

# 2021 Clean Energy Implementation Plan



## **Safe Harbor Statement**

This document contains forward-looking statements. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond the Company's control, and many of which could have a significant impact on the Company's operations, results of operations and financial condition, and could cause actual results to differ materially from those anticipated.

For a further discussion of these factors and other important factors, please refer to the Company's reports filed with the Securities and Exchange Commission. The forward-looking statements contained in this document speak only as of the date hereof. The Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New risks, uncertainties and other factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the Company's business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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## Table of Contents

<b>1. Executive Summary .....</b>	<b>1-1</b>
CEIP Interim Goals and Targets .....	1-1
Customer Benefit Indicators.....	1-3
Specific Actions to Meet Targets.....	1-5
Other Company Specific Actions .....	1-5
CEIP Incremental Cost and Alternative Compliance .....	1-7
CEIP Public Participation .....	1-7
<b>2. Interim and Specific Targets .....</b>	<b>2-1</b>
Overview .....	2-1
2020 Renewable and Nonemitting Generation Supply .....	2-3
Interim 2022-2030 Clean Energy Targets .....	2-4
2031-2045 Clean Energy Targets .....	2-6
Jurisdiction Allocation of Energy Resources .....	2-6
Energy Efficiency Targets .....	2-7
Demand Response Targets .....	2-9
Target Methodology .....	2-10
10-Year Clean Energy Plan .....	2-11
Early Acquisition as Risk Mitigation .....	2-14
<b>3. Customer Benefits.....</b>	<b>3-1</b>
Overview .....	3-1
Customer Benefit Indicator Overview.....	3-6
Baseline Customer Benefit Indicator Analysis .....	3-12
<b>4. Specific Actions.....</b>	<b>4-1</b>
Overview .....	4-1
Resource Selection – Specific Targets to Specific Actions.....	4-2
Renewable Resource Interim Target Compliance Plan .....	4-4
Energy Efficiency.....	4-6
Demand Response.....	4-21
Renewable and Nonemitting Resource Acquisition Plan.....	4-25
Equity and Customer Impacts of Renewable Generation .....	4-32
Other Company Initiatives Specific Actions .....	4-34
Other Requirements.....	4-40
<b>5. Incremental Cost and Alternative Compliance.....</b>	<b>5-1</b>
Portfolio Analysis.....	5-2
Weather Adjusted Sales Revenue .....	5-4
Incremental Cost Cap Analysis .....	5-5
Alternative Compliance .....	5-8
Early Action Credit.....	5-8
<b>6. CEIP Public Participation.....</b>	<b>6-1</b>
Overview .....	6-1
Public Participation.....	6-2
Customer Benefit Indicators.....	6-11
Public Participation Milestones .....	6-15
<b>7. Next Steps .....</b>	<b>7-1</b>
Overview .....	7-1
Next Steps:.....	7-1

## Table of Figures

Figure 1.1: 2022 to 2030 Interim Renewable Energy Targets .....	1-2
Figure 2.1: Interim Clean Energy Targets .....	2-5
Figure 2.2: 2030 to 2045 Alternative Compliance Limits.....	2-6
Figure 2.3: Energy Efficiency 10-year IRP forecast (GWh).....	2-8
Figure 2.4: Total Clean Energy Acquisition Targets by Year .....	2-11
Figure 3.1: Washington State Health Disparities Map.....	3-3
Figure 3.2: Health Disparities Indicators .....	3-3
Figure 3.3: Named Communities in Avista’s Washington Service Area.....	3-5
Figure 3.4: Named Communities in the Spokane Area .....	3-6
Figure 3.5: Percent of Named Communities Energy Efficiency Program Participants .....	3-13
Figure 3.6: Saturation Rate for Energy Assistance Programs .....	3-13
Figure 3.7: Outreach Contacts .....	3-16
Figure 3.8: Percent of Non-Emitting/Renewable Energy in Named Communities .....	3-19
Figure 3.9: Change in Average Outage Duration .....	3-21
Figure 3.10: Resource Adequacy Planning Margin.....	3-23
Figure 3.11: Percent of Generation Located In Washington or Connected to Avista Transmission System .....	3-24
Figure 3.12: Weighted Average Days Exceeding Healthy Levels.....	3-26
Figure 3.13: Avista Plant Air Emissions .....	3-27
Figure 3.14: Region Greenhouse Gas Emissions .....	3-28
Figure 3.15: Avista’s Greenhouse Gas Emissions .....	3-29
Figure 3.16: Supplier Diversity .....	3-31
Figure 4.1: Resource Selection Process .....	4-3
Figure 4.2: 2022-2025 Energy Efficiency Specific Actions.....	4-6
Figure 4.3: Projected NEI for Current Avista Programs (2022-2025).....	4-19
Figure 4.4: Projected Program NEI per MWh (2022-2025).....	4-19
Figure 4.5: Estimated Distribution of NEI Values (2022-2025) .....	4-20
Figure 4.6: Winter System Peak Position (System) .....	4-42
Figure 6.1: IAP2’s Public Participation Spectrum.....	6-4

## Table of Tables

Table 1.1: CEIP Energy Efficiency Targets (MWh) .....	1-2
Table 1.2: Customer Benefit Indicators .....	1-4
Table 1.3: Incremental Cost Calculation (\$000) .....	1-7
Table 2.1: 2020 Renewable Energy (MWh) .....	2-3
Table 2.2: Expected Interim Compliance Targets (MWh) .....	2-5
Table 3.1: Customer Benefit Indicators .....	3-7
Table 3.2: Customer Benefit Indicator Prioritization (Part 1) .....	3-10
Table 3.3: Customer Benefit Indicator Prioritization (Part 2) .....	3-11
Table 3.4: Number of Energy Burdened Households.....	3-14
Table 3.5: Number of Marketing Impression for Energy Efficiency and Energy Assistance .....	3-16
Table 3.6: Transportation Electrification Baseline Metrics .....	3-18
Table 3.7: 2020 Avista Employee Diversity .....	3-30
Table 4.1: Specific Actions (MWh) .....	4-2
Table 4.2: Renewable Resource Interim Target Compliance (MWh).....	4-5
Table 4.3: 2022 to 2025 Energy Efficiency Specific Actions .....	4-13
Table 4.4: Energy Efficiency Non-Energy Impacts and Customer Benefit Indicator .....	4-18
Table 4.5: 2022 to 2025 Energy Efficiency Cost Estimate (Millions).....	4-21
Table 4.6: Specific Actions – Demand Response .....	4-24
Table 4.7: 10-year Resource Acquisition (aMW).....	4-27
Table 4.8: 2022-2025 Specific Actions – Renewable Energy .....	4-28
Table 4.9: Projected Resource Acquisition Cost (Millions) .....	4-30
Table 4.10: Project in Development (Millions) .....	4-32
Table 4.11: Washington Electrification Budget Plan (Millions) .....	4-38
Table 4.12: CBIs for Other Company Initiatives .....	4-39
Table 5.1: Alternative Lowest Reasonable Cost Portfolio Washington Revenue Requirements Estimate (\$ Millions).....	5-5
Table 5.2: Incremental Cost of Compliance (\$ Millions).....	5-6
Table 5.3: Reasonably Available Portfolio Washington Revenue Requirements Estimate (\$000) 5- 7	5-7
Table 5.4: Incremental Cost Calculation (\$000) .....	5-7
Table 5.5: Incremental Cost of Compliance with excluding REC and Specified Sales .....	5-8
Table 6.1: Advisory Group Meeting Schedule .....	6-6
Table 6.2: EAG Open Meetings Dates (2021-2022) .....	6-8
Table 6.2: EAG Open Meetings Topics (2021-2022) .....	6-9
Table 6.3: Barriers to Participation .....	6-10
Table 6.4: Preliminary Customer Benefit Indicators .....	6-13
Table 6.5: Final Customer Benefit Indicators .....	6-14
Table 6.6: Milestones .....	6-16

## Appendix Table of Contents

### Appendix A – 2021 Clean Energy Action Plan (April 30, 2021)

File Name	Short Description	Public or Confidential
2021 CEAP Update.pdf	Avista's 10-year 2021 Clean Energy Action Plan derived from the 2021 IRP Process	Public

#### Supporting Workpapers

File Name	Short Description	Public or Confidential
PRiSM Model Guide.pdf	Overview of the PRiSM model used to optimize Avista Generation Portfolio	Public
2021 IRP PRiSM Lowest Reasonable Portfolio.xlsm	Avista's Resource Optimization Model for the Preferred Resource Strategy or "Lowest Reasonable Cost Portfolio"	Public
2021 IRP PRiSM Reasonably Available Portfolio.xlsm	Avista's Resource Optimization Model for the "Lowest Reasonable Cost Portfolio" known as Baseline 1 in the 2021 IRP	Public

The Avista Electric IRP process informing the CEAP is available at this link:

<https://www.myavista.com/about-us/integrated-resource-planning>

### Appendix B – Biannual Conservation Plan

File Name	Short Description	Public or Confidential
WA 2022-23 BCP DRAFT	2022-2023 Biennial Conservation Plan (Draft)	Public

### Appendix C – Energy Efficiency

File Name	Short Description	Public or Confidential
Energy Efficiency Program Descriptions.pdf	Short description of each energy efficiency program details	Public

#### Supporting Workpapers

File Name	Short Description	Public or Confidential
Energy Efficiency Data.xlsx	Data summary of Energy Efficiency	Public

### Appendix D – 2020 Clean Energy Workpapers

File Name	Short Description	Public or Confidential
2020 Clean Energy Summary.xlsx	Monthly level detail for Avista generation, load, and contracts	Public
2020 Hourly Energy Balancer_Confidential.xlsx	Hourly level detail for Avista generation, load, and contracts	Confidential

## Appendix E – Customer Benefit Indicator Workpapers

File Name	Short Description	Public or Confidential
CBI- Avista Air Emissions.xlsx	Annual summary of Avista's air emissions by plant	Public
CBI- Energy Availability.xlsx	Outage statistics for each census tract	Public
CBI- Energy Burden.xlsx	Energy Burden Data Table	Public
CBI- Energy Efficiency Spending.xlsx	EE spending by location	Public
CBI- Generation Location.xlsx	Power Production for energy security CBI	Public
CBI- Named Community Clean Energy.xlsx	Energy sources for projects in Named Communities	Public
CBI- Outdoor Air Quality.xlsx	County air quality data from the EPA	Public
CBI- Outreach Events.xlsx		Public
CBI- Program Participants.xlsx		Public
CBI- Regional GHG Emissions.xlsx	Greenhouse Gas emissions estimate for Avista service area by year	Public
CBI- Supplier Diversity.xlsx		Public
CBI- Avista GHG Emissions-Confidential	Calculation of Avista Greenhouse Gas Emissions by Hour	Confidential
Census Tracts.xlsx	List of census tracts in Avista Washington service territory including which locations are part of Named Communities	Public
Western Generation Sources-EIA.xlsx	Regional generation data from the EIA used for calculating Avista's Greenhouse gas emissions	Public
Workforce Availability.xlsx	Supporting documentation for workforce diversity in Avista's service area	Public

## Appendix F – Public Comments and Avista Responses

File Name	Short Description	Public or Confidential
Public Comments.pdf	Table of public comments and Avista responses	Public

## Appendix G – Equity Advisory Group

File Name	Short Description	Public or Confidential
Equity Advisory Group Charter Fall 2021.pdf	Explanation and expectations of the EAG	Public
Avista Equity Advisory Group Member Interest Form.docx	Form to join the EAG	Public

## Appendix H – WAC Requirements

File Name	Short Description	Public or Confidential
Washington Regulatory Requirements.pdf	List of WAC rules and how this CEIP complies with these rules	Public

## Appendix I – Specific Actions Table

File Name	Short Description	Public or Confidential
Specific Actions Matrix.xlsx	Table of each specific action from the CEIP	Public

## Appendix J – WA State Commerce Report

File Name	Short Description	Public or Confidential
Avista Commerce 2021 CEIP Template.xlsx	Avista's response to Commerce's filing requirements for the CEIP	Public

## Appendix K- Figures and Charts Workpapers

File Name	Short Description	Public or Confidential
Chapter 2 Figures and Tables.xlsx	Background data and locations of source data for numerical tables and charts within Chapter 2	Public
Chapter 3 Figures and Tables.xlsx	Background data and locations of source data for numerical tables and charts within Chapter 3	Public
Chapter 4 Figures and Tables.xlsx	Background data and locations of source data for numerical tables and charts within Chapter 4	Public
Chapter 5 Figures and Tables.xlsx	Background data and locations of source data for numerical tables and charts within Chapter 5	Public
Chapter 6 Figures and Tables.xlsx	Background data and locations of source data for numerical tables and charts within Chapter 6	Public

## Appendix L- Post Falls

File Name	Short Description	Public or Confidential
Post Falls Recommendation.pdf	Management Meeting minutes regarding recommendation to proceed with Post Falls.	Confidential
Post Falls Alternative Analysis.pdf	Economic analysis of alternative options.	Confidential

## Supporting Workpapers

File Name	Short Description	Public or Confidential
Post Falls Mod Cash Flow 20210526.xlsx	Most recent cash flow forecast of Post Falls Project Costs	Confidential
Post Falls 2021 Financial Analysis_IRP Update.xlsm	Analysis of project options using IRP pricing	Confidential
Post Falls 2021 Financial Analysis_SCC Scenario_IRP Update.xlsm	Analysis of project options using IRP pricing with Social Cost of Carbon (Represents High Price Scenario)	Confidential
Post Falls 2021 Financial Analysis-Capex sensitivity_IRP Update.xlsm	Analysis of project option using IRP pricing but alternative capital investment costs	Confidential

## Appendix M- Incremental Cost Workpapers

### Incremental Cost Calculation Files

File Name	Short Description	Public or Confidential
1-CEIP WASR_Lowest Reasonable Cost Portfolio.xlsx	Results of Aurora study for CEIP period summarized to calculate the cost forecast for the Lowest Reasonable Cost Portfolio Sales Revenue Forecast.	Confidential
2-CEIP WASR_Reasonably Available Portfolio.xlsx	Results of Aurora study for CEIP period summarized to calculate the cost forecast for the Reasonably Available Portfolio Sales Revenue Forecast.	Confidential

## Aurora Files

File Name	Short Description	Public or Confidential
1-Conf Aurora Inputs Lowest Reasonable Cost Portfolio.xlsx	Aurora database copied into Excel for the Lowest Reasonable Cost Portfolio study	Confidential
2-Conf Aurora Inputs Reasonably Available Portfolio.xlsx	Aurora database copied into Excel for the Reasonably Available Portfolio	Confidential
Avista_WA_CEIP_Archive.zip	Aurora Archive Files- This file is can be imported into Aurora	Confidential

## Supporting Data

File Name	Short Description	Public or Confidential
Colstrip fuel prices.xlsm	Colstrip fuel prices used in Aurora study	Confidential
Control Load Table_2022-2025.xlsx	Area load data used in the Aurora study	Confidential
Electric and Natural Gas Price Monthly Forecast.xlsx	Monthly wholesale electric and natural gas prices used to for lower granular pricing study	Confidential
Kettle Falls Fuel.xlsx	Kettle Falls Fuel Prices used in the Aurora study	Confidential
Lancaster PPA 2022-2025.xlsm	Lancaster PPA cost forecast for the Aurora Study	Confidential
Montana Wind.xlsx	Hourly generation for theoretical Montana wind project used in the Aurora study	Confidential
Native Load Forecast Table_2022-2025 CEIP.xls	Hourly load forecast used in the Aurora study	Confidential
NaturalGas_Elec_Prices_2022-2025.xlsx	Hourly wholesale electric prices and daily natural gas prices used in the Aurora study	Confidential
Term deals_2022-2025.xlsx	Wholesale electric and natural gas transactions completed at time of Aurora study	Confidential
Sales Forecast by Schedule.xlsx	Sales forecast by schedule	Confidential
LIRAP-BPA Forecast.xlsx	LIRAP and BPA tariff rider forecasts	Confidential

# 1. Executive Summary

The 2021 Clean Energy Implementation Plan (CEIP) provides an overview of Avista's plan for progressing towards the clean energy requirements of RCW 19.405, the Clean Energy Transformation Act (CETA). The CEIP describes identified interim and specific clean energy targets, specific actions demonstrating progress towards these goals for the next four-years and identified Customer Benefit Indicators (CBIs) to measure progress while meeting the cost-cap limitation.

Specific targets and actions include the following:

- Pursuing all cost-effective, reliable, and feasible conservation, efficiency and demand response resources;
- Maintaining and protecting the safety and reliability of the electric system; and
- Ensuring that all customers are benefiting from the transition to clean energy through: (i) the equitable distribution of energy and nonenergy benefits and reduction of burdens to Vulnerable Populations and Highly Impacted Communities (Named Communities); (ii) long-term and short-term public health and environmental benefits and reduction of costs and risks; and (iii) energy security and resiliency.

Existing advisory groups, customers, and the newly formed Equity Advisory Group (EAG) were instrumental in the development of this CEIP through the Avista's public participation process. All meeting presentations, notes, and information supplied throughout this process are available at Avista's CEIP website at: <https://www.myavista.com/ceta>.

The development of this CEIP was influenced by public participation with an intended focus on equity. Avista anticipates this process to evolve over time both throughout the implementation period and into the next CEIP. The focus on customer benefits and equity areas will result in a change in overall company culture as CBIs are incorporated into our planning processes, budget development, and engagement with our customers. Employee education and development will be a key component for this transition to fully ensure a focus on equity throughout Avista as a company.

## CEIP Interim Goals and Targets

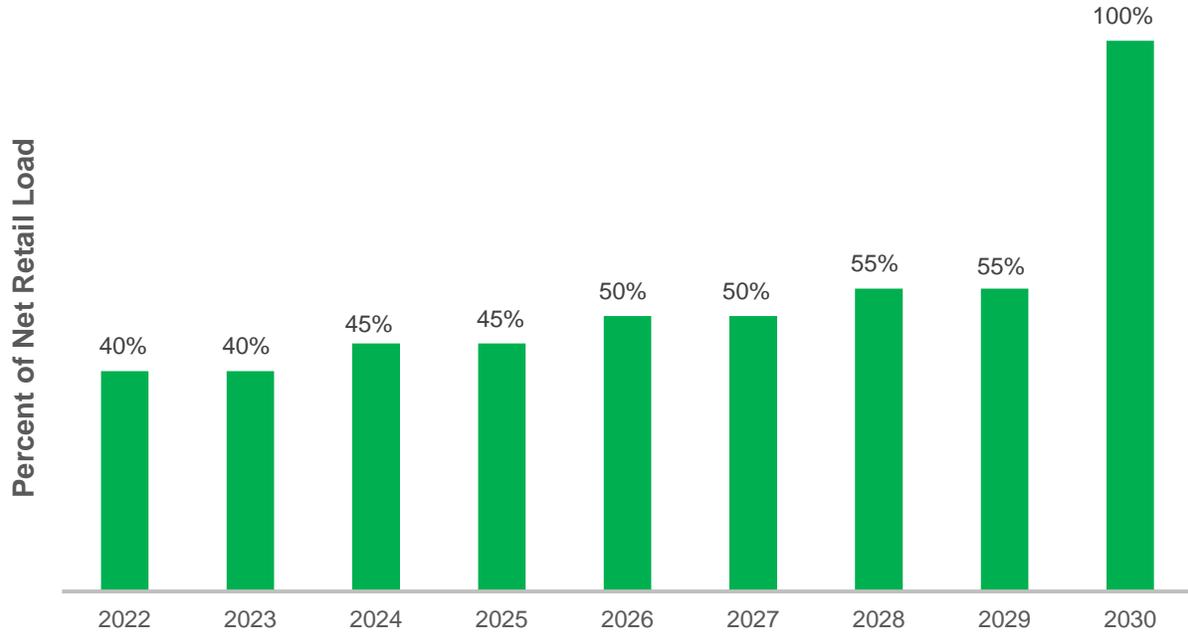
Avista proposes a series of customer focused interim targets demonstrating progress towards meeting the goal of supplying Washington customers with 100 percent carbon neutral resources by 2030 and 100 percent renewable or carbon-free resources by 2045. These targets are based on the Company's historic market performance under median water conditions for hydro generation. The targets reflect Avista's effort to meet the goals of CETA in a cost-effective manner while reducing energy burdens for Avista's customers.

For Clean Energy Resources, as Illustrated in Figure 1.1 Avista will make progress towards the 2030 clean energy requirements of WAC 480-100-640 (2)(a)(i) by retiring Renewable Energy Credits (RECs) from its renewable generation portfolio. In utilizing this method of compliance with interim targets, Avista will be able to continue to sell excess

RECs not needed for this compliance period for the benefit of customers through lower rates.

However, this proposal does not negate the need for additional renewable resources required to meet the 2030 goal. Avista will acquire renewable energy projects to ensure it controls adequate resources to meet resource adequacy requirements beginning in 2026 and ensure enough clean resources are available to meet the renewable energy requirements in 2030.

**Figure 1.1: 2022 to 2030 Interim Renewable Energy Targets**



Avista’s CEIP specific actions also include goals for energy efficiency consistent with the 2021 Electric Integrated Resource Plan (IRP). Avista’s energy efficiency targets are show in Table 1.1 where the Company projects savings of 214,520 MWh during the compliance period. Per the Biennial Conservation Plan (BCP), Avista targets the pro-rata share of the IRP’s 10-year target, plus is committed to an additional five percent target as part of a prior general rate case settlement implementing decoupling.

**Table 1.1: CEIP Energy Efficiency Targets (MWh)**

	2022	2023	2024	2025	Total
CPA/IRP Pro-Rata Share	51,076	51,076	51,076	51,076	204,305
5% Decoupling Commitment	2,554	2,554	2,554	2,554	10,215
<b>Total Target</b>	<b>53,630</b>	<b>53,630</b>	<b>53,630</b>	<b>53,630</b>	<b>214,520</b>

For the first CEIP implementation period from 2022 to 2025, Avista is proposing a demand response (DR) target of 30 MW. The Company has negotiated a Special Contract with Inland Empire Paper, approved by the Washington Utilities and Transportation Commission on September 27, 2021 with an effective date of October 1, 2021,<sup>1</sup> which includes a DR program to help the Company meet the DR target. Additionally, Avista proposes several specific actions to be taken throughout the implementation period to develop several DR programs which will utilize Avista’s Advanced Metering Infrastructure (AMI).

Avista is actively pursuing transportation electrification initiatives or “Transformational Energy Projects” which may qualify as alternative compliance, but due to the uncertainty regarding their application to the clean energy requirements, Avista has not included these projects its target. The inclusion of these types of transformational projects in the CEIP is expected to be part of future resource plans. Another form of alternative compliance is unbundled RECs. Given Avista’s proposal to retire associated RECs from its renewable generation equal to 40 percent of its net retail load, Avista does not plan to use any additional unbundled RECs in normal circumstances

## Customer Benefit Indicators

In consultation with advisory groups, customers, stakeholders, and the EAG, Avista identified fourteen CBIs to measure progress towards ensuring all customers benefit from the transition to clean energy. Special emphasis was placed on those individuals located in Named Communities to help ensure the equitable distribution of benefits.

Of the 142 census tracts located within Avista’s service territory approximately 36 (25.4 percent) meet the criteria of Named Communities per the Washington State Health Disparities Map developed by the Department of Health (DOH). In addition, 12 census tracts scoring nine or higher for either the socioeconomic or sensitive populations indicators are added to Named Communities as they meet the criteria of Vulnerable Population. Avista elected to use this methodology as these indicators so they have also been included based on meeting the criteria of CETA definition of Vulnerable Populations. While not specific to geographic location, the Company also worked closely with the EAG to identify other vulnerable population characteristics which should be considered in the development of the CBIs.

The CBIs illustrated in Table 1.2 were identified to be attributes of the specific actions and resources proposed for the implementation period 2022-2025. See Chapter 4 – Specific Actions for additional information.

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<sup>1</sup> <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=3794&year=2020&docketNumber=200900>

**Table 1.2: Customer Benefit Indicators**

Customer Benefit Indicator	Benefit Area	Measurement
Participation in Company Programs	<ul style="list-style-type: none"> <li>Reduction of Burden</li> <li>Reduction in Cost</li> <li>Non-Energy</li> <li>Energy</li> </ul>	<ul style="list-style-type: none"> <li>Participation in Weatherization Programs and Energy Assistance Programs (all and Named Communities)</li> <li>Saturation of Energy Assistance Programs (all and Named Communities)</li> </ul>
Number of households with a High Energy Burden (>6%)	<ul style="list-style-type: none"> <li>Reduction of Burden</li> <li>Reduction of Cost</li> </ul>	<ul style="list-style-type: none"> <li>Number and Percent of Households</li> <li>Average excess burden per household</li> </ul>
Availability of Methods/Modes of Outreach and Communication	<ul style="list-style-type: none"> <li>Non-Energy</li> </ul>	<ul style="list-style-type: none"> <li>Number of Outreach Contacts</li> <li>Number of Marketing Impressions</li> </ul>
Transportation Electrification	<ul style="list-style-type: none"> <li>Non-Energy</li> <li>Environment</li> </ul>	<ul style="list-style-type: none"> <li>Number of Trips Provided by Community Based Organizations</li> <li>Number of Public Charging Stations Located in Named Communities</li> </ul>
Named Community Clean Energy	<ul style="list-style-type: none"> <li>Energy</li> <li>Energy Resiliency</li> <li>Reduction of Burden</li> <li>Risk Reduction</li> </ul>	<ul style="list-style-type: none"> <li>Percent Non-Emitting Energy located in Named Communities (Energy Efficiency and renewable energy)</li> </ul>
Investments in Named Communities	<ul style="list-style-type: none"> <li>Reduction of Burden</li> <li>Energy Resiliency</li> <li>Risk Reduction</li> </ul>	<ul style="list-style-type: none"> <li>Incremental spending each year in Named Communities</li> <li>Number of customers/ and/or Community based organizations served</li> <li>Quantification of energy/non-energy benefits from investments (if applicable)</li> </ul>
Energy Availability	<ul style="list-style-type: none"> <li>Reduction of Risk</li> <li>Energy</li> <li>Energy Resiliency</li> </ul>	<ul style="list-style-type: none"> <li>Average Outage Duration</li> <li>Planning Reserve Margin (Resource Adequacy)</li> </ul>
Energy Generation Location	<ul style="list-style-type: none"> <li>Energy Security</li> </ul>	<ul style="list-style-type: none"> <li>Percent of Generation Located in Washington or Connected to Avista Transmission</li> </ul>
Outdoor Air Quality	<ul style="list-style-type: none"> <li>Environmental</li> </ul>	<ul style="list-style-type: none"> <li>Weighted Average Days Exceeding Healthy Levels</li> <li>Avista Plant Air Emissions</li> </ul>
Greenhouse Gas Emissions	<ul style="list-style-type: none"> <li>Environmental</li> </ul>	<ul style="list-style-type: none"> <li>Regional GHG Emissions</li> <li>Avista GHG Emissions</li> </ul>
Employee Diversity	<ul style="list-style-type: none"> <li>Public Health</li> </ul>	<ul style="list-style-type: none"> <li>Employee diversity equal to communities served by 2035</li> </ul>
Supplier Diversity	<ul style="list-style-type: none"> <li>Public Health</li> <li>Non-Energy</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Diversity at 11 percent by 2035</li> </ul>
Indoor Air Quality	<ul style="list-style-type: none"> <li>Public Health</li> <li>Non-Energy</li> </ul>	<ul style="list-style-type: none"> <li>In development</li> </ul>

## Specific Actions to Meet Targets

Avista proposes the following actions to meet or exceed the targets identified in Chapter 2- Interim and Specific Targets. These actions including retiring RECs associated with its renewable generation, acquiring energy efficiency, and reducing peak loads through demand response and load management programs.

### Retire Renewable Energy Credits

The Company will retire RECs from its renewable resources equal to 40 to 55 percent of its retail load for 2022-2030. For the first four-year period this is equal to 9.3 million megawatt-hours.

### Energy Efficiency

The Company aims to exceed the energy efficiency target by reducing customer energy use by 215,098 megawatt-hours. Avista provides monetary and non-monetary incentives to encourage participation in residential and non-residential programs to promote more efficient use of energy. Avista offers programs to address energy savings directly associated with a home or business, and non-energy impacts to the customer, the utility or society. Programs promoting the installation and use of energy efficient equipment are some of the resource options included in the specific actions Avista is taking to meet the clean energy goals established for 2030 and 2045.

### Time of Use & Peak Time Rebate Pilots (Demand Response & Load Management Programs)

Avista has committed to developing a time of use (TOU) and peak time rebate pilots, approved by the Commission as part of its 2020 General Rate Case, Docket UE-200901. As these pilots are currently in the design phase no estimated costs are available. Preliminary work will begin as early as third quarter 2021, with proposals presented to Parties on or before May 31, 2022. Pilots will be implemented no later than June 1, 2023.

### Industrial Customer Demand Response

An agreement with Inland Empire Paper finalized and approved by the Commission as part of Avista's 2020 Generation Rate Case, Docket UE-200901, includes framework for voluntary incentive-based curtailments until Avista's first capacity need; at that time, the curtailments are required in exchange for fixed payments.

## Other Company Specific Actions

Avista is proposing additional actions beyond those to meet the interim targets for the 2022 to 2025 period. These actions are to either prepare the utility to be positioned to meet the 2030 renewable targets, resource adequacy, or address the equitable transition to clean energy.

### 2025 Renewable Energy

To ensure adequate renewable resources in 2030 and to meet resource adequacy requirements in 2026, the Company will secure a renewable resource with capacity attributes similar to a 100 MW Montana Wind Project prior to January 1, 2026 for approximately 420,480 megawatt-hours. Acquisition could be from Avista's 2020 Renewable Acquisition Process or the upcoming 2022 All-Source RFP.

### **Kettle Falls Upgrade**

To ensure adequate renewable resources in 2030 and to meet resource adequacy requirements, a 12 MW upgrade to the Kettle Falls Generating Station is proposed by 2027. Avista will bid this resource into the 2022 All-Source RFP to ensure its cost effectiveness.

### **Post Falls Modernization**

Avista will begin the modernization of Post Falls hydroelectric facility expected to be complete in 2027. This project will ensure Avista's is able to meet the FERC hydro license requirements to operate the facility, but also provides renewable energy for meeting the 2030 target and provides resource adequacy capacity to meet resource adequacy requirements.

### **Named Communities Investment Fund**

Avista proposes to implement a Named Communities Investment Fund as a specific action to be dedicated to the equitable distribution of energy and non-energy benefits and reduction in burdens to Named Communities. Annually the Company would spend up to approximately \$5 million each year on projects to improve the equitable distribution of energy and non-energy benefits to targeting Named Communities.

### **Equity, Inclusion and Diversity Initiative**

Avista's goal is to have a workforce representative of the communities it serves by the 2035. This goal will be accomplished through expanding recruiting outreach by enhancing the active list of diverse organization as potential recruiting sources, creating more meaningful pathways from high school to Avista careers via programs, and update various processes to enhance a pool of qualified diverse candidates. Avista will also look for opportunities to promote qualified employees from within.

Avista has also set an aspirational goal of working toward 11 percent supplier diversity, which is consistent with the communities we serve. Additionally, increasing the utilization of suppliers in Named Communities could help mitigate barriers to participate in the clean energy economy and reduce energy burdens for these communities.

### **Transportation Electrification**

Avista developed a comprehensive Transportation Electrification Plan (TEP)<sup>2</sup> in 2020. New authorized programs per the TEP include charging infrastructure investments in commercial and residential locations for personal, workplace, fleet, and public use, as well as fleet support services, education and outreach, load management, community support programs and new commercial electric vehicle rates utilizing TOU designs.

### **Customer Resiliency Efforts**

To address customer resiliency, Avista created the Major Unplanned Outage Customer Experience Team to improve communication and response to customers during outage events. This team offers outage-related services to customers to reduce the outage impact and provide timely, consistent, and accurate information to Avista's customers. Their goal is to interact with customers in a positive manner, keep them informed and restore power as efficiently as possible.

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<sup>2</sup> <https://www.myavista.com/-/media/myavista/content-documents/energy-savings/avista-tep-final.pdf>

## CEIP Incremental Cost and Alternative Compliance

The CEIP must describe the utility’s plan for making progress toward meeting the clean energy standards as a projection of the incremental cost to meet this mandate. In addition, if a utility intends to rely on an alternative compliance mechanism, those plans must be described as well.

Per WAC 480-100-660(4), each CEIP must include a projection of the incremental cost of compliance. These incremental cost calculations are used to protect customers from excessive cost increases associated with the transition to clean energy. Avista does not plan to use an alternative compliance mechanism for this CEIP.

In addition to this report, Avista provides of workpapers, models<sup>3</sup> and associated calculations to evaluate the incremental cost of meeting CETA compliance. Table 1.3 shows the incremental cost calculations for 2022 through 2025. The cost of Avista proposed action in this first CEIP are \$41.6 million and are well below the cost cap threshold of \$118.3 million. It is worth noting Avista will see an average increase from this four-year period of 1.6 percent compared to the Alternative Lowest Reasonable Cost Portfolio as determined in the 2021 Electric IRP.

**Table 1.3: Incremental Cost Calculation (\$000)**

Item	2022	2023	2024	2025	Total/ Avg
Alternative Lowest Reasonable Cost Portfolio	599.7	622.3	650.2	681.7	
Reasonably Available Portfolio	602.5	625.5	660.4	707.1	
<b>Incremental Cost</b>	<b>2.8</b>	<b>3.2</b>	<b>10.2</b>	<b>25.4</b>	<b>41.6</b>
Annual Percent Increase	0.5%	0.5%	1.6%	3.7%	1.6%

## CEIP Public Participation

In accordance with WAC 480-100-655, Avista’s CEIP public participation efforts included representation from existing advisory group members, the newly formed EAG, customers and other interested members of the public. Coordination of this engagement was accomplished through the CEIP Public Participation Meetings. These meetings were held monthly beginning in May 2021, with a final public educational outreach meeting in September 2021. To ensure the appropriate focus and input was obtained in relation to Named Communities, two stand-alone EAG meetings were also held in early June 2021. These meetings consisted of a meet-and-greet of the members and setting of expectations for this effort, but also an initial dialogue about equity areas, specifically Named Communities and the identification of barriers and burdens to participation, and preliminary CBIs. CEIP Public Participation Meetings were open to all existing Avista advisory group members, EAG members, Avista customers and the public. In addition, existing regularly scheduled advisory group meetings were held throughout the process.

<sup>3</sup> The model and its output contain confidential data and is partially or completely redacted.

The CEIP Public Participation Meetings were pivotal in understanding how the transition to clean energy may benefit or harm Avista customers. Key categories for each meeting were identified to ensure all aspects of WAC 480-100-655 were met. The following topics were essential discussion points in the development of the CEIP:

- Review of Highly Impacted Communities using the cumulative impact analysis pursuant to RCW 19.405.140;
- Identification of Vulnerable Population characteristics;
- Identification of barriers and burdens to participation in the transition to clean energy;
- Recommended approaches for ensuring that all customers benefit from the transition to clean energy; and
- Development of and prioritization of CBIs.

Avista will continue to work closely with advisory group members to incorporate CBIs into evaluation procedures for each resource in its portfolio. In addition, the EAG will continue to help ensure an equity focus during implementation. The EAG will also be utilized to ensure a consistent equity focus in several other areas of the Company to ensure Named Communities are not left out of other aspects of Avista's overall business which may be impactful.

## 2. Interim and Specific Targets

### Chapter Highlights

In 2020, renewable energy production equaled 74 percent of Avista's retail load.

Avista will reduce customer rate pressure by limiting REC retirements to 40 percent of retail load for the first two years of the plan.

Avista targets reducing 215,520 MWh of customer loads with energy efficiency and reducing peak loads by 30 MW using demand response.

### Overview

Avista proposes targets to demonstrate progress towards meeting the 2030 goal of supplying Washington customers with 100 percent carbon neutral and 100 percent renewable or carbon-free resources by 2045. These targets are based on historic market performance for hydro power, under median water conditions.<sup>1</sup> The goals reflect Avista's effort to meet the objectives of the Clean Energy Transformation Act (CETA) in a cost-effective manner while reducing rate pressure for Avista's customers.

The CEIP contains specific targets informed by, and consistent with, the Company's Integrated Resource Plan (IRP) and the requirements of RCW 19.280.030. RCW 19.280.030 requires investor-owned utilities to develop a 10-year Clean Energy Action Plan (CEAP) that must:

- a) identify and be informed by the utility's ten-year cost-effective Conservation Potential Assessment (CPA);
- b) if applicable, establish a resource adequacy requirement.
- c) identify the potential cost-effective demand response and load management programs that may be acquired.
- d) identify renewable resources, non-emitting electric generation and distributed energy resources that may be acquired and evaluate how each identified resource

<sup>1</sup> Median water conditions are the mid-point of all water years where half of the different hydro years are above, and the other half are below.

may be expected to contribute to meeting the utility's resource adequacy requirement;

- e) identify any need to develop new, or expand or upgrade existing bulk transmission and distribution facilities; and
- f) identify the nature and possible extent to which the utility may need to rely on alternative compliance options, if appropriate.

Avista's CEAP (Appendix A) is a lowest reasonable cost resource plan given societal costs, clean energy, and reliability requirements. Avista developed its CEAP in conjunction with its IRP Technical Advisory Committee (TAC) to meet the capacity, energy, and clean energy needs for both Washington and Idaho. The resources in the CEAP are for the Washington portion of Avista's system to comply with CETA. The CEAP informs the implementation targets for the 2021 CEIP and uses the 2020 actual clean generation as a starting point.

For this initial CEIP, the proposed interim and specific targets described below are consistent with those identified in the 2021 CEAP filed on April 30, 2021. The CEIP identifies the specific steps and actions Avista will take to meet targets in the CEAP, in accordance with WAC 480-100-640(1). Ideally, the targets and specific actions identified in Chapter 4 – Specific Actions would include non-energy impacts (NEIs) and the selection criteria for resources would be informed by Customer Benefit Indicators (CBIs) in. However, these factors must be weighted and balanced with several other factors including safety and reliability, resource adequacy, lowest cost, etc. Given the time constraints of this initial CEIP,<sup>2</sup> it was not possible to incorporate the desired NEI and CBI considerations to (i) fully develop, and vet with advisory groups, a resource selection evaluation matrix; (ii) rerun all models; (iii) present and review results as required; and (iv) create a new CEAP. In the next IRP and CEAP, models will be modified to balance all components, including CBIs, to help inform the Preferred Resource Strategy of the IRP.

During the implementation period, CBIs will be assimilated into program prioritization, new program development, and implementation for energy efficiency and demand response, as well as resource selection for renewable energy projects via the Request for Proposal process for resource acquisition. This integration will help ensure customers are benefitting from the transition to clean energy via the actions identified in Chapter 4 - Specific Actions.

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<sup>2</sup> CBIs were identified within the CEIP Public Participation Process; however, they were not finalized until July 17, 2021, approximately 30 days before the DRAFT CEIP was filed.

## 2020 Renewable and Nonemitting Generation Supply

Avista's 2020 generation mix was a combination of renewable resources, fossil fuel resources, and net wholesale market energy. Pursuant to WAC 480-100-640 (2)(b), when comparing the renewable generation allocated and transferable to serve Washington retail load in 2020, Avista generated renewable energy equal to 74.4 percent of its Washington retail load - see Table 2.1. Notably, if hydro had performed at median level conditions, this percentage would have increased the Company's nonemitting and renewable resources to 76.5 percent. Avista then sold the environmental attributes, or the Renewable Energy Credits (RECs), with some of this energy, thereby reducing its Washington estimated retail load served by renewable energy to 45.3 percent. The sale of these RECs benefits customers in the form of reduced rates via the Company's renewable energy tariff rider, Schedule 98.

**Table 2.1: 2020 Renewable Energy (MWh)**

Item	Renewable Energy Under Utility Control	Renewable Energy Under Utility Control with Median Hydro Conditions	Renewable Energy After REC/ Specified Sales
Retail Sales	5,461,691	5,461,691	5,461,691
WA PURPA	-195,350	-195,826	-195,350
Voluntary Clean Energy	-45,281	-44,747	-45,281
<b>Retail Load</b>	<b>5,221,594</b>	<b>5,221,594</b>	<b>5,221,594</b>
<b>Allocated Renewable Energy</b>			
Hydro	3,224,185	3,335,424	1,789,076
Wind	267,392	267,392	229,430
Biomass	165,876	165,876	149,279
Solar	534	534	534
<b>Total Allocated Renewable Energy</b>	<b>3,657,987</b>	<b>3,769,226</b>	<b>2,168,320</b>
<b>Available Idaho Energy Transfers</b>			
Wind	139,907	139,907	120,045
Biomass	86,791	86,791	78,107
<b>Total Available Idaho Transfers</b>	<b>226,699</b>	<b>226,699</b>	<b>198,152</b>
<b>Total Clean Energy Available</b>	<b>3,884,686</b>	<b>3,995,924</b>	<b>2,366,474</b>
<b>Percent of Retail Load</b>	<b>74.4%</b>	<b>76.5%</b>	<b>45.3%</b>

Retail load is estimated by removing the actual Washington state PURPA generation<sup>3</sup> and the solar generation from Avista's Solar Select Program<sup>4</sup> from retail sales. PURPA

<sup>3</sup> This value estimates Avista's Washington State sited PURPA generation regardless of generation type. These estimates include current contracts that are expected to renew after expiration. Avista is not including any new PURPA generation developed after the passage of CETA.

<sup>4</sup> Avista has two renewable voluntary programs: 1) Solar Select and 2) My Clean Energy. Avista estimates the Solar Select Program reduces retail sales approximately 6 aMW but does not include My Clean Energy sales of approximately 5.3 aMW. The Solar Select Program is tied to the output of a local solar project and the My Clean Energy Program relies on unbundled REC purchases.

generation includes smaller renewable energy projects that use a standard contract. This results in an average load of 596 megawatts or 5.22 gigawatt-hours. To estimate renewable energy in 2020, Avista summed the actual generation from its eligible renewable resources and multiplied by Washington share of Avista's resources, which is 65 percent.<sup>5</sup> (This calculation also includes the Idaho portion of wind and biomass. These renewable attributes have been purchased by Washington customers to comply with the Energy Independence Act (EIA). The total renewable generation in 2020 was 443 average megawatts, or 3.88 gigawatt hours. When factoring in median production of hydro energy (as noted previously, 2020 hydro production was slightly less than the median), the amount of renewable energy increases to approximately 4 gigawatt hours. Energy and load data for 2020 is included within Appendix D.

## Interim 2022-2030 Clean Energy Targets

Avista generates more renewable energy than is needed for the Company to meet current EIA requirements. Pursuant to RCW 19.285.040(2)(a)(iii), the EIA requires that 15 percent of Avista's Washington retail load be either met using eligible renewable resources or be offset with the retirement of RECs. Currently, the Company uses its excess renewable resources to reduce customer costs by selling the excess RECs and power. Avista plans to keep providing this customer benefit through 2029, while simultaneously adding more renewable energy to meet the 2030 and 2045 CETA goals.<sup>6</sup> This proposal will provide customer benefits from REC revenue until the clean energy is officially needed to meet the goals in WAC 480-100-610(2) in 2030.

Avista must set progressive short-term targets to reach 100 percent clean energy and to be carbon neutral by 2030, as these targets set a path from the current renewable energy mix to the 2030 carbon neutrality goal. To meet this goal, Avista plans to retire the renewable attributes associated with its clean energy equal to 40 percent of its retail load for 2022 and 2023, 45 percent of its retail load in 2024 and 2025, 50 percent of its retail load in 2026 and 2027, and 55 percent of its retail load in 2028 and 2029, as shown in Figure 2.1. These targets are based on an estimated amount of the renewable attributes that can be sold, as the amount of hydro and wind generation changes from year to year based on weather conditions. Avista set these targets to avoid any unnecessary renewable energy purchases from Idaho customers that may be over and above the amount already used for the EIA.

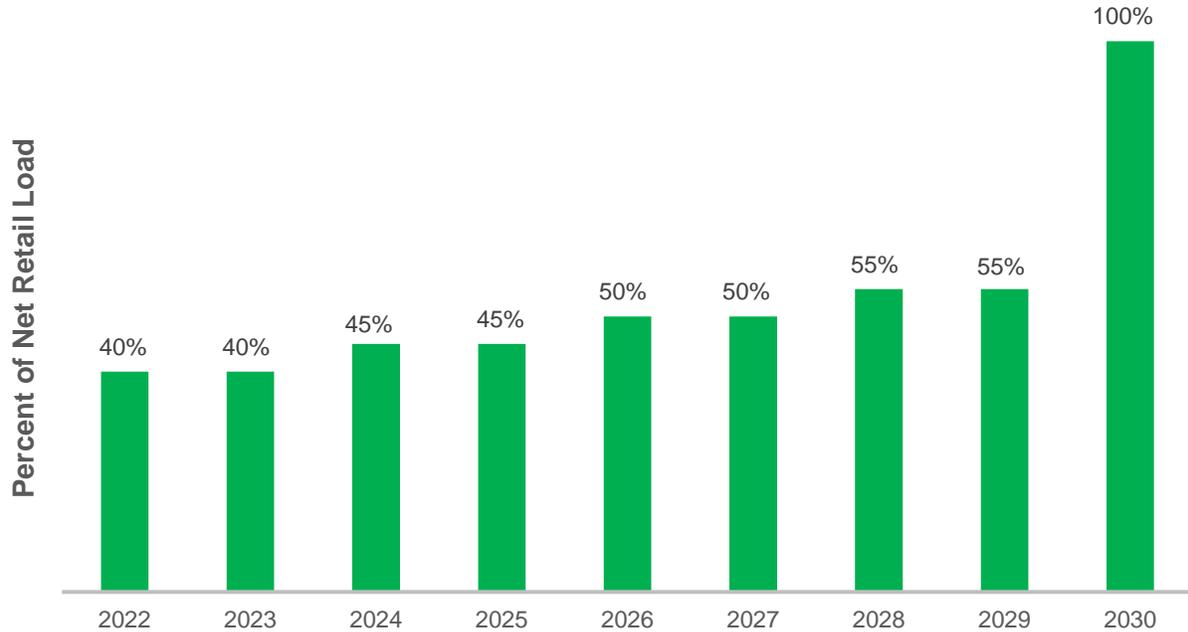
The current proposal illustrates compliance with WAC 480-100-640(2)(a)(i) while keeping customer rates lower as long as possible by selling RECs and still meeting the 2030 CETA target. Even with these gradually accelerated targets, however, there is still a renewable energy gap to fill prior to 2030. To address this clean energy gap, Avista proposes to acquire renewable energy per the CEAP, along with the renewable energy proposal above. This plan will help the utility have enough clean resources ready to meet the 2030 requirement and still be consistent with the Company's IRP, which calls for more

<sup>5</sup> Washington's state allocation is the Production/Transmission ratio for the Company, as utilized in Avista's general rate cases and further explained in *Jurisdictional Allocation* (page 2-7).

<sup>6</sup> Avista covered this proposal with customers and advisory group members at its May 2021 CEIP Public Participation Meeting and explained the mechanics of the proposal at the July 2021 CEIP Public Participation Meeting.

renewables to meet the clean energy standard and to assist in meeting energy and reliability needs.

**Figure 2.1: Interim Clean Energy Targets**



**Renewable Energy Interim Target**

To show progress towards the 2030 and 2045 milestones, Avista proposes to retire the clean energy attributes (RECs) of renewable energy equal to 40 percent of its net retail load in 2022 and 2023, and retire RECs equal to 45 percent of its retail load in 2024 and 2025. These targets are illustrated in Figure 2.1 above, and the specific MWhs for the CEIP period are in Table 2.2. In the first CEIP period, Avista would retire about 9.3 million RECs between 2022 and 2025 under this proposal. Avista will retire these RECs within the Western Renewable Energy Generation Information System (WREGIS) to guarantee that the renewable energy is not inappropriately double counted.<sup>7</sup> Avista expects changes in annual energy production, customer loads, and the specific types of RECs used for compliance may not be evenly distributed over the four-year period.

**Table 2.2: Expected Interim Compliance Targets (MWh)**

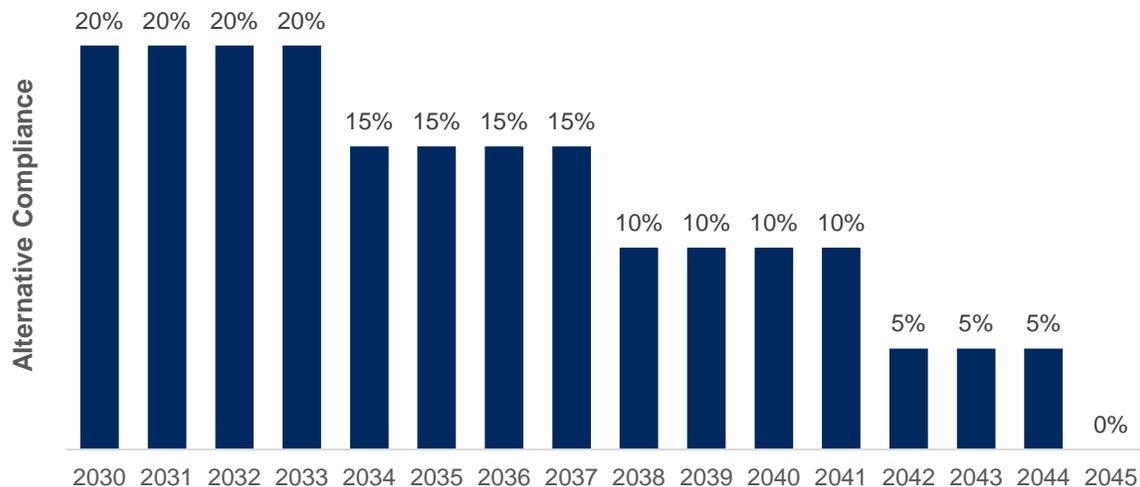
	2022	2023	2024	2025	Total
Retail Load	5,666,821	5,695,406	5,718,980	5,740,232	22,821,439
WA PURPA	-182,565	-182,565	-183,156	-182,565	-730,852
Voluntary Clean Energy	-50,593	-50,593	-50,615	-50,593	-202,392
<b>Net Retail Load</b>	<b>5,433,663</b>	<b>5,462,248</b>	<b>5,485,209</b>	<b>5,507,074</b>	<b>21,888,195</b>
Target Percentage (%)	40.0	40.0	45.0	45.0	42.5
<b>Interim Compliance Target</b>	<b>2,173,465</b>	<b>2,184,899</b>	<b>2,468,344</b>	<b>2,478,183</b>	<b>9,304,892</b>

<sup>7</sup> Avista will also provide documentation indicating this power was not sold as specified energy to other markets.

## 2031-2045 Clean Energy Targets

Avista's interim targets to meet the 2045 standard (WAC 480-100-610(3)) will specifically be determined in a future CEIP after final rules are in place for compliance; however, preliminary targets limiting the amount of alternative compliance used between 2030 and 2045 are shown in Figure 2.2. If Avista needs to use alternative compliance from 2030 to 2033, it will limit alternative compliance to 20 percent or less of its four-year net retail load, in accordance with CETA. Avista will continue to reduce its reliance on alternative compliance by lowering its projected alternative compliance allowance by five percentage points in each four-year period until it attempts to serve customers with 100 percent clean energy in 2045. This proposal will be revisited once compliance rules are established for the 2030 to 2044 standard.

**Figure 2.2: 2030 to 2045 Alternative Compliance Limits**



## Jurisdiction Allocation of Energy Resources

Avista serves retail electric loads outside of Washington and controls its own generation resources as one cohesive system serving all its customers. This unique circumstance creates challenges for resource and cost allocation for states with differing energy policies. Avista has available enough clean energy to exceed Washington's clean energy goal and has developed specific proposals on how it can allocate these resources to meet these new standards while minimizing the cost impacts to customers.

### Jurisdictional Allocation

Avista's resources and costs are allocated to each state using historical load ratios. Avista currently splits these resources and cost, where not specifically assigned, by 65.65 percent to Washington and 34.35 percent to Idaho. This ratio is referred to as the PT ratio.<sup>8</sup> For the purposes of complying with the CETA, Avista proposes the following:

1. To allocate its contracts and owned clean generating resources using this ratio, except for Washington State-sited PURPA generation<sup>9</sup> and any current or future

<sup>8</sup> PT ratio stands for production and transmission ratio used for jurisdictional allocation of Avista's costs.

