

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

AVISTA CORPORATION d/b/a
AVISTA UTILITIES'

2020-2029 Ten-Year Achievable Electric
Conservation Potential and 2022-2023
Biennial Conservation Target Under
RCW 19.285.040 and WAC 480-109-010

DOCKET UE-210826

ORDER 01

ACCEPTING 2020-2029 TEN-YEAR
ACHIEVABLE CONSERVATION
POTENTIAL AND 2022-2023
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 10-year achievable conservation potential and its biennial conservation target every two years.²

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 that two-year period of its cost-effective conservation potential for the subsequent two-year period.

² WAC 480-109-120.

2 On November 1, 2021, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed its 2022-2023 Biennial Conservation Plan (BCP or Plan) identifying a 2020-2029 ten-year achievable conservation potential of 507,829 megawatt-hours (MWh) and a 2022-2023 biennial conservation target of 101,566 MWh.

3 Table 1 compares Avista’s 2022-2023 electric expected savings with expected savings from the 2020-2021 biennium.

Program	2020-2021 Projected Savings (MWh)	2020-2021 Budget	2022-2023 Projected Savings (MWh)	2022-2023 Budget
Residential Total	12,140	\$6,526,567	18,548	\$8,986,497
<i>Low-income</i>	883	<i>\$1,712,985</i>	<i>1,579</i>	<i>\$3,952,239</i>
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
Total	97,682	\$31,981,918³	107,549⁴	\$43,364,005

4 As with previous biennia, Commission staff (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 Attachment A to this Order.

5 On December 17, 2021, The Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel), The Energy Project (TEP), and the NW Energy Coalition (NVEC) submitted comments on the Plan. All three stakeholders recommend the Commission approve the Plan, subject to the conditions noted in Attachment A.

6 NVEC and TEP additionally discussed the conservative nature of the non-energy impact study that Avista commissioned DNV to undertake, as well as the potential for positive results from Avista’s newly restarted on-bill repayment program (OBR). Staff agrees

3 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.

4 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.

with the concerns related to the DNV study. TEP also expressed potential concerns that Avista's energy burden study undercounted highly burdened households, and that an OBR can present extra risks for low-income customers and particularly for customers that rent their homes.

7 NWEC and Public Counsel echoed Staff's concerns stated in their December 17, 2021, comments expressing caution regarding Avista's Always-On program. In correspondence with Staff, Avista 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. NWEC further highlighted some external and policy influences underscoring Avista's electric portfolio.

8 Staff also filed responsive comments on the Plan on December 17, 2021.⁵ Those comments detailed Avista's expected electric savings in the 2022-2023 biennium, some of the programs the Company will run to achieve those savings, and an analysis of the Plan.

9 Staff recommends the Commission issue an order accepting Avista's 10-year electric conservation potential of 507,829 MWh; Two-Year EIA Target of 101,566 MWh; Two-Year EIA Penalty Threshold of 91,054 MWh; Two-Year Decoupling Threshold of 5,078 MWh, pursuant to Order 05 in Docket UE-140188; and a total Two-Year utility conservation goal of 106,644 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.
- Retain sole responsibility for complying with RCW 19.285 and WAC 480-109.

⁵ Dockets UE-210826 and UG-210827, "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.

- 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 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 and RCW 19.285.040(1)(g).
- 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

10 We agree with Staff's recommendation and accept Avista's BCP subject to certain conditions. We accept Avista's calculation of its 10-year electric conservation potential of 507,829 MWh; Two-Year EIA Target of 101,566 MWh; Two-Year EIA Penalty Threshold of 91,054 MWh; Two-Year Decoupling Threshold of 5,078 MWh, pursuant to

Order 05 in Docket UE-140188; and a total Two-Year utility conservation goal of 106,644 MWh, subject to the conditions attached to and incorporated into this Order as Appendix A for the reasons explained below.

- 11 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,⁶ 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.”⁷
- 12 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.
- 13 As described above, CETA places an emphasis on nonenergy impacts that 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 a number of measures intended to enhance its conservation achievement with this sector of hard-to-reach customers in 2022, 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 2022-2023 BCP. These conditions are outlined in detail in Attachment A to this Order.
- 14 Accordingly, we accept Avista’s calculation of its 10-year electric conservation potential of 507,829 MWh; Two-Year EIA Target of 101,566 MWh; Two-Year EIA Penalty Threshold of 91,054 MWh; Two-Year Decoupling Threshold of 5,078 MWh, pursuant to Order 05 in Docket UE-140188; and a total Two-Year utility conservation goal of

⁶ RCW 19.285.040(1)(a).

⁷ RCW 19.285.040(1).

106,644 MWh, subject to the conditions attached to and incorporated into this Order as Attachment A.

FINDINGS AND CONCLUSIONS

- 15 (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, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 16 (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 conservation targets. The Commission may rely on its standard practice in exercising that authority. *See* RCW 19.285.040(1)(e). The Commission has adopted WAC 480-109-010 to implement RCW 19.285.040(1).
- 17 (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.
- 18 (4) On November 1, 2021, Avista filed its 2022-2023 BCP identifying a 2020-2029 ten-year achievable conservation potential, 2022-2023 EIA Target, 2022-2023 EIA Penalty Threshold, and 2022-2023 Decoupling Threshold.
- 19 (5) This matter came before the Commission at a specially scheduled recessed meeting on January 18, 2022.
- 20 (6) Avista's calculation of its 2020-2029 10-year achievable conservation potential of 507,829 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 21 (7) Avista's calculation of its 2022-2023 biennial conservation target (EIA Target) of 101,566 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 22 (8) It is the Commission's standard practice to remove forecasted savings from previously undertaken market transformation activities when calculating the EIA Penalty Threshold.

- 23 (9) Avista’s calculation of its 2022-2023 EIA Penalty Threshold of 91,054 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 24 (10) Avista’s calculation of its 2022-2023 Decoupling Penalty Threshold of 5,078 MWh is consistent with Order 05 in Docket UE-140188.
- 25 (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.
- 26 (12) The Commission should accept Avista’s calculation of its 10-year electric conservation potential of 507,829 MWh; EIA Target of 101,566 MWh; EIA Penalty Threshold of 91,054 MWh; and Decoupling Penalty Threshold of 5,078 MWh; subject to the conditions attached to this Order as Attachment A.

ORDER

THE COMMISSION ORDERS:

- 27 (1) Avista Corporation d/b/a Avista Utilities’ 2020-2029 Ten-Year Achievable Electric Conservation Potential of 507,829 MWh; 2022-2023 EIA Target of 101,566 MWh; 2022-2023 EIA Penalty Threshold of 91,054 MWh; and 2022-2023 Decoupling Penalty Threshold of 5,078 MWh, are accepted subject to the conditions attached to this Order in Attachment A.
- 28 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

DATED at Lacey, Washington, and effective January 18, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner