

2020-2021 Biennial Conservation Report

The Avista logo is displayed in white on a dark blue rectangular background. The logo consists of a stylized 'A' symbol followed by the word 'AVISTA' in a bold, sans-serif font. The background of the entire top-left section is a gradient of blue and green with white geometric lines.

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Avista 2020-2021 Biennial Conservation Report

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I. Introduction

In compliance with RCW 19.285 and WAC 480-109-120 (4), Avista Corporation, dba Avista Utilities (Avista or “the Company), respectfully submits its “2020-2021 Biennial Conservation Report (BCR)” to the Washington Utilities and Transportation Commission (UTC or “Commission”). This report is intended to comply with the requirements outlined below:

WAC 480-109-120 (4) Biennial conservation report.

- (a) On or before June 1st of each even-numbered year, a utility must file with the commission, in the same docket as its current biennial conservation plan, a biennial conservation report regarding its progress in meeting its conservation target during the preceding two years.
- (b) The biennial conservation report must include:
 - (i) The biennial conservation target;
 - (ii) Planned and claimed electricity savings from conservation;
 - (iii) Budgeted and actual expenditures made to acquire conservation;
 - (iv) The portfolio-level cost-effectiveness of the actual electricity savings from conservation;
 - (v) An independent third-party evaluation of portfolio-level biennial conservation savings achievement;
 - (vi) A summary of the steps taken to adaptively manage conservation programs throughout the preceding two years; and
 - (vii) Any other information needed to justify the conservation savings achievement.
- (c) A utility must provide a summary of the biennial conservation report to its customers by bill insert or other suitable method within ninety days of the commission's final action on the report.
- (d) A utility may file the annual conservation report and the biennial conservation report together as one report, provided that the report includes all of the information required in subsections (3) and (4) of this section and states that it serves as both the annual conservation report and the biennial conservation report.

II. Executive Summary

The Company is pleased to report that it has met its 2020-2021 Biennial Conservation Target by combining its program conservation achievements with excess conservation savings from prior biennia. In its Order¹, the Commission approved Avista’s 2020-2021 EIA Penalty Threshold of 59,948 MWh and its Utility Specific Conservation Goal of 63,590 MWh². As a result of the 2020-2021 Biennial period, Avista’s Energy Efficiency Program achieved 54,809 MWh from local programs which by itself is lower than both the EIA Penalty Threshold of 59,948 MWh and the

¹ Order No. 01 in Docket No. UE-190912

² Inclusive of the Company’s decoupling commitment of 3,642 MWh

Utility Specific Conservation Goal of 63,590 MWh. However, Avista utilized its excess conservation from prior biennia to its biennial achievement. The excess savings amount applied to this biennium was 8,781 MWh.

Per RCW 19.285.040(c)(i), excess conservation may be used to meet potential shortfalls in the immediate subsequent two biennial periods. Of the carryforward amount, up to 20% of the current target can be used to meet any shortfall. The following table provides a summary of the Biennial accomplishments.

Table 1: 2020-2021 Biennial Conservation Target

2020-2021 Biennial Summary			
	Target	Actual	Percent
Savings Category	(MWh)	(MWh)	
EIA Penalty Threshold	59,948	54,809	91%
Total Local Biennium Target including 5% Decoupling Commitment	63,590		86%
Total Utility Conservation Goal	76,486	71,429	93%
Excess Savings			
Available Excess Savings		69,915	MWh
2020-2021 Savings in Excess of Target		0	MWh
Total Excess Savings		69,915	MWh
Conservation Expenditures			
	Budget	Actual	Percent
Total Conservation Expenditures	\$31,981,918	\$23,429,607	73%
Cost-Effectiveness			
	Total Resource Cost Test	Utility Cost Test	
Benefit-to-Cost Ratios - Planned	1.69	2.17	
Benefit-to-Cost Ratios - Actual	1.32	1.92	

Avista met 86% of its Utility Specific Conservation goal and 91% of its EIA Penalty Threshold achieving 54,809 MWh from demand-side energy efficiency. Under the Total Resource Cost (TRC) cost-effectiveness test, the electric efficiency benefits exceeded the costs by a ratio of 1.32.

The table below shows the verified gross savings and related demand-side management (DSM) expenditures alongside the Company’s Biennial Conservation Plan (which is inclusive of the Total Utility Conservation Goal of 76,486 MWh).

Table 2: Actual 2020-2021 Results vs. Biennial Conservation Plan

Program	2020-2021 BCP Savings Goal (MWh)	2020-2021 Budget	2020-2021 Actual Savings (MWh)	2020-2021 Actual Spend
Residential	11,257	\$4,813,582	4,829	\$1,376,986
Low-Income	883	\$1,712,985	648	\$2,137,409
Non-Residential	72,142	\$11,608,707	49,332	\$8,965,304
Administration/Other	-	\$11,130,644	-	\$7,916,392
Total Before NEEA	84,282	\$29,265,918	54,809	\$20,396,090
NEEA	12,896	\$2,716,000	16,620	\$3,033,517
Total	-	\$31,981,918	-	\$23,429,607

Avista builds its Biennial Conservation Plan based on the Company’s EIA target with additional considerations for existing program throughput, impacts of current and forecasted incentive levels, and also any additional observed or anticipated market impacts. These additional considerations influence the overall savings goal and budget for the plan. Because of this, the total goal stated in the Biennial Conservation Plan may be slightly higher than that of the EIA target.