<sup>9</sup> Fully reduced as an adjustment to retail electric load.

state-specific allocated resources until an alternative allocation agreement is made.

2. To continue to purchase Idaho’s portion of generation and renewable attributes of Palouse Wind, Kettle Falls Generating Station, and Rattlesnake Flat Wind to Washington as historically these resources’ environmental attributes are transferred to Washington for a fee, paid from Washington customers to Idaho customers, for compliance with the EIA. Avista proposes to use this methodology for clean energy resources acquired after 2020, such as the 5 percent share of Chelan PUD’s Columbia River generation.
3. To not transfer (purchase) Idaho’s share of existing hydro energy for Washington customers prior to 2030 for CETA,<sup>10</sup> notwithstanding unforeseen circumstances such as low hydro conditions or major mechanical failure of clean energy resources.
4. Limiting hydro purchases from its Idaho jurisdiction is an effort to increase renewable energy. Avista plans to limit these acquisitions by the same amount as its alternative compliance thresholds discussed earlier. Although, Avista may sell the environmental attributes from Idaho customers to other utilities.

## Energy Efficiency Targets

Per WAC 480-100-640, Avista’s energy efficiency target for the 2022-2025 implementation period is 214,520 MWh.<sup>11</sup> Table 2.3 illustrates the components of the calculated target for the four-year period. These targets encompass the CPA Pro-Rata share and an additional 5 percent decoupling commitment, and all other energy efficiency and conservation targets and goals the Commission requires. These specific targets are further described and informed by the Company’s 2022-2023 Biennial Conservation Plan (BCP) in Appendix B.

**Table 2.3: CEIP Energy Efficiency Targets (MWh)**

	2022	2023	2024	2025	Total
CPA/IRP Pro-Rata Share	51,076	51,076	51,076	51,076	204,305
5% Decoupling Commitment	2,554	2,554	2,554	2,554	10,215
<b>Total Target</b>	<b>53,630</b>	<b>53,630</b>	<b>53,630</b>	<b>53,630</b>	<b>214,520</b>

<sup>10</sup> Avista does transfer or sell a certain amount of hydro for meeting EIA compliance.

<sup>11</sup> The overall CEIP target in Table 2.3 differs from target included in the Company’s [2021 Electric IRP](#). For the purposes of developing the Company’s 4-year CEIP target (2022-2025) the Company did not adjust for its Northwest Energy Efficiency Alliance (NEEA) participation.

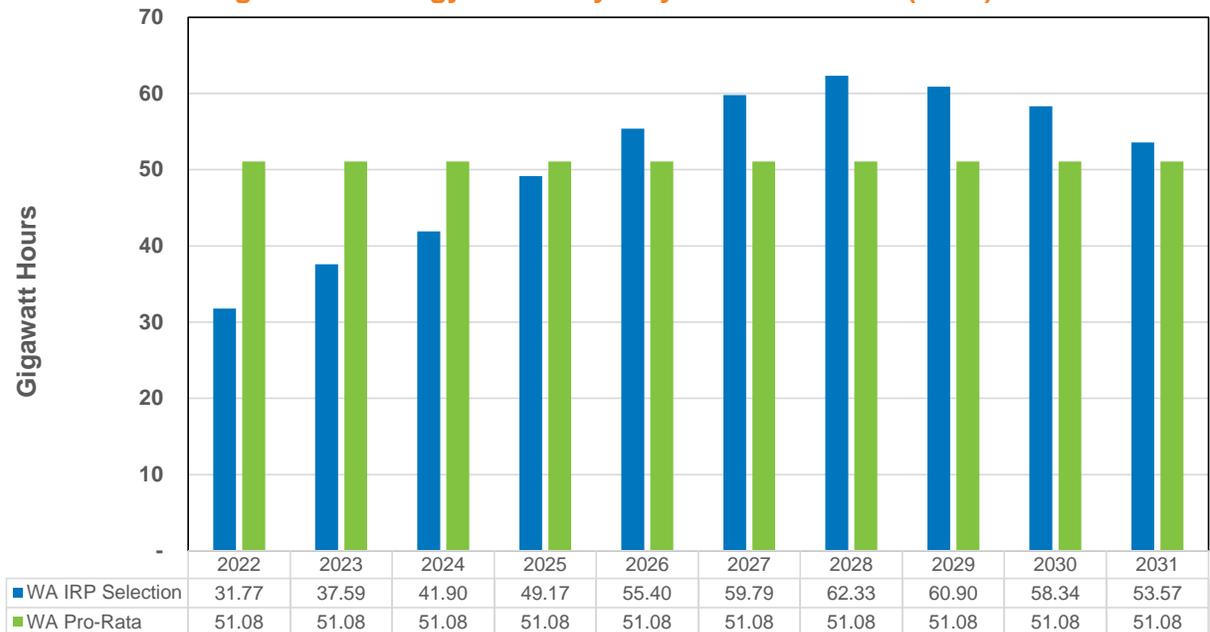
### Assumptions and Methodology

Energy efficiency targets for Avista’s CEIP use a methodology consistent with Avista’s 2021 Electric IRP. This forecast is shown in Figure 2.3 below for Avista’s Washington electric customers’ 10-year forecast for energy efficiency savings. This 510,762 MWh total is then divided by the 10 years to determine the annual pro-rata share. The first four of these years are totaled to achieve the 204,305 MWh to be saved over the 2022-2025 compliance period. As per the BCP, the larger pro-rata value is selected as the target rather than expected annual savings, as determined in the economic analysis of the IRP. Avista committed to an additional 5 percent energy efficiency target as part of a rate settlement when implementing decoupling.

The IRP process provides the energy efficiency targets for Washington’s BCP by estimating an annual forecast for energy efficiency savings. The process for setting the energy efficiency targets is described in the 2022-23 BCP.

This CEIP target and the Washington EIA target is established based on Northwest Power and Conservation Council (NPCC or the Council) methodologies and the Council’s Regional Technical Forum (RTF) Unit Energy Savings (UES) values. As such, those same methodologies and savings are employed, to an extent, in measuring the savings eligible to achieve the target. The planning effort has, with a few isolated exceptions, adopted the same approach to predict how 2021 portfolio performance will be retrospectively measured. The use of RTF UES values also assists in the management of the Company’s Evaluation Measurement and Verification (EM&V) expenses by reducing the expenses associated with impact evaluation. Impact evaluations performed by utilities on current RTF measures will be shared with the RTF to help improve the quality of the regional deemed UES.

**Figure 2.3: Energy Efficiency 10-year IRP forecast (GWh)**



Avista uses a multistep process to develop energy efficiency goals for the IRP, CEAP, and CEIP. The full description of the methodologies, models, and assumptions of this analysis, along with all energy efficiency programs used in this analysis, is available at the 2021 Electric IRP website.<sup>12</sup>

## Demand Response Targets

Avista proposes to acquire 30 MW of Demand Response (DR) within the first CEIP implementation period from 2022 to 2025. This target is higher than the target identified in the CEAP, as the CEAP included only 1 MW during the first four years. After filing the updated 2021 CEAP, the Company negotiated a Special Contract with Inland Empire Paper (IEP), which helps to meet this target in November 2026 and starts a voluntary program with this IEP beginning in 2021. As approved by the Commission in its Final Order 08 / 05 in Dockets UE-200900, UG-200901, and UE-200894 (*Consolidated*), the Special Contract takes effect on October 1, 2021. This contract was previously identified in the 2021 IRP as a 25 MW program, which as noted by the Commission in the order referenced, the demand response “is larger than the combined size of all other demand response programs Avista expects to acquire in Washington over the 20-year [Integrated Resource Plan(IRP)] planning horizon.”<sup>13</sup>

In addition, Avista started a time of use (TOU) rate for electric vehicle charging for bus fleets to encourage certain customers from charging during peak hours and has committed to piloting time-based rate programs to indirectly affect customer demand. These pilot programs should prepare Avista to offer effective TOU rate options closer to Avista’s need for additional capacity. Avista is not including these pilots as part of the demand response target, goal as these programs may or may not continue throughout the four-year plan.

## Assumptions and Methodology

Beginning in 2014, and every two years thereafter, Avista has conducted a DR potential assessment study as part of the IRP process. An experienced third-party contractor familiar with DR programs throughout the U.S., along with input from Avista using experience from historical DR pilot programs, performs these assessments. Outputs from this process estimate the magnitude, timing, and costs of DR resources likely available to Avista over the IRP planning horizon. Avista considers DR programs addressing either (or both) winter and summer peaks. These results become inputs into the IRP modeling process, equal to other resources, to determine the value of the DR resources compared to other resource options. Avista separately adds potential DR options from large industrial customers due to the uniqueness of the flexible loads and existing relationships with these customers, which can be larger, more reliable, and efficient over standard DR options generated from the potential assessment study.

Avista found several DR programs to be cost-effective in the 2021 IRP and CEAP, as shown in Table 2.4.<sup>14</sup> The Variable Peak Pricing Program is expected to begin in 2025 and may see modest savings beginning in 2025, which are expected to then increase

<sup>12</sup> <https://www.myavista.com/about-us/integrated-resource-planning>.

<sup>13</sup> Final Order 08 / 05 in Dockets UE-200900, UG-200901, and UE-200894 (Consolidated) at ¶50.

<sup>14</sup> Avista’s CEAP update, Table 2.

each year for a total of 9.1 MW by 2031. Variable peak pricing and TOU rate programs are programs through which Avista customers may pay higher prices during certain periods of the day or season to encourage use at different hours. Between these programs, Avista expects a maximum load reduction of 11.7 MW in 2035. Once implemented, the programs will be monitored and evaluated using existing Avista Automated Meter Reading (AMR) Data, our Meter Data Management Tool (MDM), and our Customer Care and Billing (CC&B) systems to ensure accurate and timely measurement and verification of pilot programs. Other measurement protocols may be identified throughout the development stage.

Avista's Industrial Curtailment Program was ultimately negotiated with Inland Empire Paper to begin in 2021 as a voluntary program where they may curtail demand for up to 30 MW for up to 4 hours each day. Avista anticipates additional demand response options will be bid by third parties in Avista's 2022 all-source RFP that may be added if found to be cost-effective.

**Table 2.4: 2021 IRP Demand Response and Load Management Acquisitions**

Program	Begin Year	2031 Savings (MW) CEAP
Variable Peak Pricing	2025	9.1
Industrial Curtailment	2026	25.0
Time of Use Rates	2031	0.3
<b>Total</b>		<b>34.4</b>

## Target Methodology

Avista initially developed its renewable energy targets by balancing the need for additional renewables by 2030 and the customer impact of acquiring new clean energy. The customer impact was key to Avista's proposal to continue its current practice of selling excess RECs to reduce the rate impact of the transition to clean energy. Avista established the REC retirement target by determining the quantity of RECs available beyond the requirements of the EIA and the quantity of RECs it has historically been able to sell to other markets. Avista initially set a lower target of how many of these renewable attributes it would retire on the behalf of customers, but after discussion in the CEIP Public Participation Meetings, which included representatives from the Equity Advisory Group (EAG), and taking into account the comments from the public, Avista increased its REC retirement target, resulting in the sales of fewer environmental attributes beginning in 2024.

The energy efficiency goal was set by extending the BCP's savings goal for an additional two years. These goals represent the pro-rata share of the 10-year savings potential determined in the 2021 Electric IRP. Avista communicated these goals with the IRP TAC and the Energy Efficiency Advisory Group (EEAG) during the development of those plans. Further, a review of the energy efficiency programs was presented in the August Public Participation Meeting.

Avista's DR target for this CEIP includes the programs contracted for over the four-year period. Avista chose not to include additional goals as it is piloting several rate-based

programs it identified in its 2021 IRP and CEAP. Avista may revise these targets in a future CEIP after conclusion of the pilot programs.

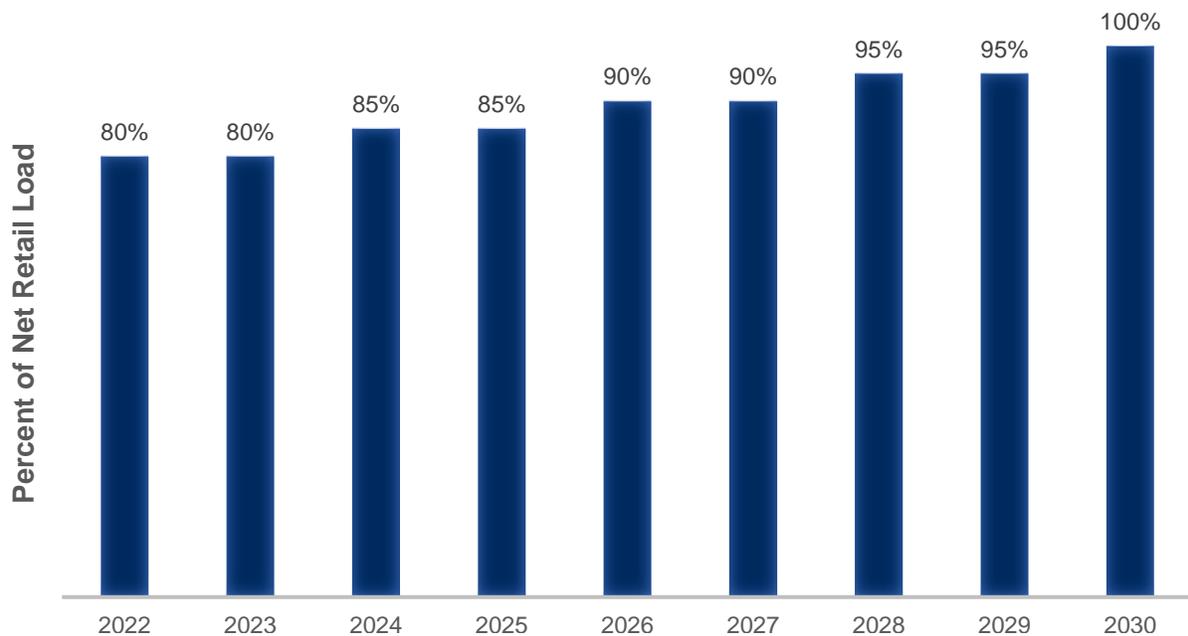
CETA allows for several forms of alternative compliance from 2030 through 2044. These compliance methods are not required for periods prior to 2030, but Avista is actively pursuing transportation electrification within the CEIP planning period and is unsure if these efforts will translate into energy transformation projects to be used for alternative compliance credits. More details about their application will be provided in future CEIPs.

## 10-Year Clean Energy Plan

### Renewable Energy Acquisition Plan

Avista is including a renewable acquisition plan to ensure it has adequate renewable or nonemitting resources to meet the 2030 carbon neutral standard. The goal of this acquisition plan is to control enough clean energy to meet 80 percent of net retail load in 2022 and 2023, increasing to 85 percent in 2024 and 2025. Avista will increase this goal five percent every two years until Avista acquires enough clean energy to meet 100 percent of its retail load, as shown in Figure 2.4. Avista chose two-year steps to obtain clean resources from renewable energy developers and/or owners using acquisition process such as RFPs. Avista anticipates acquisition may occur in alternative years depending on resource availability and customer rate impacts.

**Figure 2.4: Total Clean Energy Acquisition Targets by Year**



With this acquisition plan, Avista may generate more renewable energy than required to serve Washington's retail load over the course of a year. Nearly 35 percent of this generation is for Idaho customers. Historically, some of this generation and/or renewable attributes was sold to Washington customers to comply with the EIA. These resources

include hydro, wind, and biomass generation. Under this proposal, Avista plans to include the wind and biomass resources not the hydro currently allocated to Idaho as available to meet its clean energy acquisition targets from 2022 to 2030. This plan provides flexibility to leverage clean system resources to benefit both Washington and Idaho customers while also reducing risks such as future emission policies that could impact the amount of clean resources available to transfer from Idaho to Washington. Avista also anticipates these resources may mitigate the need for new capacity resources to offset the loss of Colstrip in 2025 and the Lancaster PPA in 2026.

Avista developed its clean energy acquisition target to equal or exceed 100 percent of Washington retail sales by 2030. This strategy is outlined in the 2021 IRP<sup>15</sup> and CEAP.<sup>16</sup> Table 2.5<sup>17</sup> outlines the requirements and existing resources to meet the 2030 goal for 2022 through 2031 using median water conditions. This table shows the clean energy from Washington's share of the system prior to transfer (purchases) from Idaho customers and prior to any REC sales. The table also demonstrates the amount of clean energy available from Idaho customers based on the limitations Avista has proposed. The amounts shown in this table are in average megawatts<sup>18</sup> to illustrate the average energy consumed and available on the system. With the proposed Idaho purchases, Avista will be able to meet the renewable energy acquisition plan targets through 2024 with existing clean resources,<sup>19</sup> but Avista will need more clean resources beginning in 2025.

In addition to the clean energy acquisition plan described above, the Company will also pursue all cost-effective, reliable, and feasible energy efficiency and demand response while maintaining and protecting the safety, reliable operation and balancing of the electric system. Avista will ensure the implementation actions for these interim and specific targets, as described in Chapter 4 – Specific Actions, will benefit all customers including those in within Highly Impacted Communities and Vulnerable Populations.

<sup>15</sup> <https://www.myavista.com/-/media/myavista/content-documents/about-us/our-company/irp-documents/avista-electric-2021-irp-prs-update.pdf>

<sup>16</sup> [2021 Electric IRP](#), [Avista Electric 2021 IRP PRS Update](#) and [CEAP Update](#).

<sup>17</sup> Avista's load and renewable generation forecast is from Avista's 2021 Electric IRP. <https://www.myavista.com/about-us/integrated-resource-planning>

<sup>18</sup> An average megawatt is the total annual megawatt hours divided by the hours in a year (e.g. 8,760 hours), so 100,000 megawatt hours would equal 11.4 average megawatts.

<sup>19</sup> Avista's ability to meet these targets is due to Avista's recent power purchase agreement with Chelan PUD.

**Table 2.5: Washington Retail Load and Clean Energy Resource Position (aMW)**

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Retail Sales	647	650	651	655	657	658	658	661	662	663
PURPA	-22	-22	-22	-22	-22	-22	-22	-22	-22	-22
Solar Select	-6	-6	-6	-6	-6	-6	0	0	0	0
<b>Net Requirement</b>	<b>619</b>	<b>623</b>	<b>624</b>	<b>628</b>	<b>629</b>	<b>631</b>	<b>636</b>	<b>640</b>	<b>641</b>	<b>642</b>
Clean Target %	80%	80%	85%	85%	90%	90%	95%	95%	100%	100%
<b>Clean Energy Goal</b>	<b>495</b>	<b>498</b>	<b>530</b>	<b>534</b>	<b>566</b>	<b>568</b>	<b>604</b>	<b>608</b>	<b>641</b>	<b>642</b>
Owned Hydro <sup>20</sup>	292	288	288	285	292	289	292	289	291	291
Contract Hydro <sup>21</sup>	96	95	99	100	99	97	97	92	93	57
Kettle Falls	24	23	23	21	23	21	22	20	21	19
Palouse	24	24	24	24	24	24	24	24	24	24
Rattlesnake Flat	36	36	36	36	36	36	36	36	36	36
Adams Neilson <sup>22</sup>	0	0	0	0	0	0	6	6	6	6
<b>Total Resources</b>	<b>473</b>	<b>466</b>	<b>470</b>	<b>465</b>	<b>473</b>	<b>468</b>	<b>475</b>	<b>467</b>	<b>470</b>	<b>433</b>
<b>Net Position</b>	<b>-23</b>	<b>-32</b>	<b>-60</b>	<b>-68</b>	<b>-92</b>	<b>-101</b>	<b>-127</b>	<b>-141</b>	<b>-170</b>	<b>-209</b>
Percent Clean	76%	75%	75%	74%	75%	74%	75%	73%	73%	67%
<b>Available Idaho Energy</b>										
Kettle Falls	13	12	12	11	12	11	11	11	11	10
Palouse Wind	12	12	12	12	12	12	12	12	12	12
Rattlesnake Flat	19	19	19	19	19	19	19	19	19	19
Chelan PUD	0	0	18	18	18	18	18	18	18	18
Other Hydro	0	0	0	0	0	0	0	0	9	17
<b>Total</b>	<b>44</b>	<b>43</b>	<b>61</b>	<b>60</b>	<b>61</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>69</b>	<b>76</b>
Percent Clean	83%	82%	85%	84%	85%	84%	84%	82%	84%	79%
<b>Net Position</b>	<b>21</b>	<b>11</b>	<b>0</b>	<b>-9</b>	<b>-32</b>	<b>-40</b>	<b>-69</b>	<b>-81</b>	<b>-102</b>	<b>-133</b>

<sup>20</sup> This forecast includes planned upgrades to the Post Falls Hydroelectric Facility.

<sup>21</sup> Includes the new Chelan 5 percent hydro slice contract.

<sup>22</sup> The Adams Neilson Solar PPA serves participants in the voluntary Solar Select program through 2028.

## Early Acquisition as Risk Mitigation

CETA requires utilities to ensure all retail sales of electricity for Washington electric customers are greenhouse gas neutral by 2030 and requires utilities unable to do so to pay a penalty. Utilities may use alternative compliance for up to 20 percent of their retail sales as described in RCW 19.405.040(1)(b). Avista's proposed targets may exceed the 2030 requirement, thereby helping Avista to both mitigate risks and provide resource adequacy.

Washington share of Avista's renewable energy resources is not, by itself, sufficient to comply with the clean energy standard in 2030. As illustrated in Table 2.3, in 2030 Avista's Washington portion of renewable energy resources is projected to have 73 percent clean resources and 67 percent in 2031. Washington would need another 81 average megawatts of renewable energy in 2031 just to meet the 80 percent portion of the standard without using some of the clean resources from Idaho.

With the proposed Idaho purchases, Avista can exceed the 80 percent goal in 2030, but not in 2031. Avista plans to acquire more renewable resources to exceed the 80 percent standard earlier than required to protect customers from the risks discussed below and to assist in resource adequacy requirements beginning in 2026. Some of these renewable resources can help offset the need for other resources. However, to offset the need for other resources they must be acquired by 2026, due to one of Avista's large power purchase agreement expiring and the fact that Avista will effectively be unable to use Colstrip to serve Washington customers.

### State Allocation

It is possible that Avista may not be able to transfer/sell Idaho's portion of its renewable resources to Washington in the future because of either state or federal policy requiring renewable energy attributes to be retained for customers in Idaho. In this event, Avista would need 81 average megawatts of additional clean energy to satisfy the 80 percent standard. Avista's plan ensures it can meet the 80 percent standard without relying on Idaho's share of clean energy. For the 2022 to 2025 period, Avista's interim targets would not be required to be revised as it would still be able to meet its interim renewable energy targets, although the number of RECs sold on the behalf of customers may decrease.

### Use of Clean Energy

The rules for compliance with the 100 percent standard in 2030 have not been determined by the Commission.<sup>23</sup> The issue to be addressed is a question of whether the requirement will be met over the entire four-year compliance period, for each year of the compliance period, on an hourly basis, or somewhere in between. Beginning in 2030, Avista's resource strategy may not meet these requirements as a portion of the clean energy may not count toward a delivery standard, if required, and may only count as alternative compliance.

To address this uncertainty, Avista may need to use alternative compliance methods for up to 20 percent of its net retail load or may need to acquire more renewable or storage

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<sup>23</sup> RCW 19.405.040.

resources. Avista will update customers and the Commission in a future clean energy report on the impact to Avista's plan after the final use rules are determined and studied.

### Renewable Energy Variability

The CETA legislation outlines compliance periods in four-year increments to address hydro and renewable energy variation. Avista anticipates requiring this flexibility due to its high percentage of hydro energy, but the Company's experience shows that both wind and solar energy also change from year-to-year. Avista will conduct a study to assess the additional renewable resources needed to meet the clean energy standard and to make sure it can meet the variability of resources over a four-year period after the Commission's determination of compliance with the 2030 standard is complete.

### Resource Availability

Avista usually buys new energy resources from third parties, except for upgrades or expansion of an existing facility. Avista currently does not generally develop greenfield renewable resources. Avista acquires future energy through bilateral contracts, either by a public resource acquisition processes or by unique resource purchase opportunities. Resource availability, price, and performance may require changes to Avista acquisition goals after available resources are identified.

### Alternative Compliance Cost

While meeting the 2030 Clean Energy Standard with 80 percent clean energy and up to 20 percent alternative compliance, utilization of the 20 percent alternative compliance option may not be the least cost method of compliance. CETA gives utilities options for alternative compliance such as using unbundled RECs, energy transformation projects, or compliance payments. The future cost and availability of unbundled RECs are unknown due to market and political dynamics, as are the requirements of an unbundled REC to meet the compliance obligation. The option to use energy transformation projects, while potentially attractive to Avista, are not well known enough yet for meeting this standard. The compliance payment, which will range between \$60 and \$150 per MWh before inflation adjustments, is the only alternative compliance methodology that is actually known at this time. Avista's plan to acquire renewable energy equal to 100 percent of its retail load by 2030 protects Avista customers from these alternative compliance cost risks.

### 3. Customer Benefits

#### Chapter Highlights

34 percent of the areas Avista serves in Washington have populations that live in areas identified as Highly Impacted Communities or Vulnerable Populations ("Named Communities").

13 Customer Benefit Indicators (CBIs) were identified for the 2022-2025 Implementation Period.

CBIs include methods to measure energy, non-energy, reduction of burdens, public health, environmental, reduction in cost, energy security and resiliency benefits.

#### Overview

In accordance with WAC 480-100-610(4)(c) the Company developed Customer Benefit Indicators (CBIs) to measure success in providing benefits from the transition to clean energy in the following ways:

- The equitable distribution of energy and non-energy benefits and reductions of burdens to Vulnerable Populations and Highly Impacted Communities (Named Communities);
- Long-term and short-term public health and environmental benefits and reduction of costs and risks;
- Energy security and resiliency; and
- Cost and risk reduction.

