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September 29, 2021

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

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Re: Docket No. UG-210462 – Avista Conservation Potential Assessment (CPA) Comments

Dear Ms. Maxwell,

Avista Corporation, dba Avista Utilities (Avista or the Company), submits the following responses to the questions posed by the Washington Utilities and Transportation Commission (Commission) in its September 14, 2021 Notice of Opportunity to File Written Comments. The Company appreciates the Commission's request for feedback on the following legal and policy questions and provides the below interpretations and clarifications for consideration.

1. Does the requirement to incorporate the social cost of greenhouse gases under RCW 80.28.380 require the utility to use a total resource cost-effectiveness test in identifying cost-effective conservation measures? Please explain your answer.

RESPONSE: RCW 80.28.380 does not contain any such requirement specifying a particular cost-effectiveness test to utilize when identifying cost-effective conservation measures. Regarding the requirement to incorporate the social cost of greenhouse gasses, specification of a certain cost-effectiveness test is not warranted as both the Total Resource Cost (TRC) and Utility Cost Test (UCT) methodology are inclusive of such considerations since these costs are already captured within the Company's avoided costs.

2. An analysis of the availability of conservation is required under RCW 80.28.380. What considerations should be included in this analysis? Please explain your answer.

RESPONSE: Per RCW 80.28.380, any identification and acquisition of conservation measures, and associated analyses regarding the availability of such conservation, should be pursued only for “measures that are available **and** cost-effective” [Emphasis added]. When taken separately, “available” and “cost-effective” can be two very contradictory terms, so it is important that any recommended analysis take the relationship of both terms into consideration, utilizing them as one cohesive requirement. With this in mind, there are some analyses that simply would not result in cost-effective conservation, and therefore should not be subject to analysis, largely because there are no known avoided costs for the measure. RCW 80.28.380 states that “the cost-effectiveness analysis required by this section must include the cost of greenhouse gas emissions established in RCW 80.28.395”. As stated in the Company’s response to Question 1, these social costs of greenhouse gas (GHG) emissions are already captured within the avoided costs for the given measure or program. In order to perform an analysis for cost effectiveness, a level of avoided cost must be attributed to the program or measures in question. In instances where natural gas transportation customers are not purchasing natural gas from Avista, for example, the costs avoided by the Company by this transaction are significantly decreased to the point that it is not easily discernable which costs actually remain to be further avoided for purposes of cost-effectiveness testing. Additionally, because GHG emissions are related to the commodity itself, and not the infrastructure, those costs would also be excluded from any cost-effectiveness analysis, thereby rendering it even less cost-effective.

3. Must utilities include conservation measures from gas transportation customers in their identification of all conservation measures under RCW 80.28.380? Please explain your answer.

RESPONSE: No, Avista believes that gas transportation customers are not to be included in the identification of conservation within its CPA, as there is no conservation that is both cost-effective and available to be pursued within this customer class. As previously emphasized, RCW 80.28.380 requires that “Each gas company must identify and acquire all conservation measures that are available **and** cost-effective.” [Emphasis added] Conservation measures for gas transportation

customers continues to remain not cost-effective under both UCT and TRC methods because without an avoided cost, as explained above, there is no potential conservation to be selected as part of the CPA process. With the intention of a CPA being to determine where a utility's cost-effective conservation potential lies so that we may target our program efforts to acquire such conservation, requiring an analysis to try to identify cost-effective measures for a customer class that is already known to not have cost-effective results is an imprudent use of customer-funded energy efficiency efforts and the Company's resources.

Avista appreciates the opportunity to provide the above comments prior to the approval of its first natural gas CPA. Please direct any questions on this matter to Ryan Finesilver, Energy Efficiency Manager at (509) 495-4873 or ryan.finesilver@avistacorp.com or myself at (509) 495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy