/Barriers “Equity Areas”

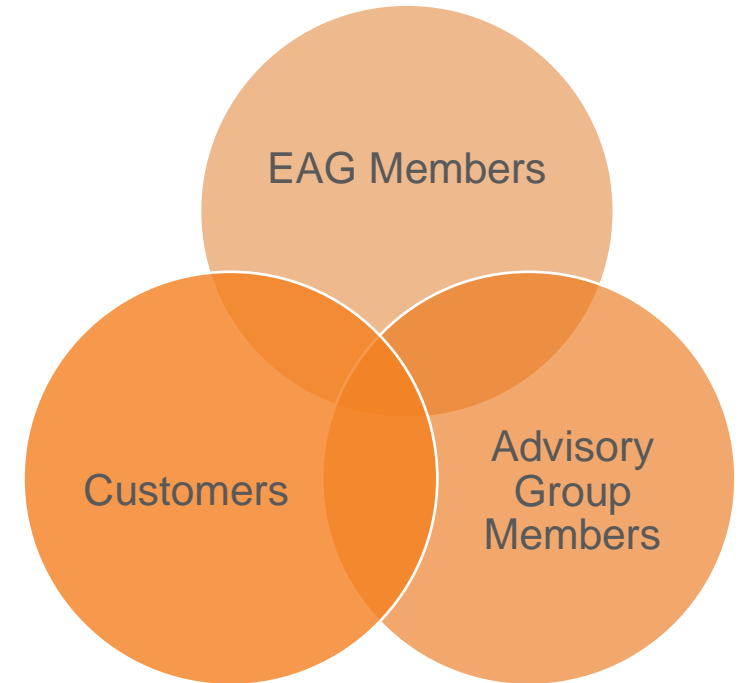
- Benefits of Clean Energy
- Barriers to Participation