CBIs were developed in collaboration with the Equity Advisory Group (EAG), the Company's existing advisory group participants, and general customers through the Public Participation Meeting process; see Chapter 6 – CEIP Public Participation for more details on this process. Each CBI measures progress towards meeting the equitable distribution of customer benefits as required by CETA, with the specific actions identified in Chapter 4 – Specific Actions intended to support these metrics. These CBIs are not the only basis for resource acquisition decisions, rather the CBIs will inform the Integrated Resource Planning (IRP) process and future acquisition of resources. Avista will make good faith actions to monitor the benefits associated with its clean energy transition and steps identified in Chapter 4 – Specific Actions are attempted, however this will not

guarantee these CBIs will necessarily improve as Avista adds more clean energy to the portfolio.

Ensuring the equitable distribution of benefits to Named Communities is a key focus of the CETA legislation. As Avista transitions to a 100 percent clean energy future, it is important that communities highly impacted by adverse socioeconomic conditions, pollution and climate change - as well as those who may experience a disproportionate cumulative risk of environmental burdens - are identified within the areas Avista serves. By identifying Named Communities, the Company can better utilize current programs or design new programs and select resources to provide benefits of the clean energy transition to communities that need it most. The first step in this process is to identify the populations. CETA defines the populations of Named Communities as follows:<sup>1</sup>

- **Highly Impacted Community** means a community designated by the Washington Department of Health based on cumulative impact analyses in section 24 of this act or a community located in census tracts that are fully or partially on "Indian country" as defined in 18 U.S.C. Sec. 1151.12.
- **Vulnerable Populations** mean communities that experience a disproportionate cumulative risk from environmental burdens due to:
  - Adverse socioeconomic factors, including unemployment, high housing, and transportation costs relative to income, access to food and health care, and linguistic isolation; and
  - Sensitivity factors, such as low birth weight and higher rates of hospitalization.

To identify these populations, Avista relied on information provided by the Washington State Health Disparities Map from the Department of Health (DOH), shown in Figure 3.1 below.<sup>2</sup> The map divides the state into census tract areas. These census tracts first split the state by county and then into distinct areas for cities, neighborhoods, or communities. For each census tract the state developed a score between 1 and 10 for each of the health disparities indicators shown in Figure 3.2. The scoring is based on the area's relational standing compared to other areas scoring percentile within the state.

CETA requires the DOH to determine each utility's Highly Impacted Communities. To do this, the DOH used the combined average score of the four categories shown in Figure 3.2, and those communities that have a resulting score of nine or higher are areas requiring immediate attention. In addition, the DOH also included any areas fully or partially within "Indian Country".<sup>3</sup>

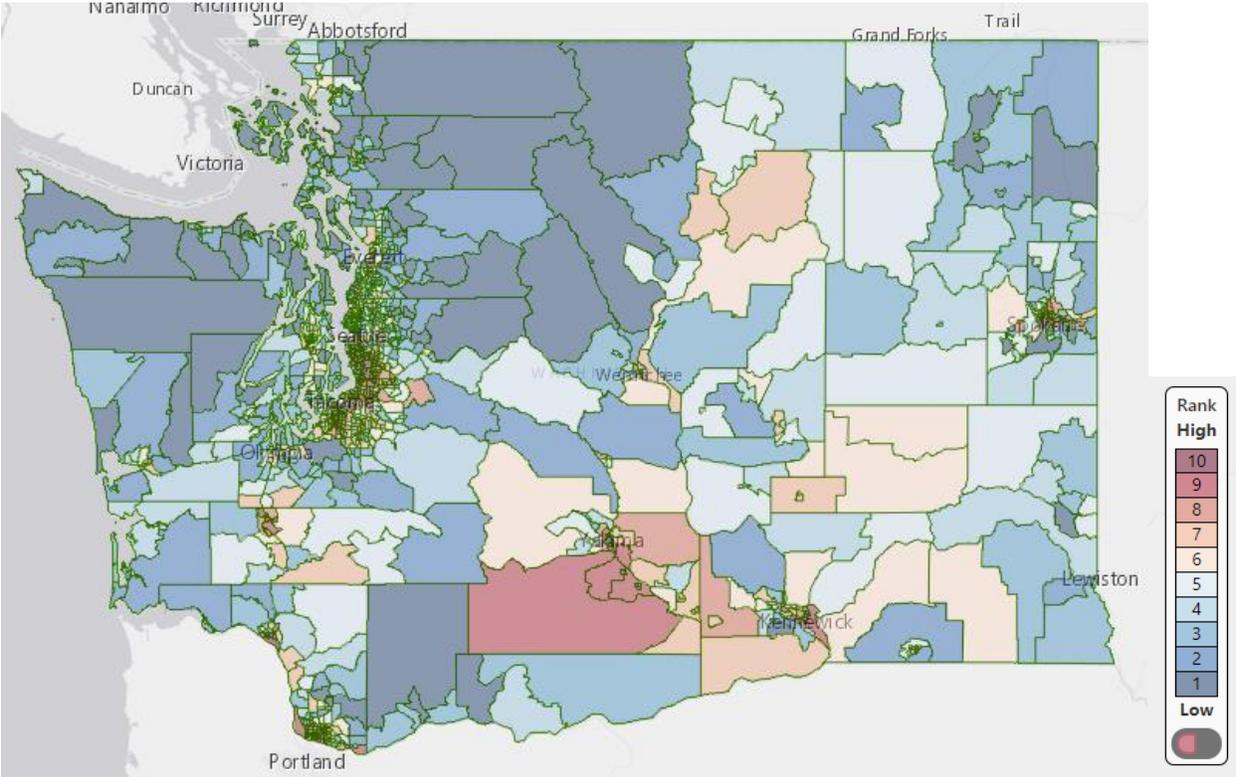
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<sup>1</sup> WAC 480-100-605 "Definitions".

<sup>2</sup> <https://fortress.wa.gov/doh/wtn/WTNIBL/>.

<sup>3</sup> The DOH's list of Highly Impacted Communities originally included areas misidentified as "Indian" country erroneously due to GIS borderline errors. Avista excluded these census tracts from its list for this report.

**Figure 3.1: Washington State Health Disparities Map**



**Figure 3.2: Health Disparities Indicators**

Environmental Exposures	Environmental Effects	Socioeconomic Factors	Sensitive Populations
<ul style="list-style-type: none"> <li>○ NOx-diesel emissions</li> <li>○ Ozone concentration</li> <li>○ PM 2.5 concentration</li> <li>○ Populations near heavy traffic</li> <li>○ Toxic releases from facilities</li> </ul>	<ul style="list-style-type: none"> <li>○ Lead risk from housing</li> <li>○ Proximity to hazardous waste treatment facilities</li> <li>○ Proximity to risk management plan facilities</li> <li>○ Wastewater discharges</li> </ul>	<ul style="list-style-type: none"> <li>○ Limited English</li> <li>○ No high school diploma</li> <li>○ People of color</li> <li>○ Population living in poverty (&lt;= 185% of federal poverty level)</li> <li>○ Transportation expense</li> <li>○ Unaffordable housing (&gt;30% of income)</li> <li>○ Unemployed %</li> </ul>	<ul style="list-style-type: none"> <li>○ Death from cardiovascular disease</li> <li>○ Low birth weights</li> </ul>

Avista's Washington service territory includes portions of 142 census tracts. Of these, 36 (25.4 percent) qualify as Highly Impacted Communities. This includes most of the City of Spokane as well as the Spokane, Colville, and Kalispell tribal areas.

The Company, in consultation with its EAG and other advisory groups, is required to determine which communities qualify as Vulnerable Populations within it's the areas Avista serves. The legislation requires that these additional populations be considered when a utility develop its CEIP. For this analysis and this CEIP only, Avista utilized the Health Disparities Map but also focused on census tract areas not otherwise included in the Highly Impacted Communities list. For Vulnerable Populations, Avista added census tract areas that scored nine or higher for either the socioeconomic factors or sensitive populations indicators in Figure 3.2. Avista elected to use this methodology as these indicators align with the CETA definition of Vulnerable Populations.

The steps taken in this CEIP for determining Vulnerable Populations adds an additional 12 census tract area to the Highly Impacted Communities count, for a total of 48 areas that can be identified as Named Communities. From a population perspective, these 48 areas represent 34 percent of the total population within Avista's Washington jurisdiction. Highly Impacted Communities represent 25.4 percent of the population and Vulnerable Populations represent 8.5 percent. The Highly Impacted Communities and Vulnerable Populations defined in this CEIP are shown geographically in Figures 3.3 and 3.4. Avista's Highly Impacted Communities are primarily located in the Spokane area and on tribal lands. Most of the tribal land would not qualify as a Highly Impacted Community if not for this specific inclusion in the law. However, based on Avista's Vulnerable Population metric, these areas have been added to Named Communities list. Other locations included are communities in Adams County (Othello/Lind), Pullman and Lewiston areas. These additional populations and characteristics, combined with the DOH map, informed the final CBIs.

### Vulnerable Population Action Plan

Additional information is needed to better understand the needs of Vulnerable Populations. Specifically, the census tract areas do not identify smaller neighborhoods or households living near non-vulnerable populations. Further, the DOH method includes geographic areas where indicator scores may be taken out of context, which signals a different situation than what may exist; this is especially true in major university areas. Avista will work towards clarifying these communities in consultation with its EAG for future CEIPs. The Company worked with the EAG to identify several population characteristics and "pocket" areas within Avista's Washington jurisdiction that could be included going forward.<sup>4</sup> Avista will work closely with the EAG regarding the identification of Vulnerable Populations throughout the CEIP implementation process.

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<sup>4</sup> Such as a mobile home in an area not considered to be "Highly Impacted" or "Vulnerable" as a whole.

Figure 3.3: Named Communities in Avista’s Washington Service Area

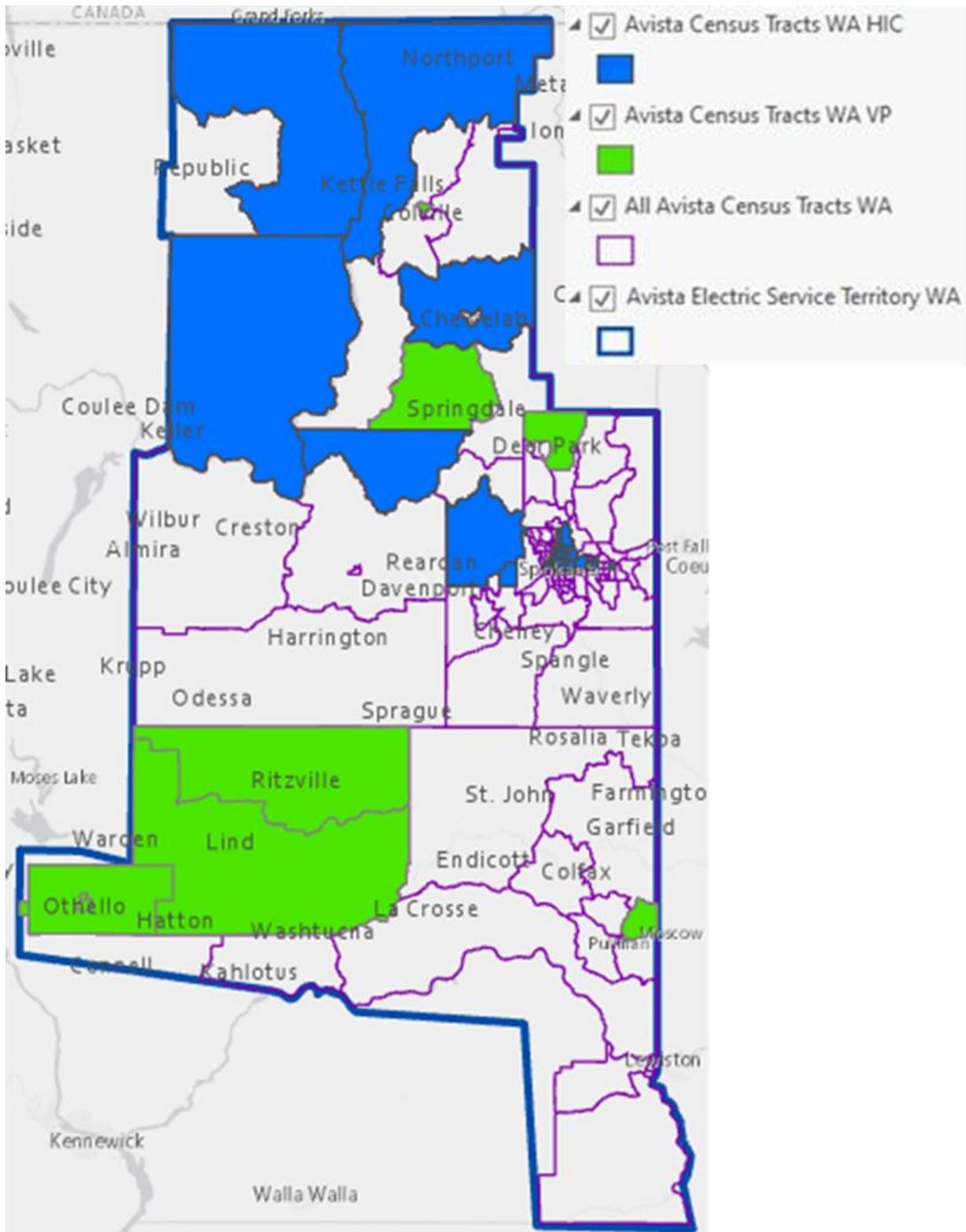
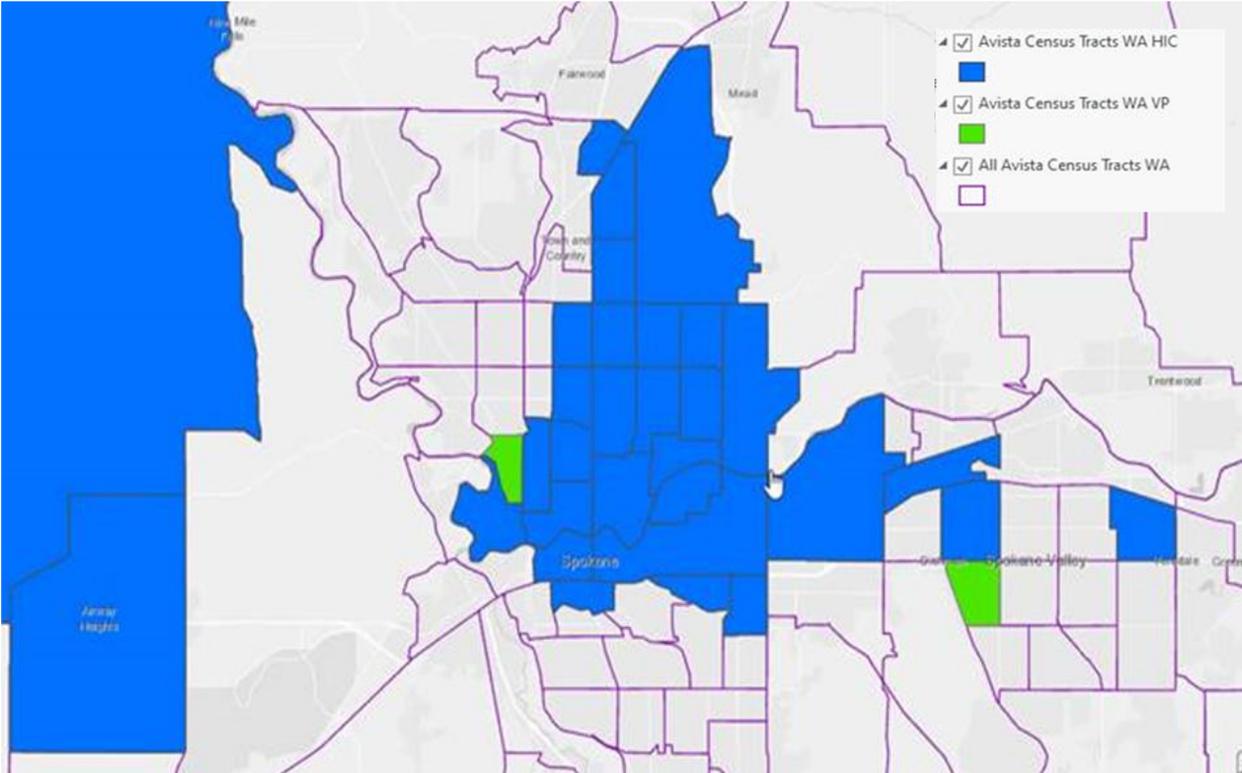


Figure 3.4: Named Communities in the Spokane Area



### Customer Benefit Indicator Overview

Avista’s CBIs are attributes of the specific actions identified by stakeholders for the Company to work on over the next four years to progress towards meeting the CETA clean energy goals in 2030 and 2045 and the benefit factors described in the Overview section above. Avista will monitor and share progress for each CBI to evaluate how these actions are benefitting customers.

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*Customer Benefit Indicator, or CBI, is an attribute, either quantitative or qualitative, of a resource or related distribution investment associated with customer benefits.*

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CBIs were developed with input from the EAG, as well as the existing advisory groups and customers at the CEIP Public Participation Meetings. Each CBI was carefully evaluated with an equity focus towards identified Named Communities. By taking this viewpoint, Avista’s goal is to mitigate disparities in the benefits or reduction of burdens associated with its clean energy transition. Chapter 6 – Public Participation describes the CEIP Public Participation Meetings, including the development and identification of CBIs.

Table 3.1 represents the CBIs for the 2022-2025 CEIP Implementation period. Each of the CBIs will be discussed in detail later in this chapter.

**Table 3.1: Customer Benefit Indicators<sup>5</sup>**

Customer Benefit Indicator	Benefit Area	Measurement
Participation in Company Programs	<ul style="list-style-type: none"> <li>Reduction of Burden</li> <li>Reduction in Cost</li> <li>Non-Energy</li> <li>Energy</li> </ul>	<ul style="list-style-type: none"> <li>Participation in Weatherization Programs and Energy Assistance Programs (all and Named Communities)</li> <li>Saturation of Energy Assistance Programs (all and Named Communities)</li> </ul>
Number of households with a High Energy Burden (>6%)	<ul style="list-style-type: none"> <li>Reduction of Burden</li> <li>Reduction of Cost</li> </ul>	<ul style="list-style-type: none"> <li>Number and Percent of Households</li> <li>Average excess burden per household</li> </ul>
Availability of Methods/Modes of Outreach and Communication	<ul style="list-style-type: none"> <li>Non-Energy</li> </ul>	<ul style="list-style-type: none"> <li>Number of Outreach Contacts</li> <li>Number of Marketing Impressions</li> </ul>
Transportation Electrification	<ul style="list-style-type: none"> <li>Non-Energy</li> <li>Environment</li> </ul>	<ul style="list-style-type: none"> <li>Number of Trips Provided by Community Based Organizations</li> <li>Number of Public Charging Stations Located in Named Communities</li> </ul>
Named Community Clean Energy	<ul style="list-style-type: none"> <li>Energy</li> <li>Energy Resiliency</li> <li>Reduction of Burden</li> <li>Risk Reduction</li> </ul>	<ul style="list-style-type: none"> <li>Percent Non-Emitting Energy located in Named Communities (Energy Efficiency and renewable energy)</li> </ul>
Investments in Named Communities	<ul style="list-style-type: none"> <li>Reduction of Burden</li> <li>Energy Resiliency</li> <li>Risk Reduction</li> </ul>	<ul style="list-style-type: none"> <li>Incremental spending each year in Named Communities</li> <li>Number of customers/ and/or Community based organizations served</li> <li>Quantification of energy/non-energy benefits from investments (if applicable)</li> </ul>
Energy Availability	<ul style="list-style-type: none"> <li>Reduction of Risk</li> <li>Energy</li> <li>Energy Resiliency</li> </ul>	<ul style="list-style-type: none"> <li>Average Outage Duration</li> <li>Planning Reserve Margin (Resource Adequacy)</li> </ul>
Energy Generation Location	<ul style="list-style-type: none"> <li>Energy Security</li> </ul>	<ul style="list-style-type: none"> <li>Percent of Generation Located in Washington or Connected to Avista Transmission</li> </ul>
Outdoor Air Quality	<ul style="list-style-type: none"> <li>Environmental</li> </ul>	<ul style="list-style-type: none"> <li>Weighted Average Days Exceeding Healthy Levels</li> <li>Avista Plant Air Emissions</li> </ul>
Greenhouse Gas Emissions	<ul style="list-style-type: none"> <li>Environmental</li> </ul>	<ul style="list-style-type: none"> <li>Regional GHG Emissions</li> <li>Avista GHG Emissions</li> </ul>
Employee Diversity	<ul style="list-style-type: none"> <li>Public Health</li> </ul>	<ul style="list-style-type: none"> <li>Employee diversity equal to communities served by 2035</li> </ul>
Supplier Diversity	<ul style="list-style-type: none"> <li>Public Health</li> <li>Non-Energy</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Diversity at 11 percent by 2035</li> </ul>
Indoor Air Quality	<ul style="list-style-type: none"> <li>Public Health</li> <li>Non-Energy</li> </ul>	<ul style="list-style-type: none"> <li>In development</li> </ul>

<sup>5</sup> In response to Stakeholder Comments, a table categorized by statutory benefit areas is provided in Appendix E – Customer Benefits.

### Prioritization and Weighting Factors

Avista worked closely with its EAG and other stakeholders to identify and develop the CBIs described above. Avista solicited feedback from the EAG in both stand-alone<sup>6</sup> and public CEIP meetings, as well as through surveys, email, and individual telephone calls.

In total, 86 preliminary areas of focus/ideas or population barriers/burdens were identified. In consultation with Avista's EAG facilitator, the Company consolidated the ideas within each equity area by combining common themes for ease of reference and prioritization. The net result was 26 potential CBIs categorized by equity area.

Throughout this process, one message point provided by customers and EAG members was very consistent: do not make this too complicated. Based on this feedback and the advice of the EAG Facilitator, the Company used a voting system to rank indicators, weighting each answer equally. This allowed participants to easily see if and how their feedback was captured in the final CBIs. Feedback was categorized in three areas: Proxy Power, Communication Power and Data Power:

1. **Proxy Power** represents the indicator which is most critically tied to everyone benefitting equitably from the transition to clean energy.
2. **Communication Power** shows the indicator can be understood by a broad audience.
3. **Data Power** represents the indicator which can be most readily tracked, measured, or counted.

These questions provided participants with context for better engagement and understanding of the intent of the CBIs, rather than choosing only the CBIs which could be most easily measured. Those indicators with the most votes within each equity area were selected and became the 2021 CEIP final CBIs. The results represent a weighting of approximately 65 percent EAG member input and 35 percent non-EAG<sup>7</sup> members (Other) based on the number of votes from each group. Having an outcome which resulted in this percentage ensured an equity emphasis for the final CBI determination. This selection process resulted in 12 CBIs. After additional feedback from other Stakeholders, two additional CBIs were added (i) to measure the impact of Transportation Electrification and (ii) for Resource Adequacy. These two additional CBIs were included to add transparency into these specific actions.

Avista carefully evaluated the results of the voting polls, along with the insights from external research, internal conversations with customer-facing employees, and broad customer survey results to ensure this information was reflected in the final CBIs. This review indicated the voted-on metrics accurately captured feedback from these additional sources. Each final indicator reflects the areas deemed most important for evaluating success in ensuring Avista's customers benefit from the transition to clean energy.

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<sup>6</sup> The two "stand-alone" meetings were held on June 9 and 10, 2021. Both meetings contained a portion that was open to the public, in accordance with WAC 480-100-655 (2)(a)(ii).

<sup>7</sup> Other participants included Stakeholders, and advisory group participants.

Due to the short timeframe for this initial CEIP, prioritizing and weighting CBIs was based entirely on results of voting.<sup>8</sup> This streamlined the process and was consistent with recurring feedback to make the process as simple as possible. As additional outreach, communication strategies and methods are identified, and customer engagement increases, there may be a need to develop additional methods for weighting future CBIs. This will be discussed throughout the CEIP implementation period with advisory groups and the EAG to ensure the appropriate level of emphasis is placed on new proposed CBIs.

One area the Company was not able to fully explore was the inclusion of the “number of households reached by broadband” (See Table 3.2, Item 8, below) due to time constraints. The context for this discussion was “how might customers benefit from the transition to clean energy through – access”. In this context, the focus was how can Avista increase the number of customers who are able to participate in energy efficiency programs or reach out to the website to better understand Avista initiatives or instructions for participation. This potential CBI needs additional evaluation and discussion to determine how Avista may influence it and how it might be measured. The Company will explore the Joint Use of Avista infrastructure as a possible method for extending internet/broadband to certain communities. Avista is monitoring the availability of federal and state funding for broadband to underserved communities.

Tables 3.2 and 3.3 show each selection criteria’s total vote per proposed CBI for the EAG members and other participants and highlights the final indicators in grey. Final CBIs will be incorporated, as applicable to each resource, as part of the prioritization/methodology for selection of expenses and investments described in Chapter 4 – Specific Actions. This prioritization process will be developed in coordination with existing advisory groups and discussed in regularly scheduled meetings. CBIs will be part of the overall evaluation which also considers the lowest reasonable cost, risk, safety, reliability, and resource adequacy.

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<sup>8</sup> With the exception of Transportation Electrification and Resource Adequacy. These CBIs were added to provide additional transparency into Avista efforts in those areas.

