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**UG-230469**

Received
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Amanda Maxwell
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: Avista Utilities Request for Approval of 2022 Natural Gas Conservation Potential Assessment (CPA)**

Dear Ms. Maxwell:

Avista Corporation, dba Avista Utilities (Avista or the Company), respectfully requests approval of its 2022 Natural Gas Conservation Potential Assessment (CPA), as prepared by its independent third-party, Applied Energy Group (AEG), in compliance with House Bill 1257 (HB 1257), enacted into law effective July 28, 2019. HB 1257, Section 11, requires that each natural gas company establish a conservation acquisition target, which "much be based on a conservation potential assessment prepared by an independent third party and approved by the commission."[1] In support of its filing, Avista has provided the following attachments:

1. Attachment A – Avista's 2022 Natural Gas CPA
2. Attachment B – Memorandum regarding Natural Gas Transportation Customer CPA
3. Attachment C (**Confidential**) – 2022 CPA Natural Gas Models

Pursuant to WAC 480-07-160, the Company has provided Attachment C in both CONFIDENTIAL and REDACTED formats. Avista has designated the attachment as "CONFIDENTIAL PER WAC 480-07-160", and requests that the information contained within be treated as such, as it contains valuable proprietary information from AEG that should be protected from public inspection, examination and copying. These models from AEG are provided

[1] HB 1257 Section 11 codified as RCW 80.28.380.

by sector level and are included as relevant workpapers to the CPA to determine both the baseline efficiency and the conservation potential at each level.

## CPA SUMMARY

Avista's CPA is intended to provide estimates of the potential reductions in annual energy usage for natural gas customers in its service territories from energy conservation efforts over the period 2023-2045. Within the Company's CPA, the overall conservation potential is provided, along with cumulative potential savings for this period. For natural gas programs, Avista has historically used the Utility Cost Test (UCT) for determining cost-effective conservation. Starting in 2024, the Company will assess cost-effectiveness of its gas programs with the Total Resource Cost test (TRC).[2] According to AEG's analysis of measure-level energy conservation potential across all sectors (residential, commercial, and industrial) for Avista's Washington service territory, the level of TRC cost-effective savings potential during this period is 2,497,540 dekatherms (Dth). The table below illustrates the Washington conservation from natural gas programs at the portfolio level (residential, commercial, and industrial combined).

| Scenario | 2023 | 2024 | 2025 | 2035 | 2045 |
|---|---|---|---|---|---|
| Baseline Forecast (Dth) | 19,632,329 | 19,782,233 | 19,934,947 | 21,966,934 | 24,576,214 |
| Cumulative Savings (Dth) | | | | | |
| TRC Achievable Economic Potential | 111,992 | 225,734 | 361,485 | 1,833,863 | 2,497,540 |
| Achievable Technical Potential | 191,654 | 423,238 | 686,518 | 3,774,115 | 4,938,238 |
| Technical Potential | 429,564 | 884,194 | 1,375,956 | 6,455,295 | 8,637,218 |
| Energy Savings (% of Baseline) | | | | | |
| TRC Achievable Economic Potential | 0.6% | 1.1% | 1.8% | 8.3% | 10.2% |
| Achievable Technical Potential | 1.0% | 2.1% | 3.4% | 17.2% | 20.1% |
| Technical Potential | 2.2% | 4.5% | 6.9% | 29.4% | 35.1% |

***Source: Avista 2022 Natural Gas CPA Table 5-1***

## Residential Sector

The residential sector represents the second highest level of conservation potential during this period from 2023-2045, being 1,187,145 Dth (48% of the overall total). The following table summarizes the level of conservation potential for the residential sector.

[2] Pursuant to Docket UG-210827, Order 01, Attachment A, Condition 11(b)(ii).

| Scenario | 2023 | 2024 | 2025 | 2035 | 2045 |
|---|---|---|---|---|---|
| Baseline Forecast (Dth) | 12,274,400 | 12,387,892 | 12,501,697 | 13,948,186 | 15,683,198 |
| Cumulative Savings (Dth) | | | | | |
| TRC Achievable Economic Potential | 54,479 | 103,469 | 169,578 | 866,240 | 1,187,145 |
| Achievable Technical Potential | 111,343 | 254,601 | 423,501 | 2,522,674 | 3,258,916 |
| Technical Potential | 264,105 | 573,696 | 906,085 | 4,569,190 | 6,154,164 |
| Energy Savings (% of Baseline) | | | | | |
| TRC Achievable Economic Potential | 0.4% | 0.8% | 1.4% | 6.2% | 7.6% |
| Achievable Technical Potential | 0.9% | 2.1% | 3.4% | 18.1% | 20.8% |
| Technical Potential | 2.2% | 4.6% | 7.2% | 32.8% | 39.2% |

***Source: Avista 2022 Natural Gas CPA Table 6-1***

Avista has provided the source documents to support the residential conservation potential within its Confidential Attachment C; please see the file entitled "Avista WA RES Gas Potential" for further information.

**Commercial Sector**

The commercial sector represents the highest level of conservation potential from 2023-2045, potential during this period being 1,273,615 Dth (51% of the overall total). The following table summarizes the level of conservation potential for the commercial sector.

| Scenario | 2023 | 2024 | 2025 | 2035 | 2045 |
|---|---|---|---|---|---|
| Baseline Forecast (dtherms) | 7,069,971 | 7,101,191 | 7,136,906 | 7,720,617 | 8,594,749 |
| Cumulative Savings (dtherms) | | | | | |
| Achievable Economic TRC Potential | 55,557 | 118,321 | 185,945 | 941,943 | 1,273,615 |
| Achievable Technical | 78,348 | 164,679 | 257,030 | 1,225,667 | 1,642,279 |
| Technical Potential | 162,823 | 305,303 | 462,087 | 1,853,896 | 2,436,763 |
| Energy Savings (% of Baseline) | | | | | |
| Achievable Economic TRC Potential | 0.8% | 1.7% | 2.6% | 12.2% | 14.8% |
| Achievable Technical | 1.1% | 2.3% | 3.6% | 15.9% | 19.1% |
| Technical Potential | 2.3% | 4.3% | 6.5% | 24.0% | 28.4% |

***Source: Avista 2022 Natural Gas CPA Table 6-5***

The source documents to support the commercial conservation potential are provided within Confidential Attachment C; please see the file entitled "Avista WA COM Gas Potential" for further information.

**Industrial Sector**

The industrial sector represents the smallest level of conservation potential from 2023-2045, potential during this time period being 36,780 Dth (less than 1% of the overall total). The table below summarizes the level of conservation potential for the industrial sector.

| Scenario | 2023 | 2024 | 2025 | 2035 | 2045 |
|---|---|---|---|---|---|
| Baseline Forecast (dtherms) | 287,959 | 293,150 | 296,345 | 298,131 | 298,267 |
| Cumulative Savings (dtherms) | | | | | |
| Achievable Economic TRC Potential | 1,956 | 3,943 | 5,963 | 25,680 | 36,780 |
| Achievable Technical | 1,963 | 3,957 | 5,988 | 25,774 | 37,043 |
| Technical Potential | 2,637 | 5,195 | 7,784 | 32,209 | 46,291 |
| Energy Savings (% of Baseline) | | | | | |
| Achievable Economic TRC Potential | 0.7% | 1.3% | 2.0% | 8.6% | 12.3% |
| Achievable Technical | 0.7% | 1.3% | 2.0% | 8.6% | 12.4% |
| Technical Potential | 0.9% | 1.8% | 2.6% | 10.8% | 15.5% |

***Source: Avista 2022 Natural Gas CPA Table 6-9***

Avista has provided the source documents to support the industrial conservation potential within its Confidential Attachment C; please see the file entitled "Avista ID-WA IND Gas Potential" for further information.

**Natural Gas Transport Customers**

With the adoption of Senate Bill 5126 (SB 5126), the Climate Commitment Act, in 2021, Avista's existing carbon reduction strategies – through which energy efficiency plays a vital role – expanded to include the exploration of energy savings and carbon reductions for natural gas transportation customers. To determine the level of conservation potential that may exist within this customer segment, the Company engaged AEG to conduct a CPA specifically for natural gas transport customers. These efforts resulted in a standalone CPA for Avista's Washington natural gas transportation customers ("Transport Customer CPA"), which is included in this filing as

Attachment B. This initial Transport Customer CPA for the Company's Washington customers found a potential of 1,234,253 Dth during this period.

| | 2023 | 2024 | 2025 | 2035 | 2045 |
|---|---|---|---|---|---|
| **Baseline Projection (Dth)** | 7,948,528 | 7,926,395 | 7,906,170 | 7,784,947 | 7,734,852 |
| **Cumulative Savings (Dth)** | | | | | |
| Achievable Economic Potential | 0 | 35,247 | 97,553 | 821,836 | 1,234,253 |
| Achievable Technical Potential | 0 | 42,283 | 115,124 | 970,876 | 1,437,154 |
| Technical Potential | 37,603 | 121,842 | 239,931 | 1,417,264 | 2,031,971 |
| **Cumulative Savings (% of Baseline)** | | | | | |
| Achievable Economic Potential | 0.0% | 0.4% | 1.2% | 10.6% | 16.0% |
| Achievable Technical Potential | 0.0% | 0.5% | 1.5% | 12.5% | 18.6% |
| Technical Potential | 0.5% | 1.5% | 3.0% | 18.2% | 26.3% |

***Source: Memorandum regarding Avista's Natural Gas Transportation Customer CPA, Table 1***

Avista has provided the source documents to support the gas transportation customer transportation conservation potential within its Confidential Attachment C; please see the files entitled "Avista Gas Transport COM Potential" and "Avista Gas Transport IND Potential" for further information.

To ensure the transparency of its CPA processes, information regarding Avista's CPA – including methodology, results, and impacts – was presented to Avista's Technical Advisory Committee (TAC) at its third natural gas TAC meeting on August 10, 2022; all members of Avista's Energy Efficiency Advisory Group (EEAG) were given notice of the natural gas TAC meeting schedule at the Company's May 16, 2022 EEAG meeting. All data from the CPAs, inclusive of those for interruptible and transport suppliers, were included and reviewed during this TAC meeting, with information about demand response then provided at the December 15, 2022 meeting. Additionally, full CPA reports are included within Appendix 3 (3.1a-3.1d) to the Company's 2023 Integrated Resource Plan (IRP), filed with the Commission on May 31, 2023.[3] All documents, as well as complete recordings of all TAC meetings, were also available for public review on Avista's website throughout the course of the process. [4]

[3] See Docket No. UG-220244.
[4] See https://www.myavista.com/about-us/integrated-resource-planning.

Please direct any questions on this matter to Kim Boynton, Energy Efficiency Planning & Analytics Manager, at (509) 495-4744 or kim.boynton@avistacorp.com.

Sincerely,

/s/ Jaime Majure

Jaime Majure
Regulatory Policy Analyst

cc: Avista Energy Efficiency Advisory Group