

APPENDIX C

Advisory Group Meetings Summaries regarding BCP topics

From: Dune Ives [Dune@milepostconsulting.com]
Sent: Wednesday, September 14, 2011 7:57 AM
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Subject: I-937 Issues from Advisory Group Discussions
Attachments: Avista I-937 Issue Prioritization 9.14.11.xlsx

Good morning –

Please find attached the consolidated and updated I-937 Issues list from our Advisory Group discussions.

You'll see a column in this spreadsheet for the Advisory Group to note any comments/questions that may remain and you would like to share with Avista. Please note that these issues are considered to be in final form, based on our discussions, and are presently being used by Avista to inform their BCP development.

Let me know if you have any questions. And, if you do have clarifying comments please send those to me and to Bruce (to keep e-mail traffic down a bit).

Thanks!
Dune

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Issue Label	Original Issue Language	Resolution/Action Items from July 20th and August 17th Discussions	Advisory Group Notes/Comments
C	Avista will commit only to a target based upon what we can control and measure	<p>Action Item: Tom Eckman to follow-up with Randy on Avista's IRP and CPA integration process</p> <p>July 20th Questions: 1) how does the CPA end use load forecast line up with Randy's IRP estimates? 2) how will the CPA be modified moving forward?</p>	
H	There are no changes to the acquisition target after the target has been established	<p>Action Item: Clarify that item H is referring to technical changes after the target has been established.</p>	
I	Acquisition is based upon gross, and not net, energy savings	<p>Action Item: Highlight the net to gross statement.</p>	
J	Avista will employ the California Standard Practice manual as a basis for cost-effectiveness with any exceptions (e.g. use of gross acquisition) noted.	<p>Proposed Resolution: Avista will use Council's methodology for cost-effectiveness or explain any deviations from the Council's methodology.</p>	
L	The acquisition target stated in the I-937 goal is an aggregate target that can be met through any eligible measure	<p>Proposed Resolution: Balanced implementation is what Avista does. Ensure there is effort placed in all categories.</p>	
M	Avista may provide a range rather than a point estimate of energy savings	<p>Action Item: Document what the range is based on.</p>	
Q	For distribution efficiency, Avista will commit to a range of energy savings. That range will lead to a range in the overall aggregate I-937 target. Falling below the lower range will result in a penalty	<p>Action Item: Document the rationale behind the 30% range for distribution efficiency.</p>	
R	The baseline for distribution and thermal efficiencies is the pre-existing condition	<p>Action Item: Document differences between new and existing buildings and that end of life = fully amortized.</p>	
V	Energy savings will be based upon normal and fixed operating conditions. "Take back" will not diminish measured energy savings.	<p>July 20th Discussions: 1) Take back is a policy issue rather than a technical issue 2) it may be too difficult to identify savings through billing analysis with a large population, 3) how will this address low income, 4) will this identify or miss installation issues, 5) may be a difference between savings expected and gains realized.</p>	
W	The target will be based upon expected codes and standards. Energy savings associated with the early adoption of those codes and standards do count towards I-937, as does any enhancement in code compliance (whether partially or entirely attributed to utility intervention).	<p>Proposed Resolution (per Jeff Harris): NEEA will report code changes, savings numbers and attribution linkages, which Avista will then use to report savings. Avista proposes to use NEEA net market effects only. Possibly compare baselines of NEEA and Avista CPA on "big" measures. NEEA to work with Avista to align baselines.</p>	
Y	The RTF is a valued source of information in regards to the measurement of energy savings, but it is not the sole source nor is it the overruling source. Avista may elect to use other sources when appropriate.	<p>Proposed Resolution: Avista will use the best science available. Avista will look to the RTF first.</p>	

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B	<p>Avista will use the most recent IRP CPA as a basis for establishing the 2012-2013 I-937 target; will use the TRM UES to meet the target</p>	<p>July 20th Questions: 1) what is the difference between Avista's and the Council's calculator? 2) what is the differential between economic and achievable potential based on? 3) is the Global CPA suitable for the target setting?</p> <p>Action Item: Review the CPA prior to the August 17th meeting to clarify the inputs to Avista's target setting process. [action completed on August 16th]</p> <p>Action Item: Global will model an additional scenario without naturally occurring in the baseline to be consistent with Council. Incremental difference between baseline without naturally occurring will be documented and provided with BCP</p>	
U	<p>The timing of a finding of regulatory prudence will be defined within the I-937 document as being coincident with the finding of whether Avista achieved the I-937 target. Avista is responsible for doing what we said we were going to do.</p>	<p>Action Item: Update table with deliverable dates to be updated to coincide with how this is resolved.</p> <p>July 20th Questions: 1) what falls into the definition of prudence? 2) is this the right venue for that discussion?</p> <p>Proposed Resolution: Avista will rely on the existing regulatory prudence protocols and will address timing in its BCP filing and look to the Commissioners to make a determination on prudence upon a request for a finding of prudence (triggered June 1st, 2012). Pending WUTC approval of MOU.</p>	