Table 3.2: Customer Benefit Indicator Prioritization (Part 1)

	#	EAG				OTHER				TOTAL
		Proxy	Data	Communication	Total	Proxy	Data	Communication	Total	Combined Total
<b>Affordability</b>										
Rate of Participation in Existing Programs	1	12	9	8	29	6	4	5	15	44
Number of appliances converted to high efficiency	2	2	4	4	10	4		3	7	17
Number of households who do not have a high energy burden	3	10	8	8	26	1		1	2	28
<b>Equity Area Total</b>		24	21	20		11	4	9	24	
<b>Access to Clean Energy</b>										
Accessibility through methods/modes of outreach and communication	4	8	4	4	16	3	1	4	8	24
Number/percent of households reached by and utilizing electric transportation	5		3	2	5				0	5
Support to increase programs and promote awareness	6	5	1	4	10	2	2	2	6	16
Number of new, authentic two-way relationships	7	1	3	1	5				0	5
Number of households reached by broadband	8	2	5	5	12	3	4	1	8	20
<b>Equity Area Total</b>		16	16	16		8	7	7	22	
<b>Community Development</b>										
Workforce development programs for local jobs	9	4	2	3	9	1	1		2	11
Dollars equitably invested in communities	10	4	3	2	9	2	3	3	8	17
Visibility of ugly infrastructure	11		3	2	5				0	5
Property values	12	2	3	2	7				0	7
Equitable implementation of community-based programs	13	6	3	7	16	4	4	4	12	28
<b>Equity Area Total</b>		16	14	16		7	8	7	22	

Table 3.3: Customer Benefit Indicator Prioritization (Part 2)

	EAG				OTHER			TOTAL		
	#	Proxy	Data	Communication	Total	Proxy	Data	Communication	Total	Combined Total
<b>Energy Security/Resiliency</b>										
Duration and Frequency of outages	14	4	7	6	17	4	4	4	12	29
Backup energy sources available in Named Communities	15	5	6	6	17	0	1	1	2	19
Proximity of reliable energy infrastructure	16	7	3	4	14	3	2	2	7	21
<b>Equity Area Total</b>		16	16	16		7	7	7	21	
<b>Environmental</b>										
Locations "greened"	17		1	5	6	1	1	1	3	9
Reduced risk of wildfires	18	1		4	5	1		1	2	7
Natural and historic resource protections	19	4	6	2	12				0	12
Reduced polluting emissions	20	7	3	3	13	2	2	1	5	18
Locational environmental impacts equitably sited	21	4	6	2	12		2	1	3	15
<b>Equity Area Total</b>		16	16	16		3	5	4	12	
<b>Health and Wellbeing</b>										
Improvements in indoor and outdoor air quality	22	4	4	3	11	1	2	3	6	17
Customers who are not stressed or anxious	23	2			2				0	2
Initiatives addressing systemic racism	24	4	6	6	16	3		1	4	20
Customers who feel they have authentic seat at table	25	0	5	5	10	1		2	3	13
Active transportation opportunities	26	6	1	2	9	2		2	4	13
<b>Equity Area Total</b>		16	16	16		7	2	8	17	

## Baseline Customer Benefit Indicator Analysis

In accordance with WAC 480-100-640 (6) (a)(i), Avista established a baseline to assess the current benefits and burdens on all customers throughout its Washington jurisdiction as well as those located within Avista's Named Communities. These baseline metrics became the initial data set by which the success in providing customer benefits in Avista's transition to clean energy will be measured. The CBIs by each equity area are described below.

### Affordability

Two identified CBIs will measure affordability. These metrics are designed to measure success of initiatives to ensure customers have an affordable electric system.

### CBI: Participation in Company Programs

The purpose of this CBI is to increase the percent of participation for all customers in programs offered by Avista, with special emphasis on Named Communities. Avista will track participation in Energy Assistance and energy efficiency programs

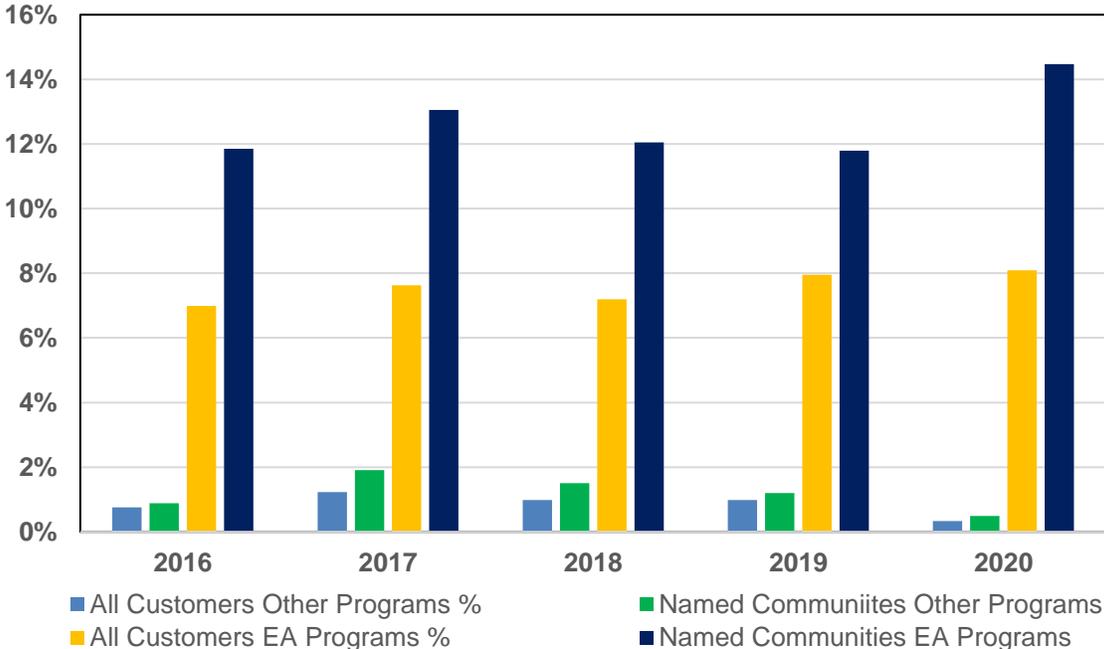
Avista will track these programs to provide additional transparency about which programs have the most impact on energy affordability. These programs benefit customers by easing their energy burden through decreased energy usage (energy efficiency) and helping to reduce the portion of income spent on their energy bills (energy assistance), along with positive impacts to the environment and public health. This CBI and the CBI for additional customer outreach focus on identifying new ways to reach customers residing in Named Communities who have been unserved, underserved, or hard to reach.

Avista will focus on increasing participation in Named Communities experiencing barriers that limit participation in programs. The EAG will be instrumental in identifying and helping Avista develop ways to reach and engage more customers. Figure 3.5 shows energy efficiency measure participation far exceeds all other programs. For Named Communities, approximately 12 to 14 percent of customers who live in a Named Community participated in Company programs for 2016-2020 compared to 6 to 8 percent for all customers.<sup>9</sup>

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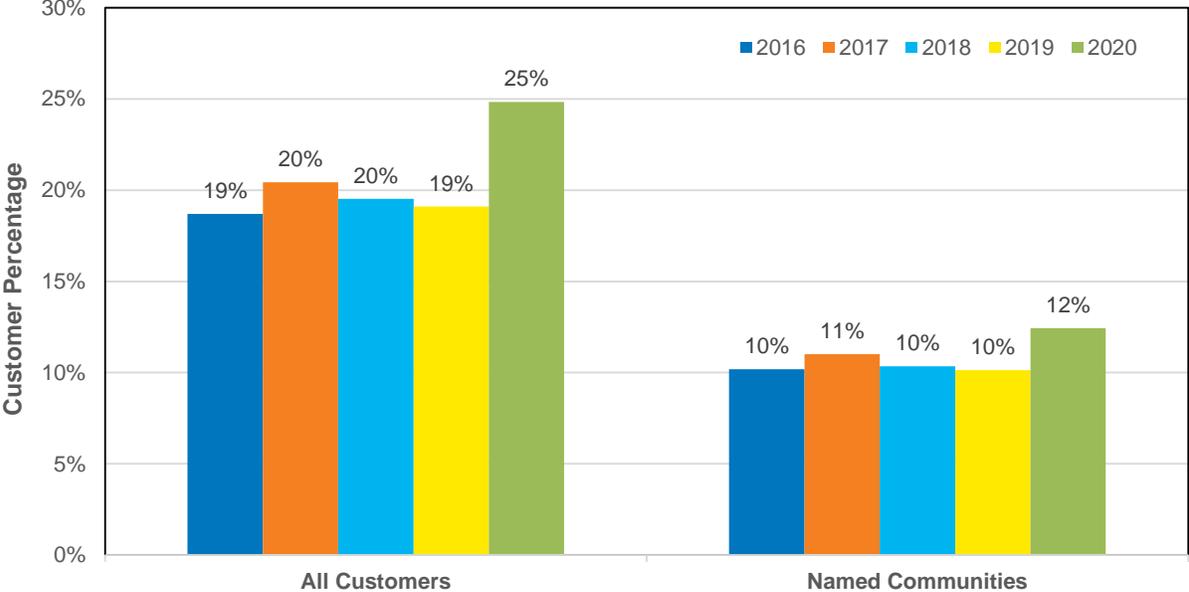
<sup>9</sup> Avista is still determining the number of residential customers who reside in Named Communities.

**Figure 3.5: Percent of Named Communities Energy Efficiency Program Participants**



Additionally, Avista will monitor saturation rate for energy assistance programs (number of customers participation versus number qualified to participate). Figure 3.6 illustrates the percent of customers participating in energy assistance programs, as a percent of those who are qualified. This metric will be monitored and reported as part of our biennial energy assistance report to the Department of Commerce beginning in February 2022.

**Figure 3.6: Saturation Rate for Energy Assistance Programs**



Avista will work with our EAG, Energy Assistance Advisory Group (EAAG) and other Advisory Groups towards increasing the number of customers participating in Company programs over and above the five-year averages.

**CBI: Number of Households with a High Energy Burden (>6 percent)**

This CBI measures how Avista’s transition to 100 percent clean energy is impacting affordability for customers. Energy burden measures a household’s energy costs as a percent of income. The goal is to reduce the number of customers, especially in Named Communities, with an energy burden of six percent or more. There is a strong focus on affordability and energy burden reduction, not only at Avista, but throughout the utility industry. This metric will ensure a continued focus on energy burden and how Avista’s specific actions may reduce it. This metric will be tracked for all Avista electric customers and for Named Communities.

Table 3.4 shows a point-in-time estimate of households at or below 80 percent Area Median Income (AMI) or 200 percent of the Federal Poverty Level (FPL) with an energy burden over six percent. This estimate was calculated by Empower Dataworks<sup>10</sup> as part of an Energy Burden Assessment for Avista. This estimate includes a count of households with electric heat and energy bills above six percent of estimated income. This data is also shown as a percent of total households by county with a higher than six percent average excess burden per household, which can also be described as the amount needed to reduce a customer’s energy bill below percent of income.

**Table 3.4: Number of Energy Burdened Households<sup>11</sup>**

County	Households Energy Burdened in Excess of 6% (electric heat)	Energy burdened households as a percent of total households (electric heat)	Average excess burden per household (electric heat)
Adams	802	22%	\$752
Asotin	810	13%	\$669
Ferry	198	18%	\$754
Lincoln	427	18%	\$638
Spokane	14,211	16%	\$533
Stevens	2,355	20%	\$718
Whitman	1,543	11%	\$589
Total	20,346	16%	\$621

<sup>10</sup> Empower Dataworks data is preliminary in nature. Numbers are subject to final review by Avista.

<sup>11</sup> This number is significantly lower than the estimated number of energy-burdened households provided in the initial CEIP draft, which was between 44,796 and 60,650. The original number was based on the Department of Commerce’s approximation of energy assistance need by both AMI and FPL (<https://www.commerce.wa.gov/growing-the-economy/energy/ceta-energy-assistance>). This data was not specific to a particular utility, and therefore included non-Avista customers in most counties. It also included customers with gas heat. This updated estimate is for Avista’s territory and excludes customers with gas heat. Empower Dataworks estimated that an additional 21,526 households with gas heat are also energy burdened (assuming an energy burden threshold of 3 percent of income for gas heated homes).

In addition to work by external resources, Avista has formed an internal team to evaluate, and develop where possible, methods for identifying energy burden for certain Avista Washington electric customers, including but not limited to:

1. Named Communities;
2. Energy Assistance participants; and,
3. Other identified low-income customers.

Having this calculation performed in-house will provide a common database for energy burden, as well as other CBI calculations, ensuring consistent use for all CETA requirements. This work will be the basis for energy burden calculation for the next CEIP.

### Access to Clean Energy

To help measure and improve customer access to clean energy, two CBIs are proposed. These CBIs were selected to improve customer outreach, help develop new methods and modes of outreach to inform and educate customers on Avista's programs and services, and to track impacts from the Company's Transportation Electrification initiatives. As part of the effort to increase access to clean energy, an increased emphasis will be placed on barriers to participation such as language (see Chapter 6 – Public Participation for additional information). Avista started utilizing a Spanish translation of the CEIP process to begin to address language barriers as a roadblock to understanding more about clean energy. While we are not proposing a metric to measure this additional effort, it is part of Avista's endeavor to address language barriers and other necessary communication channels provided in future CEIP updates.

### **CBI: Availability of Methods/Modes of Outreach and Communication**

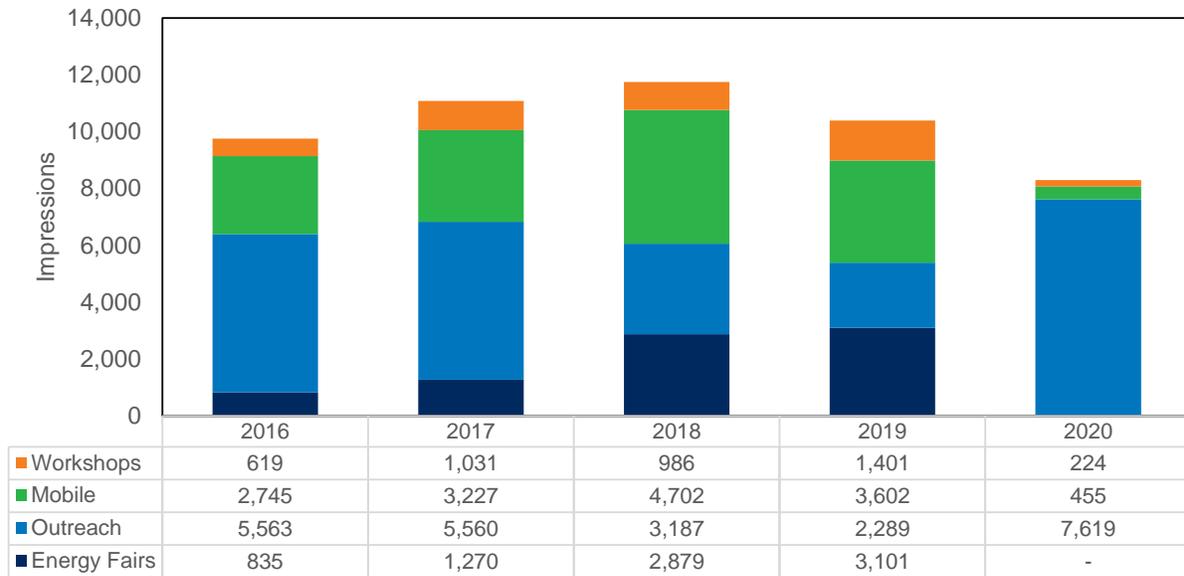
This CBI aims to increase access to clean energy and reach customers who previously have not participated in Avista programs due to language barriers or other factors, such as not knowing about the programs or understanding the application process. Increased participation by these customers will lead to lower energy usage and costs. Avista engages with customers through various means for several other purposes. This CBI will track the number of contacts for each energy assistance and energy efficiency outreach event listed below along with impressions from marketing geared towards energy assistance and energy efficiency.

Figure 3.7 illustrates the number of outreach events tracked by Avista between 2016 and 2020 for energy efficiency and energy assistance. On average, approximately 113 events were held each year reaching approximately 10,000 individuals (excluding 2020 due to COVID-19 limitations). Avista will ensure more outreach activities will take place in the Named Communities in the future and identify new ways to engage these customers.

These events provide conservation education and energy assistance information for low-income customers, seniors, those living with disabilities, and veterans. The target groups are engaged through workshops, energy fairs, mobile and general outreach. Each activity includes demonstrations and distributions of low- and no-cost energy saving items with a focus on saving energy, conservation tips and measures, and information about bill assistance and weatherization programs. Outreach activities will be reported to the EAG,

Energy Assistance Advisory Group, and Energy Efficiency Advisory Group and the EAG will be consulted for how the programs can be enhanced to increase participation.

**Figure 3.7: Outreach Contacts**



In addition to outreach events, Avista also conducts marketing for energy efficiency and energy assistance. Table 3.5 illustrates the impressions<sup>12</sup> for these efforts between 2016 and 2020. Combined with outreach contacts, advertising of Avista programs helps to reach additional customers to increase awareness and understanding of programs which increases participation and the associated benefits of those programs. This metric will be evaluated in coordination with the increased participation for Named Communities and other customers to evaluate effectiveness and identify other opportunities to engage with these customers.

**Table 3.5: Number of Marketing Impression for Energy Efficiency and Energy Assistance**

Impressions	2016	2017	2018	2019	2020
Energy Efficiency	52,572,500	30,084,800	30,843,300	55,041,100	9,418,700
Energy Assistance	3,511,000	437,000	882,800	1,257,900	3,061,900
Total	56,083,500	30,521,800	31,726,100	56,299,000	12,480,600

<sup>12</sup> Impression refers to any interaction with a piece of content and audience member.

Currently customers receive messages via bill inserts, email, flyers, website, social media along with print and online advertising. To reach specific Named Communities and to track the effectiveness of the contact, specific communications plans outlining audiences, goals, outcomes, key messages and messengers, tools and tactics will be developed. Each Named Community has different barriers to be considered and significant more research is needed to adequately address the uniqueness of each community. Avista will ensure a concentration of outreach activities and various communication channels will focus with Named Communities in mind and there will be ongoing efforts alongside the EAG and others to identify new methods of marketing and outreach to engage with customers.

### **CBI: Transportation Electrification**

This CBI captures transportation electrification efforts and impacts on customers, specifically in Named Communities. Avista's Transportation Electrification Plan (TEP)<sup>13</sup> provides a path to a cleaner energy future by 2045, where clean electricity powers transportation that is no longer dominated by fossil fuels. The TEP outlines guiding principles, strategies, and a clear action plan with detailed program descriptions, cost and benefit estimates, and regular reporting details. Included within the TEP is an aspirational goal of 30 percent of overall Avista spending on programs benefiting disadvantaged communities and low-income customers or Named Communities. On April 26, 2021, the Commission approved tariffs to implement Avista's TEP which is now being implemented.

Transportation Electrification activities dedicated towards Named Communities include providing electric vehicles and chargers to Community Based Organizations (CBOs) to lower administrative costs for delivering services and providing transportation to the customers they serve. Avista has provided an electric vehicle and charger to Transitions for Women and the Spokane Regional Health District and is in the process of implementation this with three additional CBOs in 2021. This effort provides non-energy benefits including access to Transportation Electrification, reduction of greenhouse gas emissions, and greater mobility to food, medical, and other essential services. Avista is also placing electric vehicle chargers in Named Communities to expand Transportation Electrification and remove a primary barrier for individuals to purchase an electric vehicle. In the future, Avista plans to expand its set of Transportation Electrification activities benefitting communities and low income areas such as through partnerships with local public transit agencies, school districts, and innovative car-sharing and ride-sharing projects, as described in the TEP.

Avista will utilize three metrics for tracking Transportation Electrification for Named Communities:

1. Number of annual trips provided by CBOs for individuals utilizing electric transportation.
2. Number of annual passenger miles provided by CBOs for individuals utilizing electric transportation; and,

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<sup>13</sup> <https://www.utc.wa.gov/casedocket/2020/200607>, acknowledged by the Commission on October 15, 2020.

3. Number of public charging ports available to the public located in Named Communities.

The Company’s tariff Schedule 77 and TEP commits to regular reporting regarding Transportation Electrification efforts through several metrics. Tables 3.6 includes data for the metrics described above.

**Table 3.6: Transportation Electrification Baseline Metrics**

Metric	2017	2018	2019	2020	2021
Annual trips provided by CBOs	0	851	1429	334	365
Annual passenger miles provided by CBOs	0	13,762	28,763	8,925	10,378
Public Charging ports located in Named Communities	15	19	15	0	0

The Company may pursue its Transportation Electrification programs as an Energy Transformation Project (ETP) in the future. ETPs can be used as alternative compliance for meeting the 2030 clean energy standard under CETA.

**Community Development**

Two CBIs measure community development. These metrics measure impacts to Named Communities through investments in clean energy and economic development in these communities as measured by the Named Community Investment Fund.

**CBI: Named Community Clean Energy**

The Named Community Clean Energy CBI concentrates on the percent of non-emitting or clean energy resources, including distributed generation or energy efficiency in Named Communities. Clean energy generation includes wind, solar, biomass, hydro or distributed energy sources. Clean energy resources, energy efficiency and demand response efforts targeted to Named Communities provide the following benefits:

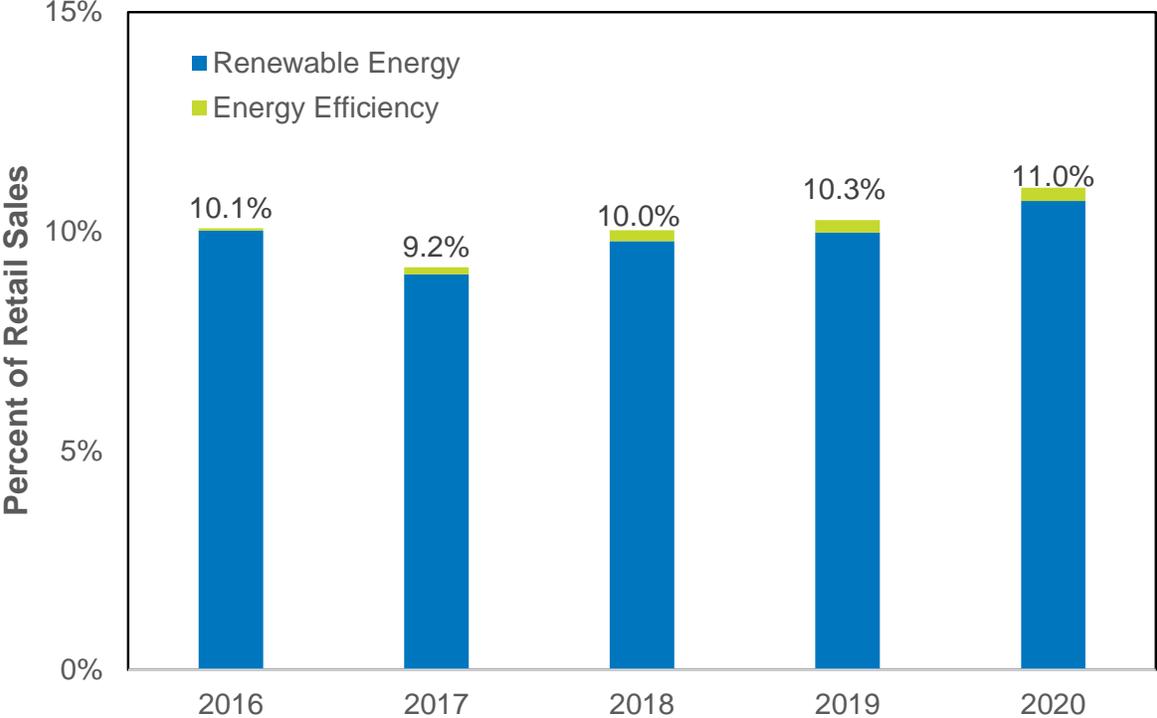
- Increased programs targeted to Named Communities will benefit these customers by reducing energy burdens and costs. This metric supplements the measurement to increases in program participation.
- New distributed energy resources may aid in faster recovery from outages.
- Non-energy benefits may include labor from local companies for installation of energy efficiency measures or to build renewable energy projects. In addition, economic development may result from incoming labor utilizing local restaurants, hotels, etc.

Several of these benefits were discussed and identified in the public participation process, including EAG feedback. Figure 3.8 illustrates the percent of clean energy generated or saved through energy efficiency as a percent of total Washington retail sales within Named Communities between 2016 and 2020.<sup>14</sup> Over this five-year period, the amount of clean energy from these areas is between 9 and 11 percent. These amounts are expected to increase in 2021 as a full year of the Rattlesnake Flat Wind Project will then

<sup>14</sup> For this calculation the energy efficiency savings are added back to retail sales.

be included. Avista anticipates this percentage will increase over time by focusing on investments in these communities.

**Figure 3.8: Percent of Non-Emitting/Renewable Energy in Named Communities**



**CBI: Investments in Named Communities**

This CBI targets new investments in Named Communities that lead to positive impacts on Avista customers residing in those communities. Positive impacts may be related to reduction of energy burdens, economic development, affordability, resiliency, or other safety and health related matters. The potential investments will not include capital, O&M, energy efficiency, or energy assistance that the Company already deploys in its normal course of business. This CBI will focus on the CETA directive to ensure the equitable distribution of non-energy benefits to all customers and specifically those in Named Communities. Additional information is provided in Chapter 4 Specific Actions.

Avista will measure the following metrics on a forward basis:

1. Incremental annual spending of investments in a Named Community;
2. Number of customers and/or Community Based Organizations served each year; and,
3. If applicable, quantification of annual energy and non-energy benefits from investments.

Avista will work to identify and develop an additional method to measure the level of utility investment specific to Named Communities in consultation with the EAG.

### Energy Resiliency

Resiliency is a measure of how quickly Avista can recover from a loss of power through power restoration or could be defined as how customer's over power outages using back up generation or how customers respond without electricity. Specifically, there other alternatives to satisfy customer energy needs when electric service is not available. In order quantify Avista's progress for energy resiliency, this plan proposes two metrics for the resource availability, these are (i) the average duration of electrical outages and (ii) resource adequacy.

### CBI: Energy Availability

The frequency and lengths of electric outages directly impacts all customers, including those in Named Communities. Most outages are distribution related issues, but resource adequacy issues could also cause customer outages (although Avista has not had a resource adequacy outage recently). The EAG indicated that efforts to mitigate the duration and frequency of outages will positively impact all customers and especially those in Named Communities who typically may not have access to alternative energy resources during a power outage. Maintaining power provides health and safety benefits to customers, especially during extreme cold or heat events. There are many alternatives to measure reliability. Such as resource adequacy, the number of customer distribution outages, length of outages, and the lost economic value of outages. Avista chose to use outage length since it considers the outage effects of both resource adequacy and impacts on the distribution system. Avista chose not to estimate the economic lost value as it is extremely complex and varies greatly by customer type and location.

With these considerations, customer resiliency will be monitored using the average duration of customers' outages. This calculation is referred to as CAIDI<sup>15</sup>, it measures the average length of time for Avista to restore power to customers (CAIDI is adjusted to remove major storm events). Avista can improve these metrics by investment in the distribution system. However, long rural distribution feeders, where outages can occur, will continue to present reliability and restoration challenges due to greater risk from trees and slower response times due to distance.

