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December 16, 2022

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

Received
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 12/16/22 14:20:58
 State Of WASH.
 UTIL. AND TRANSP.
 COMMISSION

RE: Avista Corporation Affiliated Interest Filing pursuant to RCW 80.16.020

Dear Ms. Maxwell:

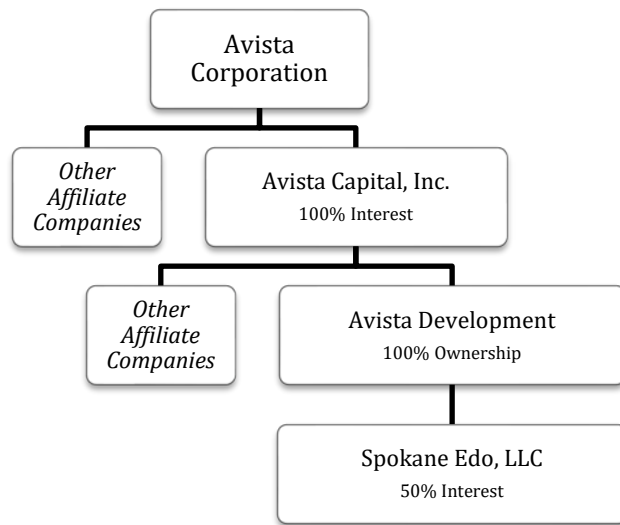
Pursuant to RCW 80.16.020 and WAC 480-100-245, please find enclosed for electronic filing with the Washington Utilities and Transportation Commission (Commission, or UTC) a Subrecipient Agreement (Agreement) between Avista Corporation (Avista or the Company) and Spokane Edo, LLC (Edo), an affiliate of Avista. Avista is providing notice to the Commission that it is Avista's intent to enter into a Subrecipient Agreement with Edo, as the primary awardee of grant funding through the United States Department of Energy (DOE) Connected Communities Grant, Award No. DE-EE009775 (the Grant), to implement an interactive grid management project collectively entitled Connected Communities (the Project). With this filing, Avista hereby requests Commission approval of the Agreement (or otherwise take no action), attached hereto as Confidential Attachment A.

Background

As illustrated in the organizational chart below, Avista Development, Inc. (Avista Development), a subsidiary of Avista Capital Inc. and, by extension, Avista Corporation, holds a 50% ownership interest in Edo. Consequently, Edo is an affiliate. Previously-filed affiliated interest agreements between Avista and Edo, for purposes of implementing an Active Energy Management (AEM) Pilot and Training Program, were provided to the Commission in Docket

Nos. UE-210243 and UE-210618. The Subrecipient Agreement between Avista and Edo, as it relates to the Connected Communities project described below, is attached hereto as Confidential Attachment A.

Organizational Chart



About the DOE Grant, Edo and Avista

Edo is a joint venture between Avista Development and McKinstry Co., LLC (McKinstry). Edo operates under the understanding that distributed, renewable generation should be a priority to meet collective social and economic goals. As such, its focus is on establishing new pathways for energy efficiency that create visibility to energy demand so that supply and demand can be dynamically managed to produce reliable, cost-effective, low-carbon energy services for customers. The partnership model facilitated by Edo will offer Avista a unified system that leverages advanced customer load knowledge paired with specific distributed customer solution packages that, when in operation, are aggregated as desired by Avista.

As stated in Avista’s previous Edo-related affiliated filings, Edo offers a proprietary programmatic mix of Strategic Energy Management, Monitoring-Based Commissioning and Fault Detection Diagnostics, and Distributed Energy Resource Aggregation, all of which contribute to addressing and overcoming the barriers that exist within the buildings in which people live, work, and recreate on a day-to-day basis. Avista considers Edo to be the sole provider of such offerings

within its Washington electric service territory and is unaware of any other potential vendors that offer a comparable level of expertise.

Avista and Edo plan to partner to implement a program that will enable Avista/Edo to provide solutions packages to customers targeted at increasing energy efficiency, reducing energy burden and providing grid flexibility. The solution packages will be tailored to specific customer load profiles coordinated with grid-identified grid use cases and be accessible to all customers within residential and commercial rate schedules. Edo will provide aggregation of these customer solutions such that they appear to Avista as a single grid device, similar to a battery, located within each targeted section of the feeders, supplied from Avista's Third & Hatch substation. This type of aggregation solution is not commercially available. The DOE has funded this Project with the intent that this program can demonstrate the capability and result in a customer program that is deployable across the United States.

The Connected Communities project, led by Edo, is a collaborative team effort whereby Avista is assisting or leading the effort to:

1. Analyze customer load profiles using cluster analysis
2. Build feeder models which will characterize both existing system loads and potential future loads
3. Define grid use cases which will provide a detailed definition of how the project will achieve the outcomes and goals
4. Develop customer solution packages for implementation
5. Prototype and simulate those solution packages
6. Design control and communication architecture
7. Develop grid optimization control algorithms
8. Survey customers to understand needs, accessibility, equity, energy burden, etc.
9. Design program offering including applicable incentives
10. Deploy equipment to effectuate the solution
11. Demonstrate and adjust the solution for 3 years
12. Publish a playbook for others to deploy similar capabilities

Terms of the Agreement

A summary of the primary terms of Agreement, a copy of which has been included as Confidential Attachment A, are as follows:

- The Agreement will become effective upon approval by the Commission; if the Agreement is not approved by the Commission, the Agreement will be considered null and void, and all obligations of Avista waived.

- If approved by the Commission, the Agreement will remain in effect in accordance with the terms of the Agreement, unless terminated or extended by mutual written agreement between Edo and Avista.
- As the prime recipient of the DOE grant, Edo will distribute funds to Avista sourced from the U.S. DOE as federal cost share as identified in the contract and scope of work between the U.S. DOE and Edo.
- Edo shall comply with Avista’s Data and System Privacy and Security Exhibit while performing any services under the Agreement.
- Edo shall communicate with customers only as agreed to as partners to maintain consistent and accurate messaging.

The Agreement with Edo is in the Public Interest

As noted by the DOE in its announcement of Connected Communities projects, this collaboration will allow the DOE to have “10 pilot projects that will deploy new technology to transform thousands of homes and workplaces into state-of-the-art, energy-efficient buildings. These Connected Communities can interact with the electrical grid to optimize their energy consumption which will substantially decrease their carbon emissions and cut energy costs.”¹ The Edo and Avista Connected Communities project is intended to explore and demonstrate clean, equitable products and solutions for commercial and residential customers which optimize grid utilization, increase resilience, and reduce energy burden. This Project provides the utility the ability to dispatch customer assets to improve grid utilization without compromising customer needs and comforts. The Project will be deployed across four neighborhoods in Spokane which contain two Named Communities.² It will combine utility assets and customer devices behind the meter to reduce greenhouse gas emissions, unlock demand flexibility and achieve energy savings.

The Project will make it feasible to incorporate large quantity of distributed energy resources in a way that is familiar to utility operators and can deliver solutions to address location-specific issues. For these reasons, Avista believes this Agreement is in the public interest. Avista respectfully requests that the Commission complete its review of this Agreement and promptly notify the Company if it believes that the Agreement is inconsistent with public interest.

¹ See <https://www.energy.gov/articles/doe-invests-61-million-smart-buildings-accelerate-renewable-energy-adoption-and-grid>.

² Prompted by the Clean Energy Transformation Act (CETA) in 2019, WAC 480-100-605 provides definitions for the terms “Highly impacted community” and “Vulnerable populations”—collectively referred to as Named Communities. Specific Named Communities are further identified within Avista’s Clean Energy Implementation Plan (CEIP). See Docket No. UE-210628.

In accordance with WAC 480-07-160, Avista Corporation requests confidential treatment of the PSA provided in Attachment A. This Attachment is marked "Confidential". Please direct any questions regarding this filing to Stephanie Myers at (509) 495-4620.

Sincerely,

A handwritten signature in black ink that reads "Patrick D. Ehrbar". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Patrick D. Ehrbar
Director of Regulatory Affairs

Enclosures