Customer Benefit Indicators

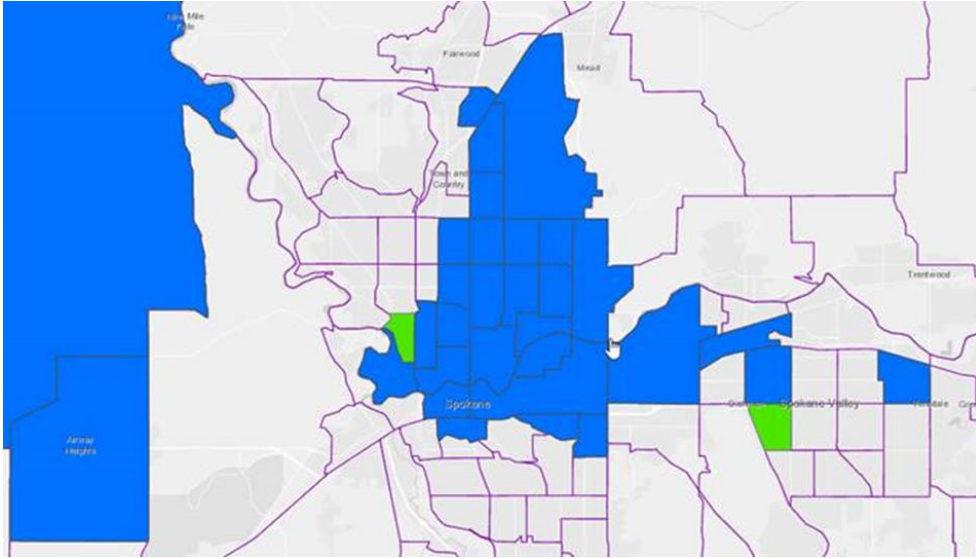
- Measurable
- Accountable

Specific Actions

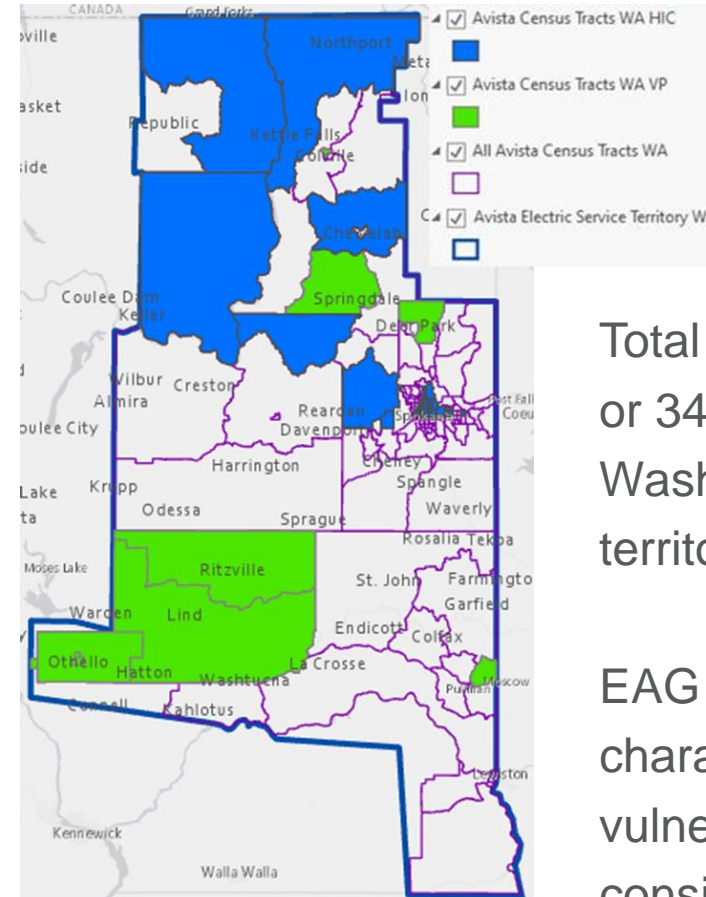
- Clean Energy resources – ensure CBIs are attributes mix of renewable, energy efficiency, demand response



Highly Impacted Communities and Vulnerable Populations (Named Communities)



- Highly Impacted Communities
 - Designated by DOH based on Environmental Health Disparities Map
 - 36 Census Tracts (25%)
- Vulnerable Populations
 - Socioeconomic and sensitive population areas 9 or higher
 - 12 Census Tracts (9%)



Total represents 48 areas or 34% of total Avista Washington service territory.

EAG identified additional characteristics for vulnerable populations considered as part of CBI development.

Customer Benefit Indicators – Avista Final CEIP

Customer Benefit Indicator (CBI) – is an attribute, either quantitative or qualitative of a resource or related distribution investment associated with customer benefits

Statutory Benefit Areas



ENERGY



NON-ENERGY



REDUCTION IN
BURDEN



ENVIRONMENT



PUBLIC
HEALTH



ENERGY
SECURITY



ENERGY
RESILIENCY



REDUCTION IN
COST



REDUCTION OF
RISK

13 CBIs Identified

- 22 metrics in total (up from 12 in Draft)
- Some still in development
- Most identify Named Communities vs. all customers

Metrics specific to individual resource type
(energy efficiency, demand response, etc.)

Baseline Metrics – 5 years (when available)

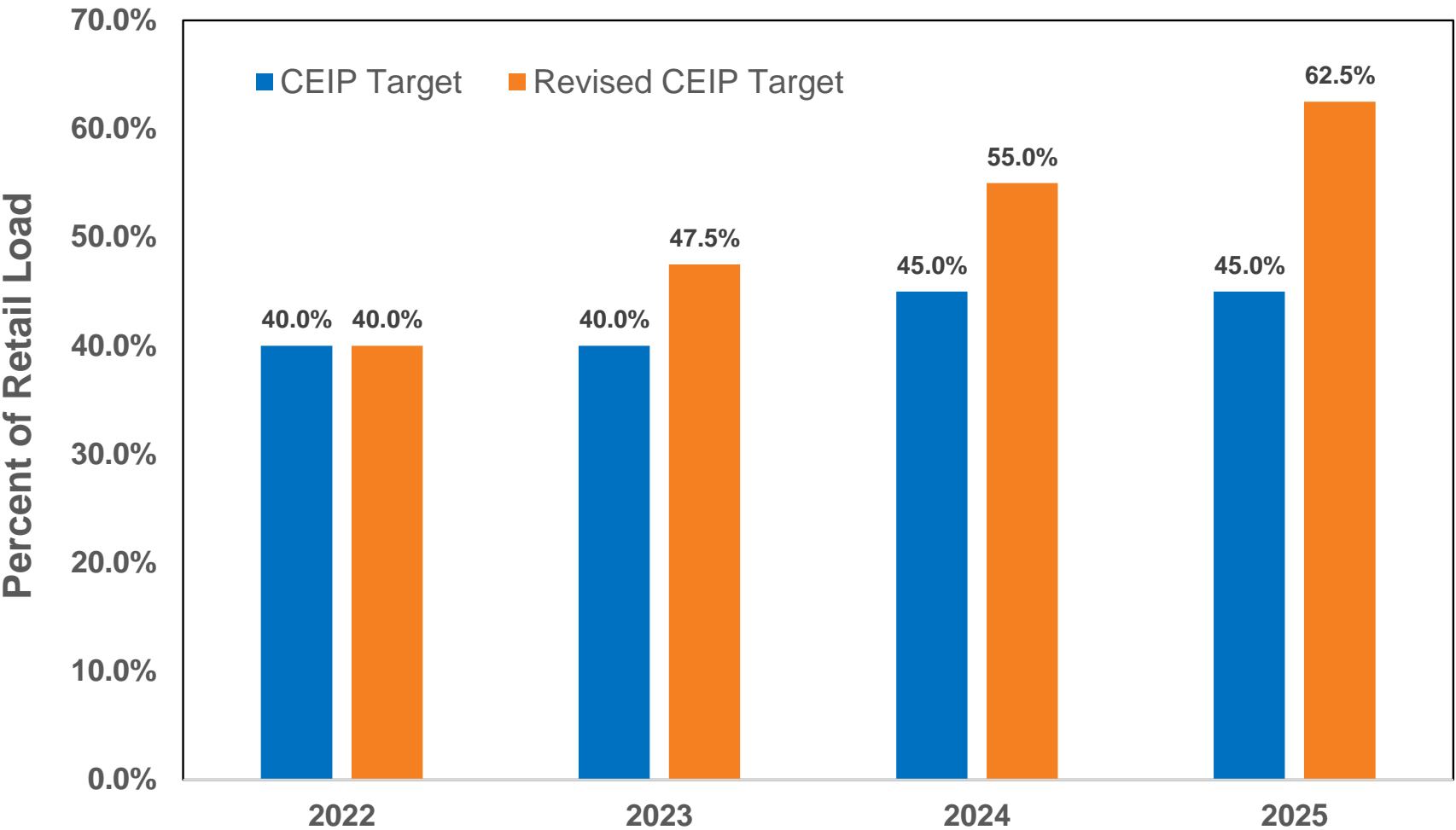
Several CBIs crossed over into multiple Statutory Benefit Areas

2021 CEAP – Preferred Resource Strategy

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Supply Resources (MW)										
Wind	0	0	0	100	0	0	100	0	0	0
Kettle Falls GS Modernization	0	0	0	0	8	0	0	0	0	0
Natural Gas CT	0	0	0	0	0	84	0	0	0	0
NW Hydro Slice	0	0	0	0	0	0	0	0	0	75
Total Supply Side Resources (MW)	0	0	0	100	8	84	100	0	0	75
Demand Response (MW)										
Variable Peak Pricing Rates	0	0	0	1.0	2.1	4.2	1.3	0.7	-0.1	-0.1
Time-of-Use Opt-in	0	0	0	0	0	0	0	0	0	0.3
Large C&I	0	0	0	0	0	25.0	0	0	0	0
Total DR Resources (MW)	0	0	0	1.0	2.1	29.2	1.3	0.7	-0.1	0.2
Energy Efficiency										
Energy Efficiency (GWh)	33.5	39.6	43.9	52.1	58.3	62.9	65.5	64.0	61.2	56.1
Winter Capacity (MW)	3.6	4.4	5.1	6.1	7.0	7.8	8.1	8.0	7.5	6.6
Summer Capacity (MW)	4.5	5.3	5.9	7.0	7.5	8.1	8.3	8.1	8.1	6.8
Total Resources (MW)	3.6	4.4	5.1	107.1	17.0	121.0	109.4	8.7	7.4	81.8

- IRP/CEAP developed prior to CEIP process
 - Customer Benefit Indicator developed afterward
 - “Use” rules not contemplated
- Changes since IRP/CEAP
 - Acquired 30 MW industrial DR.
 - Finalized 2021 Renewable RFP- Chelan Acquisition
 - Issued 2022 All-Source RFP- plan to finalize acquisition in Q1 2023

CEIP Renewable Energy Targets



- Targets account for customer affordability by selling excess RECs.
- Avista proposes to transfer renewable energy from Idaho allocation to meet Washington goals (except for “legacy” hydro resources.)
- Change in targets increase costs between \$350k to \$2 million depending REC prices.

Clean Energy Targets & Actions 2022 to 2025



Renewable Resources

- Meet Renewable Energy Goals through use of Renewable Energy Credits from existing resources
- Proxy “Montana Wind” addition is met by acquisition of an additional 5/10% slice of Chelan PUD’s Rocky Reach/Rock Island Project



Energy Efficiency

- Utilize Energy Efficiency Programs to meet biennial Target (Approx 51,076 MWh per year)



Demand Response

- 30 MW Industrial Demand Response Contract
- TOU & Peak Time Rebate Pilots
- Water Heating Load Control Pilot (Conditions List Addition)



Other Company Initiatives

- Named Communities Investment Fund - \$5 million
- Transport Electrification Plan (TEP)
- Supplier and Employee Diversity Efforts

Named Communities Investment Fund

The Named Communities Investment Fund is dedicated to the equitable distribution of energy and non-energy benefits and reduction of burdens to Named Communities.