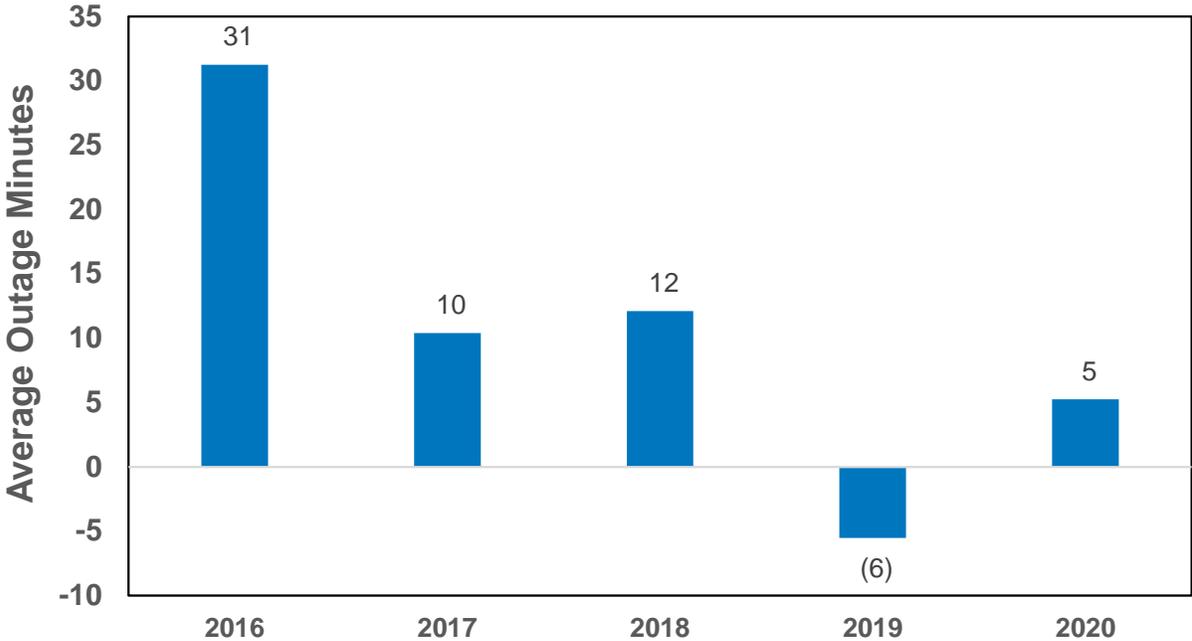
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<sup>15</sup> CAIDI is the Customer Average Interruption Duration Index; this measures the total number of hours customers are without power. The calculation removes major events, but Avista will consider including these events in its next plan.

Due to the level of importance of this metric, Avista will work with stakeholders to evaluate what is the best method to illustrate reliability data. First what reliability statistic is important such as outage duration, outage instances, ability to overcome major storms. Second how to communicate this data, such as geographic maps or by customer type (i.e. rural, urban, named community).

Figure 3.9 demonstrates the difference in average outage duration for Named Communities with all other communities. In this example, Named Communities over the last five years have outages last 11 minutes longer compared to non-Named Communities. Only in 2019, was the response time better in Named Communities than in other communities. One of the major reasons why Named Communities have longer outage times is due northern rural communities with significant distance and forest areas are part of the Named Communities, where all other communities have service areas with less harsh terrain.

**Figure 3.9: Change in Average Outage Duration**



Customer outage information provides customers with a macro level measure of resiliency by calculating the length of time it takes to return from an outage, but it does not detail the cause of the outage. Historically outages are related to the distribution system. The distribution system moves power from production facilities to the customer and can be interrupted due to network failure resulting from weather, equipment failure, maintenance, or other factors. Another cause of customer outage could be from the lack of generation. This CBI attempts to isolate Avista’s ability to generate enough energy to meet customer demand to ensure reliability through resource adequacy.

Avista has not had a customer outage due to lack of generating resources in recent history. This is due to Avista’s efforts to carry generating capability greater than its load. Figure 3.10 highlights the historical generation to peak load ratio for both summer and

winter for the last five years. This measurement illustrates the amount of generating capability the utility has on the seasonal highest load hour compared to the load amount. An adequate system should have greater generation capability than its peak load to not only cover the load, but also cover excess generation to supply required reserves<sup>16</sup> to meet reliability standards.

This metric measures the amount of generation capability from dispatchable resources plus the amount of actual generation from non-dispatchable resources. This total resource capability is then divided by actual load for the highest load hour of the season. This metric is called a planning reserve margin (PRM). A greater PRM increases Avista's ability to meet load in extreme weather conditions such as cold snaps or extreme heat events and lessens the probability of customer outages during these conditions without assistance from other utilities or regional resources. Higher reserve margins are required for winter as compared to summer due to the potential range in customer load and the duration of cold weather.

Currently, Avista plans for a PRM of approximately 24.6 percent of its peak load in the winter and 15.6 percent in the summer.<sup>17</sup> These metrics may change as the region implements a Resource Adequacy Program<sup>18</sup> through the Northwest Power Pool. This Program will establish resource adequacy requirements for each participating utility where the utility must control resources exceeding its expected peak load for both summer and winter. Planning as a region will lower the amount of reserves each utility must carry since utilities will not need to plan as an individual utility to meet its peak load. The amount of reserve resources will be determined based on a regional study of ensuring the region has enough resources to meet all load in 1 in 10 planning years. Avista may revise this CBI during the CEIP period as the Resource Adequacy Program finalizes its rules and participants.

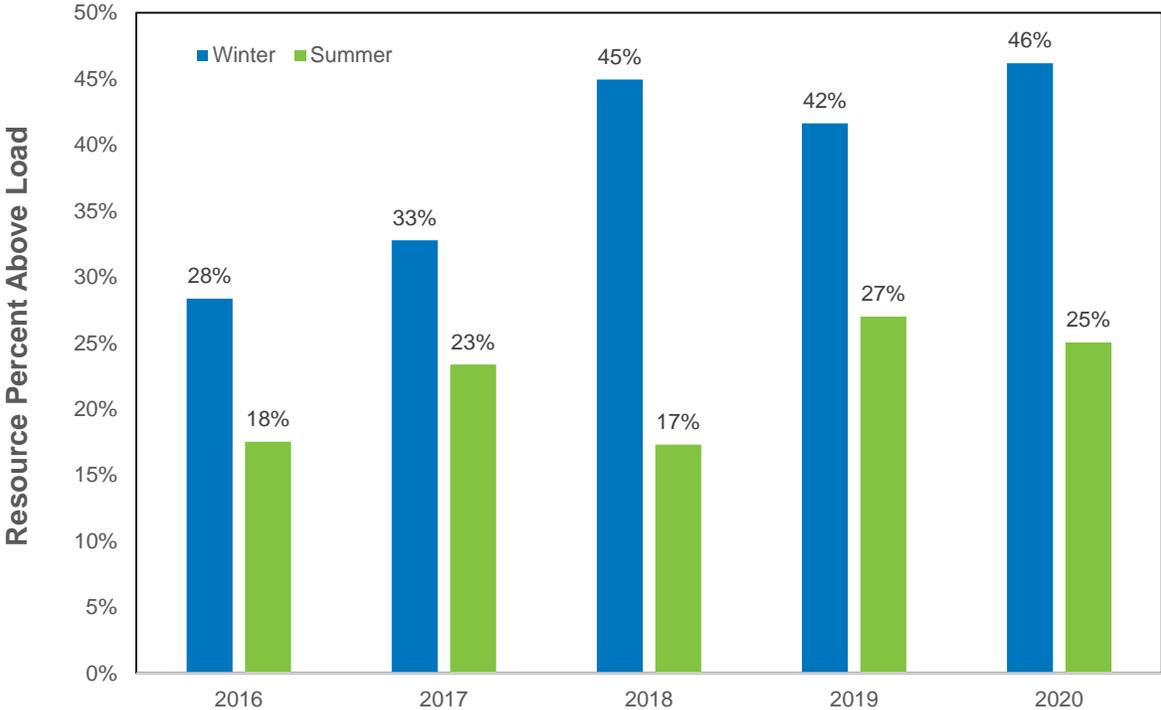
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<sup>16</sup> Avista is required to control resource capability able to respond to load for 3 percent of its control area load and 3 percent of its on-line generation. In addition to these reserves Avista must carry additional generation to respond instantaneously to demand changes.

<sup>17</sup> Described in Avista's 2021 Electric IRP, Chapter 7, page 7-2.

<sup>18</sup> <https://www.nwpp.org/about/workgroups/12>

Figure 3.10: Resource Adequacy Planning Margin



**Energy Security**

A more secure energy system reduces the probability of disruption and is similar to energy resiliency. Accordingly, energy security leads to a more resilient system as the system is less likely to fail and requires less planning to respond to potential failures. CETA calls out energy security in the equitable distribution of energy benefits and reductions of burdens to all customers and Named Communities. One method of reducing disruptions is to locate resources closer to customers to reduce the factors leading to disruption. Locating resources closer to customers will not eliminate disruptions. Local generation may create benefits by reducing transmission of power risk and/or policy issues from out-of-state resources. There are risks to utilizing local generation such as lack of diversity of weather, for example. Areas outside the local utility may have different weather patterns to diversify the risk or benefits of power production and catastrophic failure in major weather events.

As part of Named Community development, Avista will track the amount of clean generation and energy efficiency in its annual system resource mix. The benefits associated with this metric will provide economic opportunities to these communities and a more energy secure pathway.

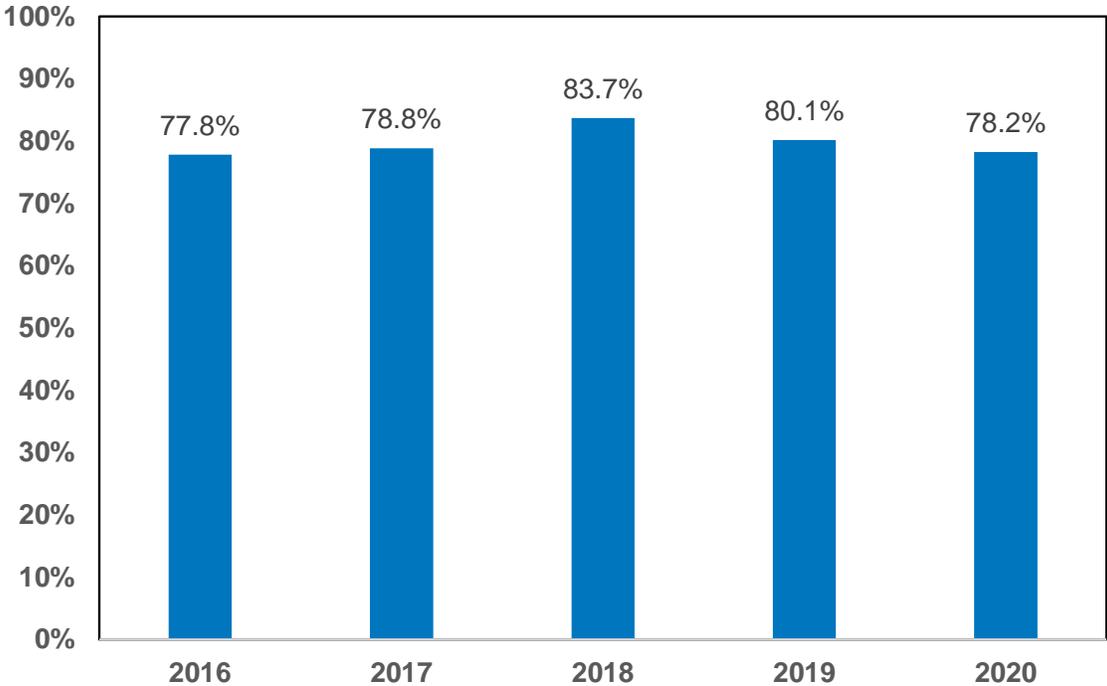
**CBI: Energy Generation Location**

A measure of resource location will monitor energy security for all customers. Avista will track energy generation location and connectivity to measure security. Two metrics will track this CBI. The first is if the generating resource is in Washington State and the second is if it is directly connected to Avista’s transmission system.

Avista evaluated the metrics for the five-year period between 2016 and 2020. During this timeframe, an average of 79.7 percent of generation aligned with at least one of the metrics to meet the energy security CBI shown in Figure 3.11. Resources located in Washington protect Avista’s resources from differing state policies. For example, a neighboring state may create policy limiting access to a resource in critical periods. While this is an unlikely example, a utility locating resources in the same jurisdiction as customers can provide greater control of the resource. Resources in Washington may still have energy security issues from the ability to deliver the energy due to transmission failure or preference during critical events. Resources directly connected to the Avista transmission system, whether located in Washington or another state, increases the likelihood of the ability to deliver energy as the resource is not reliant on other systems to deliver the power.

Avista should not strive to have all resources meeting both of these criteria. As mentioned before, there are benefits from resources located away from customer loads. For example, Avista customers may benefit from wind generation in Montana due to different weather patterns creating a lower cost resource that may displace the need for more generation if sited locally. The key with this metric to ensure there is not an over reliance on generation located out-of-state or not connected directly to Avista’s transmission system.

**Figure 3.11: Percent of Generation Located In Washington or Connected to Avista Transmission System**



## Environmental

Avista selected two indicators to measure environmental progress in the transition to clean energy. Although these indicators may extend beyond the utility's direct control of emissions and focus on the regional environment, there is value in monitoring and measuring them.

### **CBI: Outdoor Air Quality**

Reducing or avoiding harmful criteria air pollutants should improve health conditions for customers. Hazardous air pollutants (HAPs), also known as toxic air pollutants or air toxics, are known or suspected to cause cancer or other serious health effects, such as reproductive effects or birth defects, or adverse environmental effects.<sup>19</sup> For our region, Avista may or may not have complete control to significantly impact these effects since most air quality issues are from transportation and non-Avista related heating sources. However, as Avista transitions to a cleaner resource mix regional air quality should improve and reduce associated health impacts.

Customer feedback from this CEIP indicated the clean energy transition should result in improvements in air quality. Therefore, Avista will monitor this metric, but is challenged by meaningful ways to measure air quality and the forces impacting it. There are currently no reliable monitoring stations providing detailed air quality metrics on a local level, although there are monitoring devices spread across the region to determine the regional air quality for the airshed of eastern Washington. Avista proposes to use these metrics as an initial baseline for this CBI in a way that is familiar with customers. This metric will measure the number of days our average customer experiences unhealthy air quality. This CBI uses EPA's Air Quality Index (AQI) for each county where data is available and weights the AQI by the location of the Avista customer base. The next step counts the number of days where the AQI exceeds the EPA's level for "unhealthy air for some people". The historical AQI used for this calculation is shown in Figure 3.12 between 2016 and 2020. The data shows that much of the historical air quality performance<sup>20</sup> varies considerably from year-to-year.

This county and regional level data may not be as granular as desired for showing the impacts to Named Communities but is collected and reviewed by federal, state and local agencies and it shows overall changes in air quality for the benefit of all customers. While localizing air emissions seems like a logical next step, there is no accurate method to determine air quality for these areas without setting up air monitoring devices. With changes in technology, customer level monitoring is an option, but it may not provide accurate information or provide the necessary tracking to determine localized air quality issues.

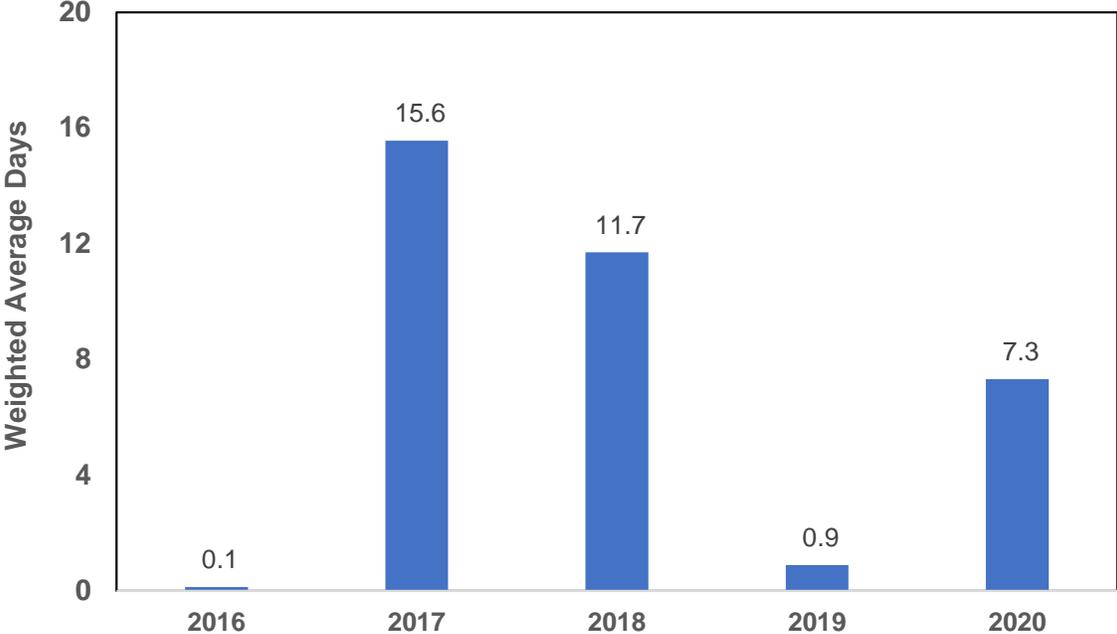
One of the primary benefits of tracking air quality on a regional basis is to have a macro-level indicator as emissions move between sectors. For example, areas Avista serves have instituted programs and regulations to improve wood burning stove emissions such as requiring EPA certified woodstoves. Even though Avista does not have any authority to regulate or directly impact air emissions from wood burning stoves specifically for

<sup>19</sup> [https://www.epa.gov/sites/default/files/2018-07/documents/mbg\\_1\\_multiplebenefits.pdf](https://www.epa.gov/sites/default/files/2018-07/documents/mbg_1_multiplebenefits.pdf)

<sup>20</sup> Data is adjusted for wildfire impacts.

Particulate Matter emissions, Avista may be an alternative supplier of heat through electricity or natural gas. As customers switch fuel sources it is possible Avista may increase certain of its own emissions while reducing the overall emissions levels of the region, such as increasing natural gas use related emissions while reducing emissions from burning wood for heat.

**Figure 3.12: Weighted Average Days Exceeding Healthy Levels**



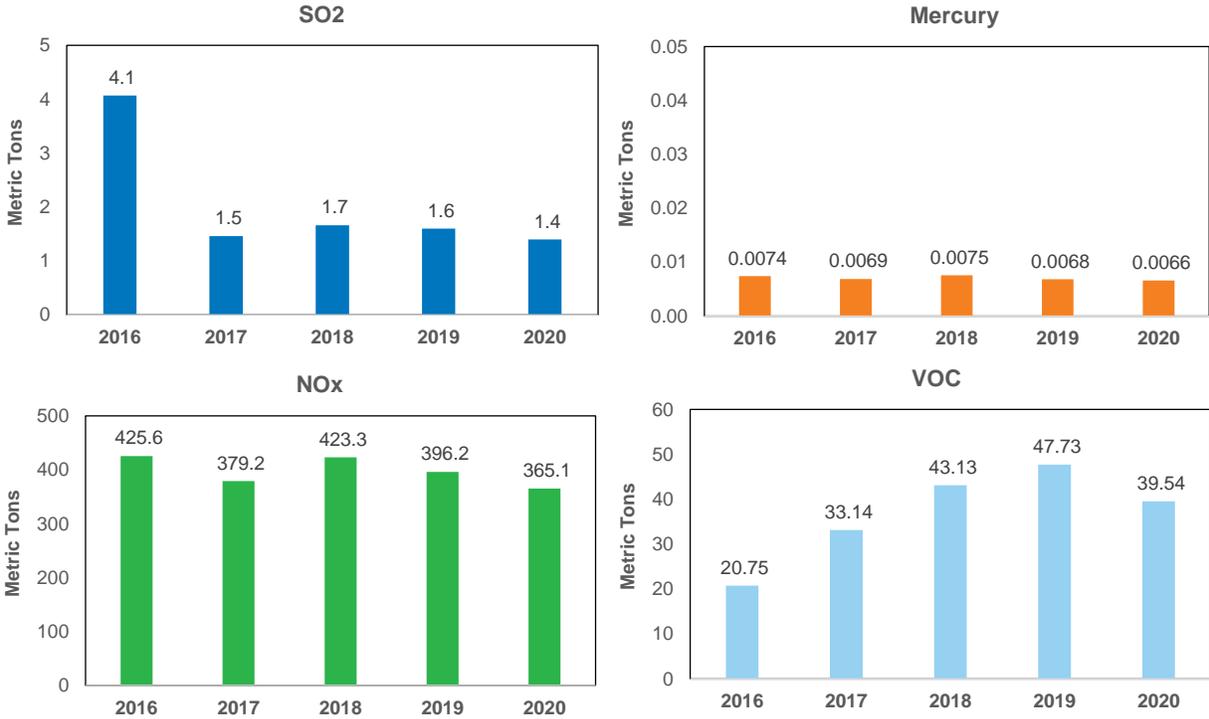
Stakeholder comments recommended including a CBI for Avista’s direct air emissions from generation to show its impact on the local service area. The best methodology to measure Avista’s direct impact on local air quality would be to measure air quality around these plants. While this may seem to be a viable plan, air quality impacts from stationary sources such as power plants have many factors that must be accounted for that impact local air quality. These issues are considered during the air permit process. This process sets thresholds for emissions at the plants to prevent air quality issues for the general area. Requirements on plants could be higher stack heights, emission controls, or run hour limitations. If the plant exceeds thresholds, then the owner faces potential fines.

Avista collects emission data and it is verified by local air quality agencies for each of its plants. The historical emissions are shown in Figure 3.13 for four pollutants within Washington State. These include SO<sub>2</sub>, NO<sub>x</sub>, Mercury, and Volatile Organic Compounds (VOC). The charts show the total air emissions for Avista’s eastern Washington plants that affect both Named Communities and all customers.<sup>21</sup> Emissions at Avista’s facilities are calculated using periodic source tests and follow production levels and will not vary unless there is a change in control of the emissions or if the results of the source test results change. Avista’s next source test for these emissions is this year, 2021.

<sup>21</sup> Includes Northeast, Boulder Park, Kettle Falls CT, and Kettle Falls.

In addition, the Company is investigating other air quality data sources and methods of better identifying air quality issues in Named Communities such as additional monitoring stations, self-reporting technologies, third-party data collection and monitoring. Avista will share the results with the CEIP advisory groups to determine their usefulness in monitoring air quality for Named Communities.<sup>22</sup>

**Figure 3.13: Avista Plant Air Emissions**



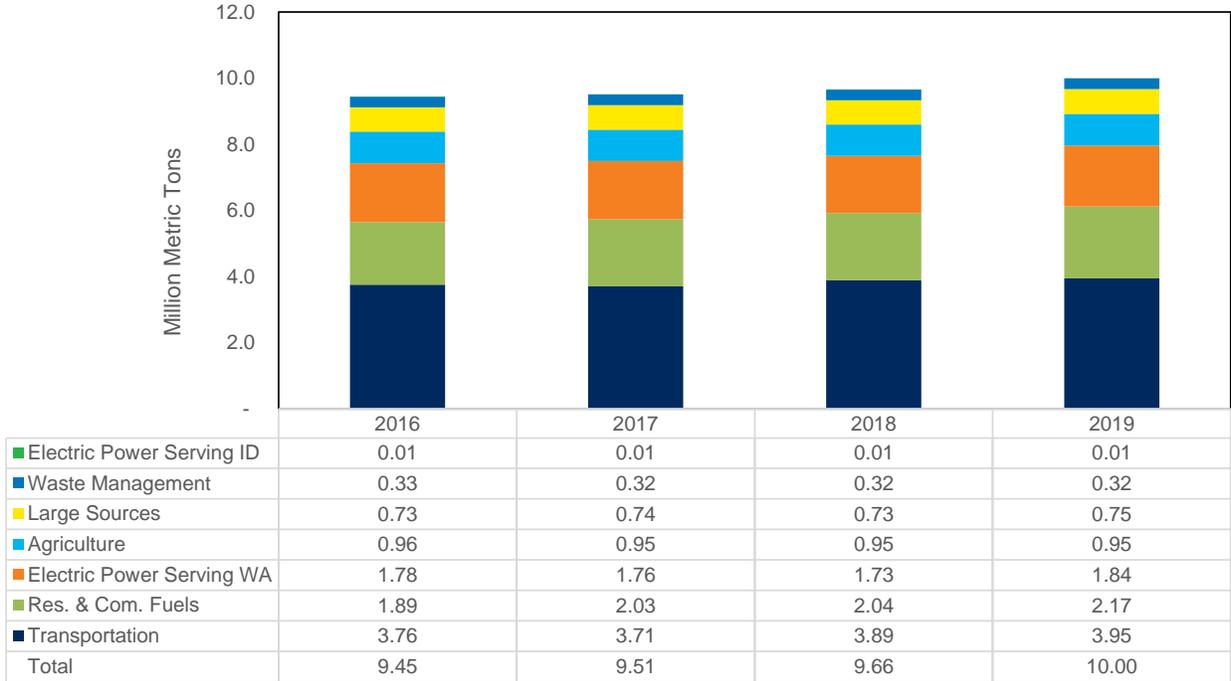
**CBI: Greenhouse Gas Emissions**

The second environmental CBI is greenhouse gas emissions. Avista is measuring both regional and Avista emissions. A regional greenhouse gas emissions perspective includes transportation, electric generation, direct customer use, industrial production, and agricultural activities. The level of emissions from Avista’s electrical system is a small component of these emission levels. As Washington transitions to cleaner transportation fuels and electrification, a regional perspective to account for these emissions is a better indicator of the effect of state policies on Eastern Washington and may shift emissions from one sector to another. For example, if Avista invests in transportation electrification, it may see increases in its short run emissions, but total emissions from a regional perspective may decline. This CBI will capture benefits where emissions move from one sector to another. The regional emissions estimates are shown in Figure 3.14; in the eastern Washington area, total emissions were approximately 10 million metric tons in 2019, nearly 40 percent of these emissions were from transportation. The second largest source of regional emissions were residential and commercial building fuels, such as

<sup>22</sup> Avista acknowledges additional work is needed. Even the Spokane Regional Clean Air Agency (SRCAA) struggles to find metrics to identify and measure air quality at a more granular level. SRCAA is considering the use of mobile monitoring or perhaps identifying ways to utilize vehicle emission repair data. Avista will continue to consult with SRCAA as one way to identify additional measurement techniques.

direct use natural gas, propane, and fuel oil. Electric generation emissions are the third largest source in the area.