III. Excess Conservation Utilization

As a result of the prior two biennial savings achievements, Avista has 69,915 MWh of excess savings available to apply to a potential 2020-2021 shortfall with a restriction that up to 20% of the current target be used in a biennium. For this current biennium, that upper limit was based off the Utility Specific Conservation Target of 63,590 MWh which, at 20% results in an available excess savings of 12,718 MWh. Upon calculating the reported and verified electric savings totals and savings adjustments, Avista will utilize available excess savings of 8,781 MWh to meet its 63,590 MWh target.

The remaining 2016-2017 excess will no longer be available for application to a 2022-2023 potential shortfall and the Company will expire the remaining 56,293 MWh (65,074 MWh less

8,781 MWh utilized in this biennium). For the 2022-2023 biennium, 4,841 MWh will be available for any potential shortfall. Please see Table 3 to illustrate Avista’s Biennial excess savings carryforward.

Table 3: Excess I-937 Savings (MWh) Available in Future Biennial Periods

Biennium	Target	Actual	Excess	Available in '16-'17	Available in '18-'19	Available in '20-'21	Available in '22-'23
16-'17	76,257	141,331	65,074		65,074	65,074	
18-'19	84,274	89,115	4,841			4,841	4,841
20-'21	63,590	54,809	0				0
Total Available				2,755	67,829	69,915	4,841

IV. Biennial Portfolio Electric Cost-Effectiveness

Avista’s Electric Energy Efficiency Program measures its cost-effectiveness using the Total Resource Cost Test. The overall portfolio achieved a TRC benefit-to-cost ratio of 1.32 inclusive of low-income programs and 1.42 without. Table 4 identifies the TRC with and without the impact of the low-income program.

Table 4: 2020-2021 Biennial WA Electric Total Resource Cost (TRC)

	Regular Income Portfolio	Low Income Portfolio	Overall Portfolio
TRC Benefits	\$39,663,612	\$1,694,909	\$41,358,521
TRC Costs	\$27,974,699	\$3,273,617	\$31,248,316
TRC Ratio	1.42	0.52	1.32

V. Summary of Adaptive Management

Addressing Lower Customer Participation: Throughout the biennium, Avista saw a lower level of participation in programs that have historically provided the greatest levels of conservation savings. Avista observed that its customers were more cautious around their spending of capital dollars with regard to investing in efficiency upgrades and focused on operational challenges associated with the pandemic. To mitigate the impacts on the conservation program, Avista increased its incentive levels for custom projects from \$0.20 per kilowatt to \$0.23 per kilowatt and also increased incentives for commercial and industrial lighting by approximately 15%. Avista believes this change influenced more

customers to complete their projects in situations where they would otherwise have been delayed. Avista has continued this level of incentive into its 2022 program year to further encourage conservation efforts.

Installation Verification: Avista modified its approach to installation verification in the biennium to allow for more flexibility while maintaining social distancing. For some projects that required an on-site verification that the incented equipment had been installed and is being used, Avista opted for an approach in which the customer would submit photographic evidence of the installation. For some projects, it was also requested that a live video chat would occur so Avista could virtually walk through the facility to verify the equipment. This approach enabled Avista to maintain a level of assurance of the installation while also preserving the safety of both workers and customers.

Multifamily Direct Install (MFDI): The MFDI program has historically been a high-touch approach to allowing customers to lower their energy use. The program focuses on the direct installation of LED lighting, faucet aerators, low-flow showerheads, and other low-cost energy-saving measures. Throughout the biennium, the MFDI implementation team attempted multiple approaches to program delivery that did not require installers to enter multifamily homes. The company worked with its implementer to develop a pilot program that enabled customers to drop off their old equipment and pick up new energy-efficient items. While the level of savings associated with this approach were lower than the program's primary design, it allowed Avista to continue to reach customers and provide conservation resources to those in need.

Customer Outreach: Energy fairs and outreach events were canceled throughout the biennium, leaving a significant hole in Avista's ability to be in the communities it serves. In place of these events, the company developed outreach kits that contained low-cost, energy-saving items, and partnered with Meals on Wheels to help distribute them. The kits included window plastic, LED lamps, nightlights, energy-saving tips, and information on assistance programs.

Market Transformation: During the biennium, Avista began investigating new market transformation efforts with a specific focus on energy efficiency measures and solutions that work well in eastern Washington and northern Idaho. This engagement is complementary to the

Northwest Energy Efficiency Alliance efforts for the broader region. The goal of this effort is aimed at assessing market transformation opportunities that drive greater local impact and create deeper customer engagement. To do this, Avista is piloting the application of a market transformation approach that focuses on mid- and upstream interventions to remove market barriers and create lasting change.

Location Based Outreach: As an initial effort to test location-based approaches for low-income and “named community” outreach, Avista worked with the local Community Action Agency in Spokane County to focus outreach efforts specifically on two housing developments. Pursuant to the Clean Energy Transformation Act, both of these groups would be considered a highly impacted community or a vulnerable population; collectively, Avista refers to these customers as part of a Named Community. Both locations have categorically eligible customers and, in the past, benefitted from the Company’s energy assistance programs; however, few have received weatherization services. Income eligibility was waived for these homes, and home assessments were underway for the 20 homes within the housing organization. This approach demonstrated the efficiencies gained by focusing on a specific geographic location and also the receptiveness of the community members within that location.

VI. Conclusion

The Company is pleased that it has met its 2020-2021 Biennial Conservation Target of 63,590 MWh by combining local program accomplishments with its Excess Savings from prior biennia. Avista successfully stayed above its cost-effectiveness threshold of 1.0 using the Total Resource Cost (TRC) cost-effectiveness test achieving an overall TRC ratio of 1.32.