The Company will limit funding to 1% or approximately \$5.0 million annually.

- 40% or up to \$2.0 million
 - Supplement and support energy efficiency efforts targeted to Named Communities
- 20% or up to \$1.0 million
 - Investments in distribution resiliency efforts for Named Communities
- 20% or up to \$1.0 million
 - Incentives or grants to develop projects by local customers or third parties
- 10% or up to \$500,000
 - Used for newly developed targeted outreach and engagement efforts specifically for Named Communities.
- 10% or up to \$500,000
 - Used for other projects, programs or initiatives specific to Named Communities



CEIP Conditions

- Discussions held March through May with Staff, Public Counsel, AWECC, NWECC, The Energy Project, NIPPC/REC, Sierra Club, Front & Centered, and Renewable Northwest.
- 37 conditions agreed to by Avista
 - Interim & Specific Targets
 - Baseline Conditions
 - Specific Actions
 - Demand Response
 - Distributed Energy Resources & Distribution Planning
 - Energy Efficiency
 - Customer Benefit Indicators
 - Public Participation & Equity Advisory Group
 - Incremental Cost of Compliance
 - Integrated Resource Plan
 - Cost Recovery

Customer Benefit Indicators – Revisions

CBI Revisions from Conditions:

- 1 new CBI: Residential Arrearages and Disconnections for Non-Payment with two associated metrics
- 1 revised CBI: Named Community Clean Energy - metrics replaced to track distributed energy and storage resources in Named Communities
- 9 new metrics for a revised total of 30 metrics



Reduction in Burden

CBI: Methods/Modes of Outreach

Metric:
Track increased availability of translation services



Reduction in Risk

CBI: Energy Availability

Metric:
Track frequency of outages for all customers, VPs, and HICs



Energy Security

CBI: Residential Arrearages, Disconnects

Metric
Residential disconnections for non-payment

Residential arrearages



Public Health

CBI: Indoor Air Quality

Metric:
Identify and develop a metric with advisory groups

CBI – Subset of Named Communities Tracking

Staff proposed additional conditions related to measuring impact of specific actions and associated CBIs to a subset of Named Communities, which Avista does not support at this time.

Material changes have been made in CBI Measurements to increase granularity in response to Stakeholder feedback.

- 14 CBIs and total of 31 metrics now included

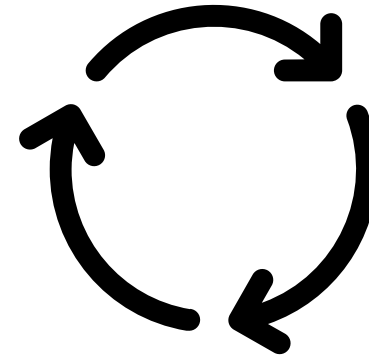
Avista's Named Community Investment Fund will provide opportunity to benefit subsets of Named Communities

Condition for Specific Action to be developed for subset of Named Communities by December 1, 2022 with data tracking

Additional Resources will be needed to identify, track and report on existing CBIs.

Premature to assume Avista will not be able to demonstrate compliance with equity provisions before an implementation and reporting period has concluded.

CEIP is Iterative Process. Feedback loop essential part of this process – especially in the first CEIP.



Did we get it right?
Is Data readily available?
What do we need to change?
Are we heading in right direction?

Other Conditions - Highlights

- ✓ **Baseline Conditions – Vulnerable Populations**
 - Avista agrees to update and expand its Vulnerable Population areas within its 2023 Biennial CEIP taking into account additional criteria identified by the Equity Advisory Group.
- ✓ **Specific Actions**
 - By December 1, 2022, in collaboration with EAG and EAAG, Avista agrees to identify at least one specific actions that will serve designated subset of Named Communities, to be funded by Named Communities Investment Fund.
- ✓ **Demand Response**
 - When the Department of Commerce adopts permanent standard for grid-enabled water heaters, Avista will develop a pilot demand response program.
- ✓ **Distributed Energy Resources and Distribution Planning**
 - Avista will include a DER potential assessment for each distribution feeder no later than its 2025 electric IRP.
 - Avista will develop scope of work for this project no later than the end of 2022, including input from Advisory Groups.



Avista estimates the following increased costs due to CEIP and conditions:

- Incremental Labor (6+ FTE)
- Consulting Fees (\$ TBD)

Next Steps

- Staffing up and assigning resources to implement CEIP
- Fulfillment of requirements in conditions
- Continued Public Participation and customer engagement
- IRP Progress Report January 1, 2023, and full IRP June 1, 2023
- Annual Clean Energy Progress Report July 1, 2023
- Biennial CEIP Update November 1, 2023