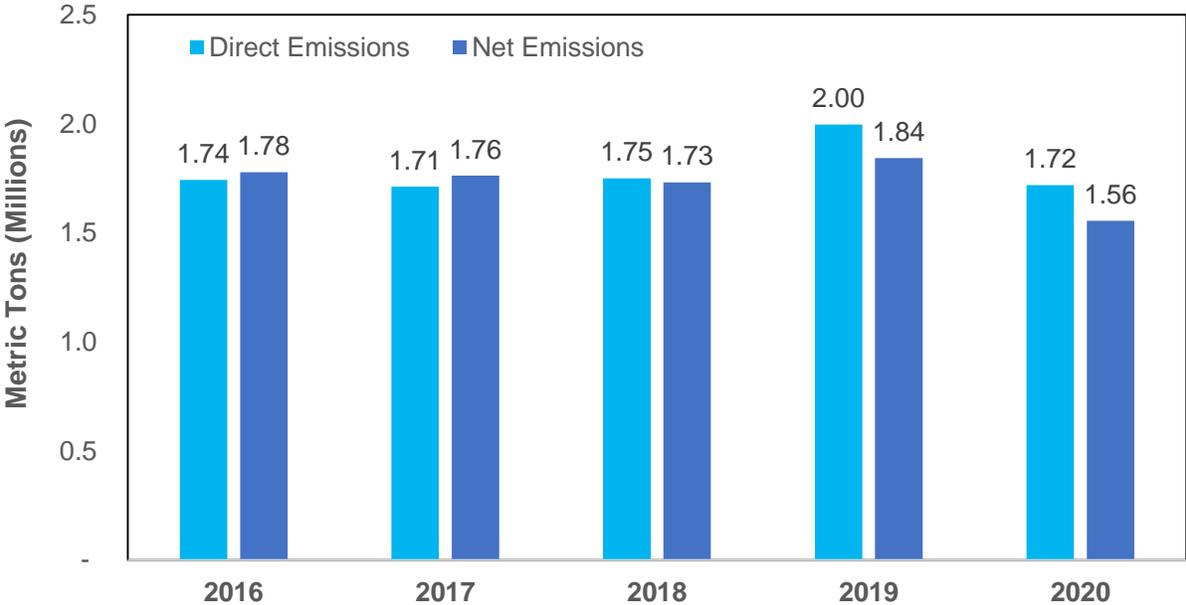
**Figure 3.14: Region Greenhouse Gas Emissions**



Avista’s emissions associated with electrical generation come from two sources, output of fossil fuel generation and emissions from power purchases on the wholesale market. From a production perspective, the Colstrip facility generates between 45 and 55 percent of Avista’s direct emissions which by law must no longer serve Washington customers after 2025. The remaining generated emissions are from natural gas-fired generation. Figure 3.15 shows two emission levels. The first is direct emissions from Avista’s generating fleet. The second accounts for power sold or purchased on the wholesale market. For example, Avista generally produces more energy than its customers consume, this figure reduces emissions for power sales, but adds emissions from the wholesale market when we purchase energy.<sup>23</sup>

<sup>23</sup> Emissions are estimated using hourly generation and wholesale purchases and sales. Avista uses data from the EIA to estimate wholesale market greenhouse gas intensity on a monthly level. Avista also increases its emissions for any specified power sales.

Figure 3.15: Avista’s Greenhouse Gas Emissions



**Public Health**

Two areas of public health were identified to measure customer benefits in consultation with the EAG. The first was systemic racism and the second is indoor air quality. To respond to these concerns, Avista developed two CBIs for measuring systemic racism and is still working to develop a method to measure indoor air quality.

The issue of systematic racism, and its applicability to the areas Avista serves and Named Communities, was a topic of conversation regarding the potential benefits of the clean energy transition, or barriers to participation in clean energy with the EAG. The nature of this discussion included how diversity in populations and certain energy characteristics may impact public health in terms of inequities in housing, economic benefits, affordability, or accessibility to Company programs due to limited education or awareness. The CDC has identified these social determinants of health as a public health concern. Materially impacting systemic racism is a much broader issue than can be fully addressed by Avista alone. However, Avista can improve diversity among its own workforce and its suppliers.

Diversity comes in many forms such as gender, ethnic, race and under-represented groups. Avista tracks currently metrics related to craft and non-craft, gender, ethnicity, and generation. Gender and racially diverse percentages are based on categories reported in the federally required Affirmative Action Plan.<sup>24</sup> In the future, as Avista provides more opportunity for people to self-identify how they see themselves, additional categories will be tracked. Diversity (gender, ethnic, race and under-represented groups) in background, experiences and perspectives will make Avista a stronger company and

<sup>24</sup> American Indian or Alaskan; Native; Asian; Black or African American; Hispanic or Latino; Native Hawaiian or Pacific Islander; and Two or More Races.

community. Additional information and its relationship to these metrics is included in Chapter 4 – Specific Actions.

### **CBI: Employee Diversity**

Avista is working towards assembling a more diverse and inclusive workforce representative of the communities it serves. Assembling a diverse workforce requires tracking employee demographics. Table 3.7 illustrates the 2020 employee demographics in the craft, non-craft, managers and directors and executive areas and serves as the baseline for this metric.<sup>25</sup> The baseline may be modified to reflect additional historical periods if the data becomes available.

Diversity is more than gender and race, however, this CBI is a first step towards identifying and tracking a more comprehensive diversity definition, as well as getting more diverse groups to apply and work for Avista. For instance, the Company is also tracking diversity in apprenticeship and training programs to ensure opportunities for employees who came from backgrounds that were previously not applying for these positions. Avista anticipates expanding the diversity definition to include other areas in the future. Developing workforce diversity will take time and the Company aspires to reflect the communities we serve by 2035 as the workforce expands to bring in new employees as current employees retire or leave for other opportunities.

**Table 3.7: 2020 Avista Employee Diversity**

Diverse	Racial Diversity		Female Gender	
	Avista	Workforce Availability	Avista	Workforce Availability
Craft	5%	13%	2%	10%
Non-Craft	9%	11%	40%	50%
Managers and Directors	7%	7%	29%	28%
Executive	8%	7%	17%	27%

### **CBI: Supplier Diversity**

Avista also recognizes the importance of supplier diversity for the communities and businesses. Increasing supplier diversity may result in economic benefits for historically under-represented businesses. This effort will be coordinated with the EAG to evaluate additional ways to strengthen supplier diversity for Named Communities.

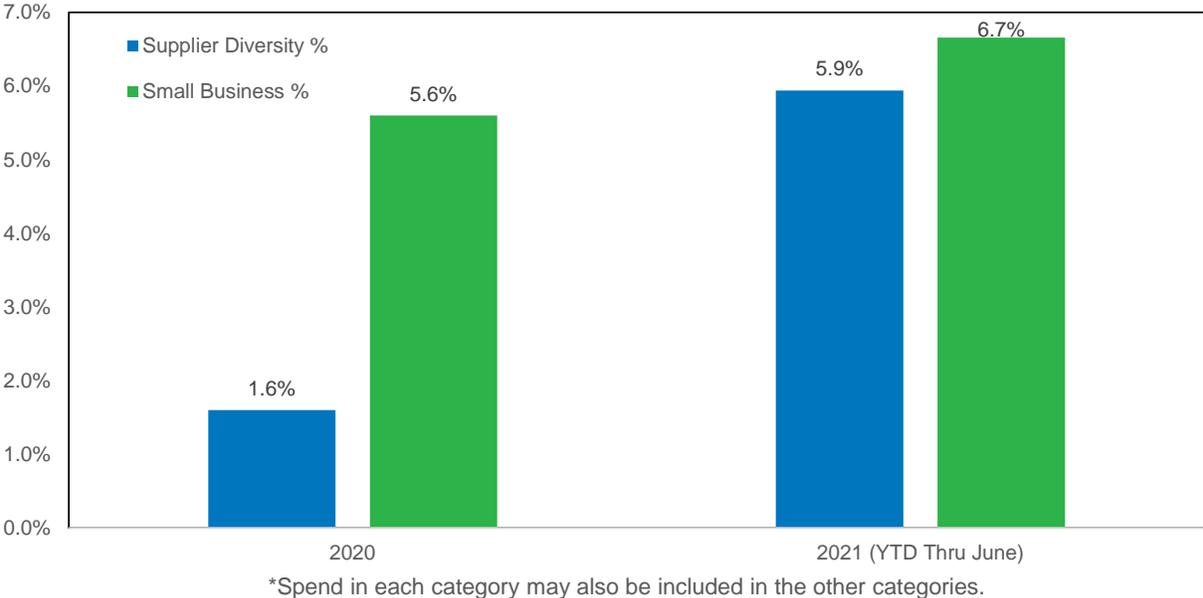
As illustrated in Figure 3.16 Avista tracks both the number of diverse suppliers as well as number of small businesses. Small businesses, as defined by the U.S. Small Business Administration, may be owned, or operated by diverse individuals. Avista is tracking this metric to better understand the diversity of our suppliers. Supplier diversity efforts for major suppliers encourages employment of and use of diverse suppliers for their supply

<sup>25</sup> Workforce availability is defined as individuals in the greater Spokane area of working age (18), based on data from the 2010 US Census data. Craft is defined as an employee who develops specific skills and a comprehensive knowledge of work processes which are acquired through on-the-job training, experience and apprenticeships, or other formal training programs. Data provided in Company workpapers for CBI: Diversity.

chain. This effort can enrich and strengthen local economies, increase sourcing options, and foster collaboration and innovation. For this CEIP, Avista is tracking only the number of diverse suppliers<sup>26</sup> with at least 51 percent ownership with an aspirational goal of working towards 11 percent supplier diversity, from the 2021 level of approximately 5.9 percent. In order to refine this aspirational goal, Avista is pursuing more information to understand business demographics within the community, which would include the businesses located in areas Avista serves. As additional information is known, goals may be modified, and this CBI will be adjusted as needed.

Figure 3.16 illustrates supplier diversity efforts by percentage spent for 2020 and through June 2021.<sup>27</sup> Informed by community demographics, Avista will work towards identifying more diverse suppliers to reach the aspirational target of 11 percent utilization with diverse suppliers.<sup>28</sup> Figure 3.16 shows that only 1.6 percent of Avista’s suppliers were diverse companies in 2020 which increased to 5.9 percent by mid-2021. Small businesses were 5.6 percent of the 2020 suppliers, increasing to 6.7 percent by mid-2021. Avista is trying increase the percentages of diverse-owned businesses it utilizes to 11 percent. Targets for small business suppliers still need to be developed for the next CEIP.

Figure 3.16: Supplier Diversity



**CBI: Indoor Air Quality**

Indoor Air quality was identified to illustrate equitable benefits of the clean energy transition in Named Communities and is often stated as a non-energy benefit of energy efficiency actions. Poor Indoor Air Quality (IAQ) directly impacts health and personal comfort. These impacts can lead to adverse long-term health effects including respiratory diseases, heart disease and cancer; as well as shorter-term effects such as colds and

<sup>26</sup> Categorized as ethnically diverse (minority)-owned, women-owned, veteran-owned, etc.  
<sup>27</sup> Due to system changes, data is readily available only for 2020 forward.  
<sup>28</sup> Suppliers provide the materials and services necessary to operate.

viral diseases.<sup>29</sup> Low IAQ could be a result of the materials used in construction such as lead, formaldehyde, Volatile Organic Compounds (VOCs), and asbestos; or as part of its surroundings such as radon or outdoor air pollution. Low IAQ can also be caused by the resident from tobacco smoke, pesticides, stoves, heaters, or other biological pollutants. The tie between IAQ and the transition to clean energy is associated with the impact of outdoor air quality improvements to ventilation often tied to energy efficiency improvements.

Avista's energy efficiency programs often involve enhancing heating, ventilation, and air conditioning (HVAC) systems that should lead to improved IAQ. Research shows that air filtration can be an effective supplement to source control and ventilation. Using a portable air cleaner and/or upgrading the air filter in an HVAC system can help improve indoor air quality.<sup>30</sup>

To measure improvements in an individual building, air quality measurement requires either a direct or an indirect method to estimate IAQ conditions. Avista is not planning to individually monitor customer homes. While there is technology for building owners to share their IAQ measurements, the technology is limited to measurement quality and types of pollutants. Avista considered other metrics to serve as a proxy for this lack of information such as estimating the number of homes with air transfer systems, counting participants in furnace filter programs, and asthma related hospitalizations. One of the biggest challenges identified in these types of measurements is how to improve building IAQ without the ability to install an air transfer system and the lack of data or correlation of IAQ to asthma related hospitalizations. Due to the challenges with this metric, Avista will continue to investigate additional methods to track IAQ with health experts, and the EAG among others.

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<sup>29</sup> <https://www.epa.gov/indoor-air-quality-iaq/introduction-indoor-air-quality>.

<sup>30</sup> <https://www.epa.gov/indoor-air-quality-iaq/air-cleaners-and-air-filters-home>.

## 4. Specific Actions

### Chapter Highlights

Acquire 195.6 gigawatt-hours of energy efficiency between 2022 and 2025 and 30 MW of Demand Reponse.

Add 421 gigawatt-hours of annual renewable energy beginning in 2025.

Establish a \$5 million annual Named Communities Investment Fund.

### Overview

To meet the requirements of the 2030 and 2045 clean energy standard,<sup>1</sup> Avista identified specific actions to meet the four-year interim targets. The Company will utilize a mix of energy efficiency, demand response, clean energy acquisitions, and other projects to progress towards meeting the interim and specific targets described in Chapter 2. These implementation actions are consistent with the requirements of WAC 480-100-640(6), and include the following:

- 2021 Electric Integrated Resource Plan (IRP) and Clean Energy Action Plan (CEAP);
- Resource Adequacy Standards;
- Lowest Reasonable Cost standard; and
- Ensuring all customers are equitably benefitting from the transition to clean energy.

The implementation actions were developed in coordination with our current advisory groups, Equity Advisory Group (EAG), and other customers to include benefit considerations related to the equitable distribution of energy, non-energy benefits and the reduction of burdens to Named Communities; long-term and short-term public health and environmental benefits and reductions of costs and risks; and improve energy security and resiliency (WAC 480-100-640 (4)(C)). A summary of the specific implementation actions for the next four-year period are illustrated in Table 4.1. The actions in this table represent those which can be quantified in megawatt hours. Several other actions are proposed in this report that are not able to be quantified in this manner. A full description

<sup>1</sup> WAC 480-100-610(2) and (3).

of specific actions, benefit areas (energy, non-energy, reduction of burdens, etc.), and associated CBI is in Appendix I.

**Table 4.1: Specific Actions (MWh)**

Program	2022	2023	2024	2025
<b>Energy Efficiency</b>				
Site Specific- nonresidential	18,809	18,809	18,809	18,809
Non-Residential Lighting	17,121	17,121	17,121	17,121
“Always On” Behavioral Pilot	4,356	4,356	4,356	4,356
Nonresidential Prescriptive	1,670	1,670	1,670	1,670
Active Energy Management	1,600	1,600	1,600	1,600
Multifamily Direct Install	1,311	1,311	1,311	1,311
Residential Prescriptive	2,143	2,143	2,143	2,143
Low Income Program	790	790	790	790
Multifamily/ Small Home Weatherization	414	414	414	414
On-bill Repayment	260	260	260	260
Market Transformation	4,818	5,782	4,818	5,782
<b>Total Energy Efficiency</b>	<b>53,293</b>	<b>54,257</b>	<b>53,293</b>	<b>54,257</b>
<b>Renewable Energy Acquisitions</b>				
Wind	0	0	0	420,480
<b>Demand Response</b>				
Industrial Demand Response	Based on Use			

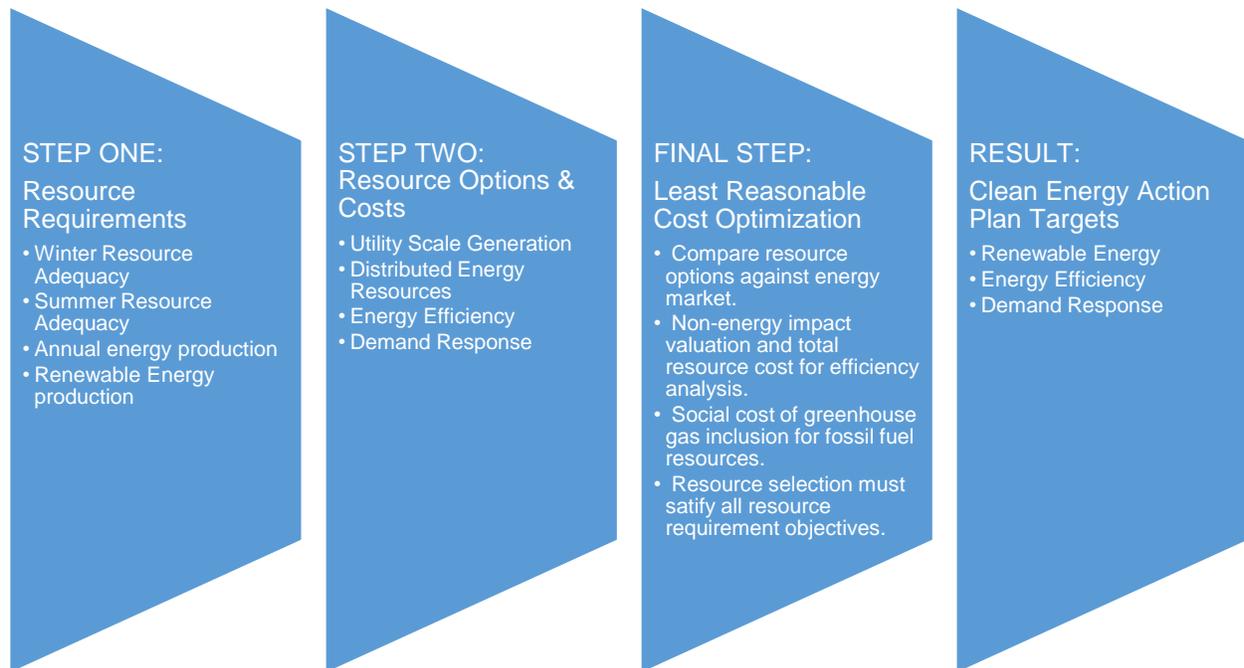
## Resource Selection – Specific Targets to Specific Actions

The CEAP specific targets and actions are from a planning process which evaluates supply and demand-side resources with a mix of strategies over expected and possible futures to determine an optimal strategy to serve customers. This process relies on modeling methods to balance cost (including societal), reliability, and rate volatility as well as environmental goals and mandates. The following section goes into the technical detail of the planning process. Basically, all of the different ways to make, save or store electricity are plugged into models considering how and when they can run, the amount of pollution they produce, and the cost to buy and operate them to decide on the mix of resources to keep the cost as low as possible while serving customers with enough cleaner electricity that is available when it is needed in the coldest parts of winter and hottest parts of summer. This is done while trying to balance the risks of power not being available, not working as planned or changes to what we assumed the future to look like.

As illustrated in Figure 4.1, the first step identifies the type of resources and associated characteristics which meet customer demand and state policy objectives. Once the type of resource is determined, Avista evaluates and identifies commercially available resources which meet customer load and regulatory requirements. The types of resources include generation, storage, energy efficiency, demand response, and distributed energy resources. The fixed and operating costs for options are estimated and included in the portfolio of resources evaluated to inform the final selection. The final step

is the Least Reasonable Cost optimization of resource selection accounting for the direct resource cost along with the economic and societal impacts. This process uses a linear program model called “PRiSM” to select resources using least reasonable cost methodology while meeting the resource requirement objectives. More detail about this process is discussed later in this chapter and in the 2021 IRP. The PRiSM model is provided on the Appendix A workpapers.

**Figure 4.1: Resource Selection Process**



The Company set specific actions for the 2022-2025 timeframe to meet the targets established through the planning process described above. A brief discussion is provided below:

- **Renewable Resources** – Avista plans to retire RECs as the primary action to demonstrate compliance with targets. Concurrently, Avista will take specific actions during the 2022-2025 timeframe to ensure enough clean electric generation is added to meet the 2030 target.
- **Demand Response** – Avista plans to acquire 30 MW of demand response. Avista will meet this target with a recently signed industrial customer demand response contract and several DR pilots.
- **Energy Efficiency** – Avista will utilize the Biennial Conservation Plan (BCP) as the road map for programs to be implemented. Programs are described fully in the BCP. Additional emphasis will be placed on Named Communities.

- Other Company Initiatives – includes Named Communities Investment Fund, Transportation Electrification, and Customer Resiliency efforts.

CETA legislation requires the Company to take resource selection one step further than described above to ensure customers are benefitting from the transition to clean energy. In meeting this requirement, Customer Benefit Indicators or CBIs were identified in coordination with Avista’s existing advisory groups, the newly formed EAG and customers through the Public Participation Process described in Chapter 6. CBIs will chart the transition to clean energy in a meaningful way to customers.

Ideally, the process for determining the Preferred Resource Strategy in the 2021 IRP and the creation of the CEAP would have included CBIs into Avista’s modeling process. However, CBIs were not available until after the IRP and CEAP was finalized so they were not included in the process. This procedural timing is very specific only to this initial CEIP; going forward the planning process will include the appropriate CBIs. However, had these CBIs been fully incorporated, due to Avista’s current supply mix and consistent with proposed interim targets, the four-year plan would not be materially different.

The Company was intentional in evaluating each CBI and how each resource decision impacts the CBI. This is not a “business as usual” construct for resource implementation. CBIs will be incorporated into the program evaluation criteria and implementation for energy efficiency and demand response and will be included in the evaluation matrix for resource selection through Avista’s resource acquisition process. Avista is committed to ensuring customers, particularly those in Named Communities, benefit from the transition to clean energy as measured in the CBIs. Each specific action and how it contributes to the equitable distribution of energy and non-energy benefits, or reduction of burdens and risks for all customers including Named Communities, along with the associated CBI, is described below.

In addition to the resources and specific actions identified through the CEAP process, Avista plans to include an additional specific action related to investment in Named Communities. Feedback received through the public participation process indicates a need for additional investment in Named Communities to ensure these communities receive the benefits from the transition to clean energy

## **Renewable Resource Interim Target Compliance Plan**

Avista will meet its interim renewable energy targets discussed in Chapter 2 – Interim and Specific Targets with existing resources. Table 4.2 outlines the specific resources Avista proposes to use for compliance. These resources’ renewable energy attributes (RECs) will be retired on behalf of customers to meet the interim targets. The first group of resources are those expected to be used for EIA compliance consisting of incremental hydro, wind, and solar energy. The EIA only qualifies some of the incremental hydro improvements whereas wind, solar and non-old growth fueled biomass all qualify. The remaining clean energy obligation for CETA will come from Avista’s large hydro generation resources. Avista selected these resources to meet its interim targets over other qualifying resources in its portfolio, such as the Kettle Falls biomass plant, as other

resources have higher REC values that will benefit customers more when sold. In current REC markets small hydro and biomass energy resources have higher market values than large hydro resources.

Avista may choose alternative resources from its portfolio to comply with the interim targets if REC market pricing changes in the future. Avista shows a long position for the RECs in Table 4.2 and will likely sell the excess RECs from this energy to benefit customers.

**Table 4.2: Renewable Resource Interim Target Compliance (MWh)**

	2022	2023	2024	2025	Total
Retail Load	5,666,821	5,695,406	5,718,980	5,740,232	22,821,439
WA PURPA	-182,565	-182,565	-183,156	-182,565	-730,852
Voluntary Clean Energy	-50,593	-50,593	-50,615	-50,593	-202,392
Net Retail Load	5,433,663	5,462,248	5,485,209	5,507,074	21,888,195
Goal Percentage	40.0	40.0	45.0	45.0	42.5
<b>Interim Procurement Target</b>	<b>2,173,465</b>	<b>2,184,899</b>	<b>2,468,344</b>	<b>2,478,183</b>	<b>9,304,892</b>
<b>EIA Qualifying Resources</b>					
Long Lake #3	18,706	18,706	18,706	18,706	74,824
Little Falls #4	1,623	931	931	931	4,416
Cabinet Gorge #2	32,818	32,818	32,818	32,818	131,272
Cabinet Gorge #3	18,024	18,024	18,024	18,024	72,096
Cabinet Gorge #4	579	579	579	579	2,316
Noxon Rapids #1	37,094	37,094	37,094	37,094	148,376
Noxon Rapids #2	11,031	11,031	11,031	11,031	44,124
Noxon Rapids #3	36,973	36,973	36,973	36,973	147,892
Noxon Rapids #4	13,969	13,969	13,969	13,969	55,876
Palouse	335,628	315,636	315,636	316,590	1,283,491
Nine Mile #1	7,460	7,460	7,460	7,460	29,840
Nine Mile #2	6,433	6,433	6,433	6,433	25,732
Boulder Park Solar	485	536	536	536	2,092
Rattlesnake Flat	205,549	214,020	226,328	229,735	875,632
<b>Total EIA Resources</b>	<b>726,373</b>	<b>714,209</b>	<b>726,517</b>	<b>730,879</b>	<b>2,897,978</b>
<b>Remaining Requirement</b>	<b>-1,447,093</b>	<b>-1,470,690</b>	<b>-1,741,827</b>	<b>-1,747,304</b>	<b>-6,406,914</b>
<b>Non-EIA Qualifying Resources</b>					
Cabinet Gorge	650,285	650,285	651,546	650,285	2,602,401
Noxon Rapids	1,027,429	1,027,429	1,029,103	1,027,429	4,111,389
Long Lake	315,353	315,353	316,373	315,353	1,262,432
<b>Total</b>	<b>1,993,066</b>	<b>1,993,066</b>	<b>1,997,022</b>	<b>1,993,066</b>	<b>7,976,222</b>
<b>Interim Target Position</b>	<b>545,974</b>	<b>522,376</b>	<b>255,195</b>	<b>245,762</b>	<b>1,569,308</b>

## Energy Efficiency

Energy efficiency focuses on reducing the amount of electricity used by increasing the efficiency of energy use. Avista provides monetary and non-monetary incentives to encourage participation in residential and non-residential programs to promote more efficient use of energy. Avista offers programs to address energy savings directly associated with a home or business, and non-energy impacts to benefit the customer, the utility or society. Programs promoting the installation and use of energy efficient equipment are resource options included in the specific actions Avista is taking to meet the clean energy goals for 2030 and 2045. Implementation actions for energy efficiency include residential and non-residential programs benefiting both participating customers with direct benefits and non-participating customers with indirect lower costs to serve all customers.