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AC	<p>Avista is proposing a non-payable financial incentive in the amount of \$50/MWh be created for exceeding the point estimate or the high-end of a range of estimate. This incentive is not payable but may be used to offset penalties that may be incurred under I-937 in subsequent compliance periods.</p>	<p>Actions Required: WUTC staff to review the Statute, Avista to follow-up on approaches for non-payable financial incentive and revisions to next biennial target. Clarify that item H is referring to technical changes in measure savings and item AC is related to the Company's desire to accelerate, which is consistent with the essence and spirit of I-937. Remove "incentive" language. Company to be responsive to language and concerns around policy.</p> <p>August 17th Discussion: One-time adjustment per biennium based on reported results from the previous biennium reported results. Agreement that pre-acquirable does not ignore lost opportunity.</p> <p>July 20th Questions: 1) Is Avista's proposal consistent with the Statute? 2) should this be handled in a separate docket? 3) if the target is a range how do you know when you have exceeded it (on the low end or high end of the range)? 4) would a separate accrual account outside of the I-937 be required? 5) is this handled best simply through an adjustment of the next biennial target?</p>	
G	<p>The 2012-1023 I-937 target will include a listing of UES that are locked for the duration of the biennium for well-defined measures</p>	<p>Action Item: The UES Sources (including all inputs into the target setting including the 2011 CPA) will be documented in the TRM. For 2012-2013, the UES will be predominantly based on the CPA.</p> <p>July 20th Questions: Does symmetry exist between the 2011 CPA and TRM for the 2012-2013 BCP on the top contributing measures (recognizing the timing issues associated with development of the TRM).</p>	
K	<p>There are no restrictions on measure eligibility or re-adoption based upon measure life</p>	<p>No changes required</p>	
O	<p>We will include NEEA acquisition identified as having occurred within our service territory based upon (NEEA NME only or NEEA NME + natural adoption)</p>	<p>August 17th Discussion: Will use NEEA net market effects (NMEs) and include NEEA natural adoption definitions if NEEA or Avista have a program operating in the market</p>	
E	<p>We recognize that I-937 calls for utilities to follow NPCC targets over a 20 year period or provide a basis for deviating from those targets</p>	<p>No changes required</p>	
P	<p>Fuel-efficiency is an eligible measure (regardless of whether it is to std or HE efficiency gas, and not as a separate category)</p>	<p>August 17th Discussion: Is HE necessary given the Federal Standard expected to be put into place during 2013? Is combining fuel efficiency in buckets necessary? Should it be included for I-937? Symmetry between target setting and accounting is necessary.</p>	

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S	No thermal efficiencies are pledged within I-937 inasmuch as none have been identified within the IRP	August 17th Discussion: Thermal efficiencies are a component of the BCP by law. Although Avista's IRP has not identified any acquirable potential, the Company will pursue cost-effective opportunities in this area and will claim any acquisition towards the target	
A	Consistency with Council methodology	August 17th Discussion: The TRC cost-effectiveness calculation is consistent w/ Council methodology and, if not, the Company will explain the differences; Avista will look to RTF and other sources for "best sciences"; baseline excludes natural adoption.	
D	The definition of cost-effectiveness includes an incorporation of a 10% credit for DSM	Action Item: Avista to confirm that the 10% adder was added after the deferrable T&D.	
N	Programs delivering quantifiable savings based upon energy savings behaviors are eligible	August 17th Discussion: Consider but leverage protocols already developed for analyses of these types of programs; work toward targeting and refining in the future; want symmetry in target and accounting towards target; call out specifically in business plan.	
T	Impacts of demand response programs are not contained within the target nor will they be eligible for acquisition	No changes required	
X	Avista has a commitment to inform the Commission in a timely manner there is the expectation that the I-937 target will not be achieved.	No changes required	
AA	Avista will make specific commitments regarding establishing and maintaining opportunities for stakeholder input, and Avista will make specific commitments regarding consulting with this Advisory Group on identified filings.	No changes required	
AD	Avista has full authority and responsibility to manage the DSM portfolio	No changes required	
Z	Avista will commit to continuing to perform independent third-party EM&V of the I-937 portfolio.	No changes required	
F	Our CPA is based upon energy savings measured at the site and not at the busbar	No changes required	
AB	Avista will comprehensively review the Schedule 90 tariff and re file that tariff to the extent that it is found that improvements can be made in the tariff.	No changes required	