

Agenda Date: January 13, 2022  
Item Number: D3 and D4

**Dockets: UE-210826 and UG-210827**  
Company: Avista Corporation d/b/a Avista Utilities

Staff: Heather Moline, Regulatory Analyst

### **Recommendation**

Issue an order in Docket UE-210826 accepting Avista Corporation's

- (1) 10-year electric conservation potential of 507,829 megawatt-hours (MWh),
- (2) EIA Target of 101,566 MWh,
- (3) EIA Penalty Threshold of 91,054 MWh, and
- (4) Decoupling Penalty Threshold of 5,078 MWh pursuant to Order 5 in Dockets UE-140188 and UG-140189,
- (5) subject to the conditions in Attachment A.

Issue an order in Docket UG-210827 approving Avista Corporation's

- (1) Biennial Acquisition Target of 2,192,434 therms,
- (2) Decoupling Penalty Threshold of 109,622 therms pursuant to Order 5 in Dockets UE-140188 and UG-140189,
- (3) Subject to the conditions in Attachment B.

### **Background**

On November 1, 2021, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed its "2022-2023 Biennial Conservation Plan" (BCP or Plan) with the Washington Utilities and Transportation Commission (Commission) under Dockets UE-210826 and UG-210827. The electric Plan is required by the Energy Independence Act (EIA),<sup>1</sup> while the gas Plan is required by RCW 80.28.380.

Commission staff (Staff) filed responsive comments on the Plan on December 17, 2021.<sup>2</sup> Those comments detailed Avista's expected electric and gas savings in the 2022-2023 biennium, as well as some of the programs the Company will run to achieve those savings and Staff's analysis of the plan.

Avista serves approximately 260,000 electric customers and 175,000 natural gas customers in eastern Washington. Avista provides electric service in the following counties: Adams, Asotin,

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<sup>1</sup> RCW 19.285.040(1); WAC 480-109-120(1).

<sup>2</sup> Dockets UE-210822 and UG-210823, "Commission Staff Comments Regarding Gas and Electric Utility Conservation Plans Under RCW 19.285 and 80.28 and WAC 480-109 (2022-2023 Biennial Conservation Plans)," filed Dec. 17, 2021.

Ferry, Franklin, Garfield, Lincoln, Spokane, Stevens, and Whitman counties. Avista provides gas service in the above counties except Garfield, plus Skamania and Grant.

### Discussion

Tables 1 and 2 compare Avista's 2022-2023 electric and gas expected savings with expected savings from the 2020-2021 biennium.

**Table 1. Electric Savings and Budgets from 2020-2021 and 2022-2023 BCPs**

| <b>Program</b>       | <b>2020-2021<br/>Projected<br/>Savings<br/>(MWh)</b> | <b>2020-2021<br/>Budget</b>     | <b>2022-2023<br/>Projected<br/>Savings<br/>(MWh)</b> | <b>2022-2023<br/>Budget</b> |
|----------------------|--|---------------------------------|--|-----------------------------|
| Residential Total    | 12,140   | \$6,526,567                     | 18,548   | \$8,986,497                 |
| <i>Low-income</i>    | 883  | \$1,712,985                     | 1,579  | \$3,952,239                 |
| Non-Residential      | 72,142   | \$11,608,707                    | 78,401   | \$17,612,031                |
| Distribution         | 504  | -                               | -  | -                           |
| NEEA                 | 12,896   | \$2,716,000                     | 10,600   | \$2,716,000                 |
| Administration/Other | -  | \$11,130,644                    | -  | \$14,049,577                |
| <b>Total</b>         | <b>97,682</b>  | <b>\$31,981,918<sup>3</sup></b> | <b>107,549<sup>4</sup></b>                           | <b>\$43,364,005</b>         |

**Table 2. Gas Savings and Budgets from 2020-2021 and 2022-2023 BCPs**

| <b>Program</b>       | <b>2020-2021<br/>Projected<br/>Savings<br/>(therms)</b> | <b>2020-2021<br/>Budget</b> | <b>2022-2023<br/>Projected<br/>Savings<br/>(therms)</b> | <b>2022-2023<br/>Budget</b> |
|----------------------|---|-----------------------------|---|-----------------------------|
| Residential Total    | 1,336,937   | \$9,298,257                 | 1,492,000   | \$14,230,554                |
| <i>Low-income</i>    | 51,487  | \$3,292,071                 | 49,000  | \$3,484,000                 |
| Non-Residential      | 537,454   | \$1,429,931                 | 812,000   | \$2,546,500                 |
| NEEA                 | -   | \$410,000                   | -   | \$812,000                   |
| Administration/Other | -   | \$838,516                   | -   | \$1,248,705                 |
| <b>Total</b>         | <b>1,874,391</b>  | <b>\$11,976,703</b>         | <b>2,304,000<sup>5</sup></b>                            | <b>\$18,837,759</b>         |

<sup>3</sup> An additional \$3,500,000 of Community Energy Efficiency Program (CEEP) matching funds supported the portfolio, for a total of \$35,481,918. CEEP funding has not been guaranteed for the 2022-2023 biennium.

<sup>4</sup> The difference between this figure and that in Table 1 in Staff's comments is a small amount of additional savings that Avista believes it can realize during the 2022-2023 biennium. This additional savings is beyond that which is accounted for in its calculated EIA Target or EIA Penalty Threshold.

<sup>5</sup> The difference between this figure and that in Table 2 in Staff's comments is a small amount of additional savings that Avista believes it can realize during the 2022-2023 biennium. This additional savings is beyond that which is accounted for in its calculated Biennial Acquisition Target.

### *List of Conditions*

As with previous biennia, Staff, the state's five electric and gas utilities, and various stakeholders have negotiated a set of conditions that Avista agrees to adhere to throughout the biennium. These are included as Attachments A (electric) and B (gas) to this memo. Electric conditions have been negotiated with utilities and stakeholders for several biennia, and this is the first time that gas conditions have been agreed to as well. The gas plans filed by the utilities and the recommended gas conditions are the demonstration required by RCW 80.28.380 that the gas conservation target will result in the acquisition of all resources identified by the utility as available and cost-effective.

### **Stakeholder Comments**

In addition to staff's comments, three other stakeholders—Public Counsel, NW Energy Coalition (NVEC), and The Energy Project (TEP)—also submitted comments on the Plan. All three commenters indicated their approval of the Plan is contingent on finalization of draft conditions in Attachments A and B. Staff is appreciative of the commenters' participation in the conversations that led to the formulation of these conditions.

NVEC and TEP also discussed the conservative nature of the non-energy impact study that Avista commissioned DNV to undertake, as well as the potential for good results from Avista's newly restarted on-bill repayment program (OBR). Staff echoed concerns around the DNV study in its comments submitted December 17. TEP also expressed potential concerns that Avista's energy burden study undercounted highly-burdened households, and that OBR can present extra risks for low-income customers and particularly for customers that rent their homes.

NW Energy Coalition and Public Counsel echoed staff's comments submitted December 17 expressing caution regarding Avista's Always-On program. In correspondence with Staff, the Company noted that the absence of "low-hanging" lighting measures, the largest contributor to residential savings in previous biennia, has inflated Always-On's share of the residential portfolio. The Company has agreed to work closely with Staff and its advisory group to fully and fairly implement and evaluate Always-On.

NW Energy Coalition highlighted some external and policy influences underscoring Avista's electric and natural gas portfolios. Staff agreed in comments posted December 17 that greater conversation is necessary around implementing and evaluating natural gas measures in the current and future environmental and political framework.

### **Conclusion**

Staff recommends the Commission issue an order in Docket UE-210826 accepting Avista's 10-year electric conservation potential of 507,829 MWh, EIA Target 101,566 MWh, EIA Penalty Threshold of 91,054 MWh, and Decoupling Penalty Threshold of 5,078 MWh pursuant to Order 5 in Dockets UE-140188 and UG-140189, subject to the conditions in Attachment A of this memo.

Staff recommends the Commission issue an order in Docket UG-210827 accepting Avista's Biennial Acquisition Target of 2,192,434 therms, and Decoupling Penalty Threshold of 109,622 therms, subject to the conditions in Attachment B of this memo.

Attachment A – Docket UE-210826 Proposed Conditions for 2022-2023 Avista Corporation Electric Conservation

Attachment B – Docket UE-210827 Proposed Conditions for 2022-2023 Avista Corporation Gas Conservation