

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 90 continued

the amount specified in section 4.1 below. This market transformation effort supports renewable energy measures in the residential and small commercial segments.

Market transformation ventures will be considered eligible for funding to the extent that they improve the adoption of electric efficiency measures that are not fully accepted in the marketplace. These market transformation efforts may include efforts funded through regional alliances or other similar opportunities.

4. FUNDING AND NONMONETARY ASSISTANCE

4.1 Funding

The Company shall offer incentives for projects based upon the simple payback of the individual project, relative to the current energy code or industry practice that is applicable to the project. Simple payback is defined as the incremental capital cost associated with the energy efficiency of the project divided by the energy savings per year. Energy savings are calculated using the current retail energy rates. Fuel-conversion incentives are available only for conversion to natural gas with an end-use efficiency of 44% or greater. The incentives shall be as follows:

(D)

Simple Pay-Back Period	Incentive Level (cents per first year kWh saved)
Under 15 years*	20 cents**
Over 15 years	0 cents

(D)

(N)

Incentives will be capped at 70% percent of the incremental project cost for all projects with simple paybacks less than fifteen years. Incentives for efficiency measures within the following categories shall not exceed 100% of the project cost:

(C)

* Low Income measures that have a TRC of 1.0 or higher are incentivized at 100% of the project cost. For measures that have a TRC of less than 1, the project is incentivized at an amount equal to the present value of avoided cost.

(N)

(N)

(N)

**Residential weatherization measures that are eligible for both electric and natural gas incentives (e.g. windows and insulation) are to be incentivized at the higher of the electric and natural gas incentive levels, rather than \$0.20/kWh, as long as cost-effectiveness criteria is met.

(N)

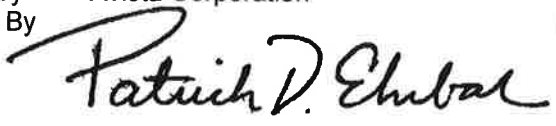
(N)

(N)

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By 

Patrick Ehrbar, Director of Regulatory Affairs

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- 4.1.1 Energy efficiency programs delivered by community action agencies contracted by the Company to serve Low Income or vulnerable customer segments including agency administrative fees and health and human safety measures;
- 4.1.2 Low-cost electric efficiency measures with demonstrable energy savings (e.g. compact fluorescent lamps);
- 4.1.3 Programs or services supporting or enhancing local, regional or national electric efficiency market transformation efforts.
- 4.1.4 Prescriptive programs are guided by the typical application of that measure in accordance with the previously defined incentive structure. Incentive levels for these programs are based on market conditions at the time of program design and are not dependent on actual project cost relative to incentive caps. Incentives shall not exceed project costs.
- 4.1.5 Incentives for demand response programs shall not exceed 75% of the calculated capacity present value of the measure if and when an interruption event is triggered.

(T)
(T)

The Company will actively pursue electric efficiency opportunities that may not fit within the prescribed services and simple pay-back periods described in this tariff. In these circumstances the customer and the Company will enter into a site specific services agreement.

4.2 Non-Monetary Assistance

Assistance without the granting of direct monetary incentives to the customer is available across all applicable segments and may be provided in various ways, that include, but are not limited to, the following:

- 4.2.1. **Educational**, training or informational activities that enhance electric efficiency. This may include technology or customer-segment specific seminars, literature, trade-show or community events, advertising or other approaches to increasing the awareness and adoption of resource efficient measures and behaviors.
- 4.2.2. **Financial** activities intended to reduce or eliminate the financial barriers to the adoption of electric efficiency measures. This may include programs intended to reduce the payment rate for resource efficiency measures, direct provision of leased or loaned funds or other approaches to financial issues with better than existing market terms and conditions.

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