Overview of Avista’s DSM Programs and Basis for Collaborations

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Background: About Avista

- 123 year old investor owned utility

- Rich history of innovation including start-up companies Itron, Avista Energy and Ecova

- Provide electric and natural gas service in three states
  - Eastern Washington
  - Northern Idaho
  - Oregon
Background: Avista’s Resource Profile

E. Washington and N. Idaho

- 360,000 electric customers
- Average hourly load: 1,046 aMW; Peak load: 1,660 MW
- Annual use per residential customer: 11,630 kWh

E. Washington, N. Idaho, and SW Oregon

- 320,000 natural gas customers
- Annual use per residential customer: 752 therms

Electric resource mix

- 54% hydro
- 31% natural gas
- 12% coal
- 3% biomass
Background: 34-Year Commitment to Energy Efficiency

Scott Morris supervises hot water tank wrapping program

Avista invents the DSM Tariff Rider

DSM Financial recovery

Reinventing DSM

Era of External Interest

Western Energy Crisis: 3x Annual Savings at 2x Cost in ½ time

$60M Fuel Switching Program

Electric and Natural Gas mmBTU Acquisition

Gross own-fuel impact

1978 - 2010
Historical Background Energy Efficiency, was:

Acquire lower cost resources to benefit all customers (IRP implementation)

Customer assistance

- Reduction in participating customers' bills
- Allows customers to have some control in a higher energy cost environment

Regulatory obligation and sensibility

Reduced pressure on, or alternatives for, the capital budget

Carbon reduction and environmental focus

Now includes an RE and EE Requirement:

I-937 is not only “about wind”

“Each qualifying utility shall pursue all available conservation that is cost-effective, reliable, and feasible.”

“Beginning January 1, 2010…”

“…shall pay an administrative penalty to the state of Washington in the amount of fifty dollars for each megawatt-hour of shortfall.”
The “Bar Was Raised” (or, Redefined) in 2009

Increased “spend” regionally
- Idaho MOU
- Washington RPS
- National trend

Focus on Avista’s natural gas decoupling pilot in Washington


…towards regulators reviewing and comparing consistently-reported evaluation information from their jurisdictional utilities
Regulatory Perspectives

- Electric and Natural Gas Integrated Resource Plan (Chapters 3 & 4, respectively, with Conservation Potential Assessments)
- Annual DSM Business Plan
- Evaluation, Measurement and Verification (EM&V) Framework
- EM&V Annual Plan
- Washington Biennial Conservation Plan (re “I-937” Compliance)
A Paradigm for Addressing Energy Efficiency

Traditional four barriers
- Information
- Capital
- Trust
- Time

And Two More
- Tenants -- Or “split” motivations
- Temporal -- Price elasticity without it
Designing Around the Paradigm

Pursue the best delivery mechanisms for the targeted market:

- Standard offers ("Prescriptive") for residential & small commercial customers through mass marketing
- Custom ("Site Specific") for C&I customers with one point of contact through our Account Executive Team
- Low Income through community action agencies
- Regional through the NW Energy Efficiency Alliance
- Special projects—RFPs, Pilot Programs, etc.
- Promotion of Codes and Standards
Some Areas for Involvement
Issues

Innovation versus risk

Managing costs to a reasonable level
   Such as, finding the right amount of EM&V

Complexity
   Technical:   IRP, CPA, TRC, PACT, Incentives,
               IPMVP, EM&V, Program Design,
               TAC, BCP, RTF, NEEA, Council,
               Market Segmentation, Messaging
   Policy: Discrimination, Persistence, PUC
          expectations

Ultimately…
   …it is all about Realization Rates and Ramp Rates
Some Partnerships

Discussions regarding landlord/tenant options (Idaho)
ARRA Home Energy Audits (Wash)
Western Energy Crisis
ARRA Grant Assistance (Idaho)
ARRA Energy Efficiency Loans (Wash)
ARRA Customer Projects (Oregon)
In-progress…Manufactured Homes Program (Wash)
Washington Conservation Working Group
Potential for R&D and Joint Core Programs (Idaho)
Participation in Energy Efficiency Task Force (Idaho)
Stakeholder Involvement for EE Experts and Opinion Leaders
For Details and More Information

Go to [www.avistautilities.com](http://www.avistautilities.com) and click on Energy Savings>>What Is DSM>>History of DSM:

- 2012 DSM Business Plan
- EM&V Framework
- EM&V 2012 Plan
- Electric & Natural Gas IRPs (with Cons. Pot. Assess.)
- WA Elec. 2012-2013 Biennial Conservation Plan (BCP)
- WUTC “BCP” Order (outlining conditions)
- Idaho DSM Memorandum of Understanding

"It saves energy and makes me feel holier."