Figure 4.2 shows energy efficiency actions in this CEIP, categorized by those specifically designed for Named Communities; those designed to impact all customers (also with substantial benefits for Named Communities), and finally those specific to commercial/industrial customers.

**Figure 4.2: 2022-2025 Energy Efficiency Specific Actions**



The energy efficiency programs listed below represent specific actions for the 2022-2025 CEIP period. These actions are consistent with those identified in Avista’s Biennial Conservation Plan (BCP), which is in Attachment B.

Avista is identifying and developing a prioritization matrix for the energy efficiency programs proposed below. The initial step has been to study Non-Energy Impacts (NEIs) of existing measures. Preliminary results of that study are discussed later in this section. That work is expected to continue through 2022. In order to ensure customers benefit from the programs implemented throughout 2022-2025, Avista will consider the identified CBIs and work with the EAG to ensure the equitable distribution of programs.

### Existing Named Communities Programs

- **Low-Income Program:** The program fully funds a variety of efficiency measures including home insulation, heat pumps, lighting, and ENERGY STAR refrigerators. The program also allows agency partners to spend up to 30 percent of the budget on health, safety and repairs needed to ensure the systems and improvements the home receives are operating as intended. By eliminating out-of-pocket costs of energy efficiency upgrades, the program mitigates a significant barrier that has historically inhibited participation in energy efficiency programs by lower income customers.
- **Community Energy Efficiency Program (CEEP):** Avista currently partners with three Community Action Partnership (CAP) agencies on energy efficiency improvements for multifamily housing and converting income-qualified homes with alternative heat such as wood and oil to a heat pump system. Another component of the offering matches utility incentives for small businesses in rural communities. These programs impact individuals in Named Communities given the socioeconomic factors related to low-income or type of home such as multifamily residences, and rural communities with businesses that may be sustaining the day-to-day operations of the town.

**Weatherization Programs for Named Communities (2021-2022):** Avista initiated two pilot programs with Named Communities in 2021. The first pilot leverages existing partnerships to provide insulation, heating ventilation and air conditioning (HVAC) equipment and window upgrades to a small nonprofit housing provider's entire single family and duplex portfolio. The second pilot addresses energy needs of a resident-owned mobile home community where most residents are members of Named Communities. This pilot program provides health and safety updates, as well as window, insulation, HVAC, and hot water system upgrades to many residents in this community.

- **Multifamily Direct Install:** This program provides direct-installation of energy efficient lighting, low flow showerheads, faucet aerators and other efficiency measures in residential buildings of five units or more and is targeted at hard-to-reach markets. The program is designed for all customers but will reach many members of Named Communities, particularly those who rent their home. This program is currently on hiatus due to the COVID-19 pandemic.
- **Residential Prescriptive Programs/Small Home Weatherization:** Prescriptive rebate programs offer financial incentives to encourage customers to adopt qualifying energy-efficiency measures. Incentives are for HVAC systems, water heating, window and insulation upgrades, and appliances. Residential prescriptive programs typically cover single-family homes up to a four-plex, with single family homes having a minimum energy usage requirement to participate. While this program is designed for all customers, it could also benefit members of Named Communities in smaller sized homes.

- **Commercial and Industrial Business Partner Program:** This program targets rural small business customers by bringing awareness of utility programs and services to assist them in managing energy bills. The initiative includes an energy-efficiency assessment and information about other services such as billing options and rebates. If an energy efficiency project is identified and qualifies for a utility rebate, CEEP funding is also leveraged to match the rebate to assist with out-of-pocket expenses. This program serves rural business owners, some of whom may be members of or serve members of Named Communities.
- **Home Energy Audit Program:** This pilot program provides residential customers with a free home energy audit. Identified efficiency measures may be installed on site (e.g. screw-in LED lights), while other efficiency measures are recommended for future projects. This program reaches all customers.
- **On-Bill Repayment:** Scheduled to be available October 2021, this new program allows customers to finance energy efficiency projects by offering loans at competitive rates and allowing customers to repay the loan on their monthly Avista bill. The program helps customers overcome the up-front cost hurdle for energy upgrades and gain the benefits of efficient energy. Loans are administered by a third-party lender who provides reasonable loan rates that are more accessible to loan applicants than a typical private loan. While this program is open to all residential and general service customers, it can help members of Named Communities by providing access to credit at lower rates with more flexible credit qualification requirements.
- **Market Transformation:** Avista invests in regional efforts to promote energy efficiency and expedite the creation and adoption of new technologies. These efforts helped technologies such as LED lighting, ductless heat pumps, water heaters, smart thermostats, and other energy efficiency items. These partnerships benefit all customers, including those in Named Communities.

### New Program Offerings for 2022

Avista's specific actions are not limited to programs currently in effect for 2021. As part of the Named Communities Investment Fund, described later in this chapter, Avista is considering additional programs for 2022 which benefit Named Communities and meet the CETA requirements to ensure all customers are benefitting from the transition to clean energy. These potential programs will total approximately \$2 million in new energy efficiency investments in Named Communities annually over the CEIP implementation period. Avista will work closely with the EAG and the Energy Efficiency Advisory Group (EEAG) to seek input and feedback on program design elements and outreach methods.

- **Community-Identified Projects:** Avista will invest in energy efficiency projects in communities identified as high priority by its equity partners, including the EAG. This approach allows flexibility to direct efforts to specific areas of need. The nomination and selection process will be developed in early 2022. Avista will consult with its EEAG on this approach and if agreement is attained, will work with

its EAG to identify which programs best meet the needs of our customers with a close focus on equity. Avista anticipates program/project implementation in mid to late 2022. The Community-Identified Projects approach will be limited to annual funding of \$500,000 with any unspent funds carried forward into the next year.

- **Wood Stove Replacement Partnership with the Spokane Clean Air Agency:** Avista will partner with the Spokane Clean Air Agency in 2022 to develop and implement a comprehensive wood stove replacement and weatherization program for all Spokane County residences. This program is in early design stages, and as such it is difficult to provide specific impacts to existing CBIs. However, Avista anticipates some correlation with indoor air quality as well as outdoor air quality. As noted in Chapter 3 – Customer Benefits, these impacts may be difficult to measure.
- **Multifamily Building Split Incentives:** Many customers with high energy burdens are renters so the problem of split incentives in multifamily scenarios needs to be addressed. Avista plans to pilot incentives for landlords with multifamily properties in Named Communities to encourage efficiency investments in their rental units. Avista is proposing a focused approach on multifamily units and may include full funding of insulation measures, higher incentives for windows and doors, and up to 50 percent of the total cost for ductless heat pumps, water heaters, and smart thermostats. The Multifamily Building Split Incentives program will be limited to \$750,000 per year with unspent funds carried into the next year.
- **Health and Safety for Manufactured and Mobile Homes:** Health and Safety funds will be provided to manufactured and mobile home communities without requiring the repairs are associated with an energy efficiency project and the qualifying metric will be if the repair leads to reducing energy burden. This modification addresses untreated homes owned or rented by Avista customers that suffer from a significant shell, function, or structure deficiency. Health and Safety will be the emphasis of this program; however, Avista will also offer insulation measures for dwellings in an extreme state of disrepair or with inadequate insulation levels. The Health and Safety for Manufactured and Mobile Homes program will be limited to \$400,000 per year with any unspent funds carried into the next year.

- Named Communities Single Family Weatherization:** The single-family segment represents the largest number of customers with a high energy burden. This program will serve customers in Named Communities with an energy burden over 6 percent regardless of income. Avista will provide full funding for insulation measures and higher incentive amounts for doors and windows consistent with the existing low-income program. Avista will also explore ways to link this program with On-Bill Repayment, which provides low interest rate financing for energy efficient equipment. The Named Communities Single Family Weatherization approach will be limited to \$250,000 per year with any unspent funds carried into the next year.
- Community and Small Business Energy Assistance in Named Communities:** Leveraging the existing weatherization or business partner programs (or elements of both), Avista will offer free or low cost energy efficiency and weatherization upgrades to small businesses and nonprofit, community based, and religious organizations serving Named Communities. This program aligns with feedback from the EAG that more neighborhood-level investment is valued by Named Communities. This approach will be limited to \$100,000 per year with any unspent funds into the next year.
- Always-On Behavioral Pilot Program:** In the second quarter 2022, Avista will launch a pilot approach to providing effective messaging to customers encouraging reduction of wasted energy in their homes. The Always-On pilot will leverage Advanced Meter Infrastructure (AMI) usage data. Avista will be able to provide participants with usable information on their energy use with an emphasis on ways to reduce idle energy use that customers use continually throughout the day. As a component of program design, Avista is also considering a monetary incentive for customers to successfully lower their monthly idle load. This program will serve all residential customers.
- Midstream Incentives:** Avista is designing a midstream incentive program to ensure more customers receive energy efficiency benefits within our communities. This program will provide an incentive or discount at the distributor level, including a discount for an efficient product within the purchase price of the unit. Midstream or “instant rebate” models are popular with customers because they do not require a rebate form or qualifying process; customers simply pay a lower price. As our insight into customers with high energy burden improves, we may be able to target customers with tailored marketing materials and/ or additional bonus incentives.

### Programs Under Consideration Beyond 2022

Avista is exploring two potential programs tailored to help members of Named Communities reduce energy burden, both of which were recommended in Empower Dataworks’ Energy Burden Reduction Strategy. These programs are in the early assessment and exploratory phases, and additional planning work needs to be done before a decision can be made to implement these recommendations. This includes the development of a ranking/ prioritization mechanism for CETA related programs so that

Avista, with guidance from the EAG and the EEAG, can assess which opportunities most align with CETA goals.

- **Single Family Split Incentives:** As a continuation of the multifamily split incentive and the single-family weatherization programs, Avista is exploring opportunities to test efficiency incentives for landlords of single-family properties in areas of high energy burden in Named Communities. Landlords with fewer properties and capital tend to serve customers in Named Communities and are often challenged by unexpected expenses related to appliance or HVAC equipment replacement. Landlords may appreciate low-cost and/or on-bill loans or incentives for efficient equipment replacements and upgrades. Communication to landlords could include messages about the non-energy benefits of energy efficiency, such as lower tenant turnover and increased property values.
- **Energy Ambassadors:** Two primary challenges to program participation for customers in Named Communities are a lack of trust and awareness of programs. In many Named Communities, members of these communities often assist and advise other community members in interacting with government, agency, and utility programs on a volunteer basis. An Energy Ambassador program could formalize this role and offer compensation to “energy ambassadors” who are also members of Named Communities and perform services such as outreach and enrollment in Named Communities. Energy Ambassadors could also choose to undertake specific training, such as walk-through energy audits, to help the community assess energy needs and help identify potential programs. This program would include community-based investment by compensating and training Energy Ambassadors. It also aligns with feedback from the EAG that communities value outreach from members of Named Communities.

### Measurement Tools

Historically, Avista has tracked the effectiveness of energy efficiency measures in compliance with regulation established in the EIA. Washington utilities are required to provide targets for their energy efficiency efforts, or kilowatt-hour savings, annually in their Annual Conservation Plan. Limiting measurements to kilowatt-hour savings only does not adequately represent the efforts or impact of energy efficiency measures among other customer types, particularly in Named Communities. CETA is more focused on the equitable distribution of energy and non-energy benefits, and other benefit areas described in WAC 480-100-640 (4)(b).

This additional focus presents an opportunity for utilities to consider how programs may benefit customers beyond energy savings. CETA’s focus provides Avista an avenue to explore additional methods to meet a range of energy and equity goals to better serve customers’ energy needs beyond energy savings. Avista will develop goals and metrics to track program impacts beyond kilowatt-hour savings and related expenditures and will continue to demonstrate efforts the utility is making to help customers reduce their energy burden and realize other benefits. CBIs will help evaluate the success or failure of programs for energy efficiency and other measures. Avista conducted its first non-energy

impact (NEI) study, which is described later in this chapter and in the Company's ACP. Tracking the distribution of NEIs is an important step towards a broader goals and metrics framework to understand the impacts of programs through a CETA lens.

To better inform this broadening focus, Avista has made some initial changes to research and plan protocols, including an inaugural energy burden assessment and development of our first energy burden reduction plan, which will be included in the company's 2022 ACP filing. In this first CEIP implementation period, Avista will make additional changes to planning and evaluation metrics to benefit all customers, but especially those in Named Communities. These changes include adoption of energy burden reduction metrics for relevant conservation programs, designing/redesigning programs with energy burden reduction goal and implementing an energy burden reduction monitoring plan.

Avista will work closely with its EEAG and EAG to improve existing programs with a focus on the equitable distribution of benefits. This is consistent with Empower Dataworks' recent Energy Burden Assessment of Avista programs which concluded that the most effective means to reduce energy burden throughout the 2022-2025 CEIP implementation period is to focus on targeting high-burden households through existing programs. Avista will work closely with both advisory groups to identify and develop targeted marketing and outreach strategies for Named Communities. This body of work will also be informed by energy burden assessment and monitoring efforts.

### **Balancing Funding Challenges with both CETA and EIA Requirements**

Residential programs serving Named Communities should help customers meet these broader energy goals, while non-residential programs continue to deliver robust, cost-effective energy savings. To realize this future, Avista must design programs to balance CETA goals with efficiency obligations required by the EIA.

Non-residential programs are the main contributor to Avista's kilowatt-hour savings targets, and therefore the largest category of efficiency related spending. This is pertinent given that Avista's most recent Conservation Potential Assessment shows a decline in residential savings potential, while nonresidential savings potential remains robust.

As Avista identifies new ways to meet customers' broader energy needs, new programs may have funding needs outside of the existing LIRAP and the Energy Efficiency tariff riders. In an effort to develop more flexibility within these existing mechanisms and create more funding for programs serving Named Communities, Avista modified its Schedule 90 tariff to include funding for up to 100 percent of project costs for installation and use of energy efficiency equipment for Named Communities, as well as related health and safety of the customer or community.

While new funding options create space for helping meet broader energy needs, it is critical to assess current funding levels and funding impact to ensure that Avista continues to make prudent use of investments in customer efficiency programs.

The specific actions discussed above are summarized according to program type, identifying associated benefit area and CBI in Table 4.3. Each program is fully described in Attachment I.

**Table 4.3: 2022 to 2025 Energy Efficiency Specific Actions**

Program	Benefit Area	CBI Impacted
Low Income Programs	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in Company Programs
		Number of Households with a High Energy Burden
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Reduction in Burden, Cost Reduction, Non-Energy	Named Community Clean Energy
		Investments in Named Communities
	Energy, Resiliency, Risk Reduction	Outage Duration
Environmental, Public Health	Greenhouse Gas Emissions	
Public Health, Non-Energy	Supplier Diversity	
	Indoor Air Quality	
Named Communities - NEW	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in Company Programs
		Number of Households with a High Energy Burden
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Reduction in Burden, Cost Reduction, Non-Energy	Named Community Clean Energy
		Investments in Named Communities
Environmental, Public Health	Greenhouse Gas Emissions	
Public Health, Non-Energy	Indoor Air Quality	
Multifamily Direct Install	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in Company Programs
		Number of Households with a High Energy Burden
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Reduction in Burden, Cost Reduction, Non-Energy	Named Community Clean Energy
		Investments in Named Communities
Environmental, Public Health	Greenhouse Gas Emissions	
Public Health, Non-Energy	Indoor Air Quality	
Residential Prescriptive Programs	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in company programs
		Number of Households with a High Energy Burden
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Reduction in Burden, Cost Reduction, Non-Energy	Named Community Clean Energy
		Investments in Named Communities
	Energy, Resiliency, Risk Reduction	Outage Duration
Environmental, Public Health	Greenhouse Gas Emissions	
Public Health, Non-Energy	Indoor Air Quality	

Program	Benefit Area	CBI Impacted
Multifamily Weatherization	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in company programs
		Number of Households with a High Energy Burden
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Reduction in Burden, Cost Reduction, Non-Energy	Named Community Clean Energy
		Investments in Named Communities
	Environmental, Public Health	Greenhouse Gas Emissions
Public Health, Non-Energy	Indoor Air Quality	
On-Bill Repayment	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in company programs
		Number of Households with a High Energy Burden
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Reduction in Burden, Cost Reduction, Non-Energy	Named Community Clean Energy
		Investments in Named Communities
	Environmental, Public Health	Greenhouse Gas Emissions
Public Health, Non-Energy	Indoor Air Quality	
Market Transformation	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in company programs
	Environmental, Public Health	Greenhouse Gas Emissions
Always On Behavioral Program	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in company programs
		Number of Households with a High Energy Burden
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Reduction in Burden, Cost Reduction, Non-Energy	Named Community Clean Energy
		Investments in Named Communities
	Environmental, Public Health	Outdoor Air Quality
Public Health, Non-Energy	Greenhouse Gas Emissions	
Pilot Programs	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in Company Programs
	Environmental, Public Health	Greenhouse Gas Emissions
Site Specific / Customer Projects	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in Company Programs
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Environmental, Public Health	Outdoor Air Quality
		Greenhouse Gas Emissions
Commercial Interior and Exterior Lighting	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in Company Programs
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Environmental, Public Health	Greenhouse Gas Emissions

Program	Benefit Area	CBI Impacted
Commercial Prescriptive Programs	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in Company Programs
		Number of Households with a High Energy Burden
	Environmental, Public Health	Greenhouse Gas Emissions
	Public Health, Non-Energy	Indoor Air Quality
Active Energy Management	Reduction in Burden, Cost Reduction, Public Health, Environment, Energy	Participation in Company Programs
	Non-Energy	Availability of Methods/Modes of Outreach and Communication
	Environmental, Public Health	Greenhouse Gas Emissions

### Equity and Customer Impacts

The culmination of energy efficiency programs is the most readily available source for benefits of the transition to clean energy by impacting every equity area in Avista's CEIP. Lower energy use contributes to the reduction of economic burdens for Named Communities, reduced costs for all customers, and positively impacts the environment which impacts public health. Descriptions of each equity area as it relates to energy efficiency are discussed throughout this CEIP and outlined below.

- **Energy Benefits:** Energy efficiency programs may delay, reduce, or eliminate the need for traditional infrastructure while contributing to a more reliable, resilient, and secure system at a lower cost to customers than what may have been possible without these programs. Efficiency programs also reduce monthly energy bills for participants. The Participation in Company Programs CBI will measure the direct benefit of these programs and inform progress in increasing participation rates in energy efficiency programs.
- **Non-Energy Benefits:** According to a 2021 study of non-energy impacts performed by DNV<sup>2</sup> for Avista, each customer segment has a unique set of NEIs with varying financial values. For residential customers in Named Communities, the contribution of measures towards health and safety impacts had the highest value. This category includes impacts from the use of specific measures resulting in avoided medical costs in hospitals or other health related needs. As described, many of these programs are designed to find new ways to reach customers and increase savings. Avista expects these indicators to improve over the 2022-2025 period. For more information on how Avista will use NEI's in its energy efficiency program, please see Section VI of the 2022 Electric Annual Conservation Plan. The DNV study is in Appendix D of the 2022 Electric Annual Conservation Plan. In addition, the Company will track the non-energy benefits associated with the CBI: Participation in Company Programs through energy efficiency programs and saturation rates, as well as increased opportunities for education and awareness through outreach events tracked in CBI: Availability of Methods/Modes of Communication.

<sup>2</sup> DNV is a global research firm specializing in non-energy impact analysis.

- Reduction in Burdens: For customers who are members of Named Communities, energy efficiency programs will result in savings on their energy bill and reduce the burdens associated with other economic hardships. In addition, lower up-front equipment costs or efficiency upgrades may reduce or eliminate energy costs associated with energy efficiency upgrades or more efficient appliances. Free energy audits provided through commercial business partners provide an avenue for education and information, which provides benefits in accessing clean energy. Three CBIs measure where energy efficiency reduces energy burden: (i) Number of Households with a High Energy Burden, (ii) Participation in Company Programs, and (iii) Availability of Methods/Modes of Outreach and Communication. Avista expects these indicators will improve between 2022 and 2025 from these actions.
- Environmental: Energy efficiency reduces the need for new resources and lessens the requirements for existing resources, providing a potential reduction in outdoor air pollution from emitting resources. These benefits will be demonstrated using the Greenhouse Gas Emissions and Indoor and Outdoor Air Quality CBIs. Energy efficiency reduces demand on the system, but this reduction may not lead to significant local reductions to emissions.
- Cost Reduction: Customers who participate in energy efficiency programs will have cost reductions due to using less energy. Energy efficiency will reduce the growth of overall customer cost by postponing or avoiding construction of new generating or distribution system facilities and the need to buy or produce as much energy or increase distribution system capability. However, not all energy efficiency measures will have this benefit, as some programs will increase customer costs in exchange for societal benefits. Avista will track these effects in the CBI: Number of Households with a High Energy Burden and CBI: Participation in Company programs.
- Public Health: Energy efficiency programs can support physical and mental health primarily by improving indoor living environments with healthy air temperatures, humidity levels, noise levels and improved air quality, as well as increased thermal comfort. In addition, replacing older, inefficient equipment with better ventilated equipment may improve indoor air quality. Finally, customers in Named Communities who switch from wood to a clean energy heat source will also benefit from improved air quality. Avista is in the process of developing a measurement for improved health outcomes for indoor air quality.
- Energy Security: Efficiency programs can reduce both energy use and peak demand, thereby reducing the need for more generation. Energy efficiency is also a local resource which increases energy security by avoiding the need for other resources outside of the community. Avista measures this customer benefit by measuring the resources used to serve load directly connected to its transmission system or within Washington. These resources should improve this customer metric.
- Energy Resiliency: Because energy efficiency programs reduce both base and peak loads, they can contribute to overall strategies to increase grid resiliency and may

improve outages and the time to repair them by reducing load on the distribution system. The Outage Duration CBI should benefit from energy efficiency programs where outages are a result of excess stress on the system due to increased loading.

Table 4.4 categorizes the CBIs for energy efficiency described above and provides a directional indicator of the impact each of them will have on the distribution of customer benefits and burdens during the implementation period.

### Energy Efficiency Distribution of Nonenergy Impacts

Understanding and quantifying the distribution of nonenergy impacts (NEIs) is important to progress towards a more robust understanding of the costs and benefits energy efficiency programs have for customers beyond kilowatt-hour savings. By assigning a numeric value to impacts from efficiency measures and programs, the utility is taking a critical step towards quantifying CBIs to measure progress towards CETA goals.

To obtain an initial NEI value for efficiency measures, Avista recently retained DNV to conduct a comprehensive NEI study for energy efficiency measures. DNV provided a detailed set of deliverables, including a quantified NEI value for most measures in Avista's energy efficiency programs. These NEI values came from several studies and consider societal, participant and utility impacts.

Avista utilized this study to map NEIs to CBIs, and to develop an initial forecasted distribution of NEIs for Avista customers in Washington, as required by WAC 480-100-640(3)(a)(i).

Table 4.4 groups each NEI into the most relevant CBIs identified by the EAG. The overall impact of each NEI has been given a rating of None, Low, Medium, or High to indicate the overall benefit of each NEI associated with a bundle of energy efficiency measures.

The NEIs identified in the initial study most closely map with three CBIs above. Portions of some NEI values could be attributed to other CBIs or equity areas, but the above distribution is the most accurate classification of NEIs.

The impact of energy burden reductions is most notably seen with the energy savings derived from the use of high efficiency equipment. The NEIs included in this CBI category are supplemental to that energy benefit. Some NEIs, such as "calls to the utility", have both a utility benefit and a customer benefit. When customers have a manageable energy burden, they may be less likely to contact the utility regarding energy assistance options. Likewise, "Bad Debt Write Off" is also a benefit, but it is influenced by programs that provide positive impacts to customers by enabling them to stay current on their energy bills.

**Table 4.4: Energy Efficiency Non-Energy Impacts and Customer Benefit Indicator**

Customer Benefit Indicator	Non-Energy Impact	Low Income Impact	Residential Impact
Indoor Air Quality	Avoided illness from pollution	Low	Low
	Health and safety	<b>High</b>	Low
Energy Burden <sup>3</sup>	Bad Debt Write-offs	Med	None
	Calls to utility	Low	None
	Carrying cost on arrearages	Low	None
	O&M - Participant	Low	None
	Thermal Comfort	<b>Med</b>	Low
Investments in Named Communities	Ease of Selling or Leasing	Low	<b>Med</b>
	Fires/insurance damage	Low	<b>High</b>
	Noise - Participant	Low	<b>Med</b>
	Other Impacts - Participant	Low	Low
	Other Impacts	<b>Med</b>	<b>High</b>
	Productivity	Low	None

Figure 4.3 provides an NEI value for each program based on the anticipated level of program activity and aggregated NEI values for measures in each program. The highest overall NEI values are associated with commercial programs driven by large savings goals for Site Specific and Commercial Lighting programs, (these are the two largest savings goals in the non-residential program portfolio). This figure illustrates the impact of current program costs, as opposed to only kilowatt-hours saved. Measure-level NEI values are provided in Avista's 2022 Biennial Conservation Plan, Appendix B.

<sup>3</sup> While this table provides the Non-Energy Impacts associated with each CBI, it should be noted that the Energy Benefit of each measure is a primary attribute of energy burden reductions. This is measured by the reduction in energy use from the installation of energy efficient equipment. The NEI values are complementary to the impact derived from the reduction of energy use.

**Figure 4.3: Projected NEI for Current Avista Programs (2022-2025)**

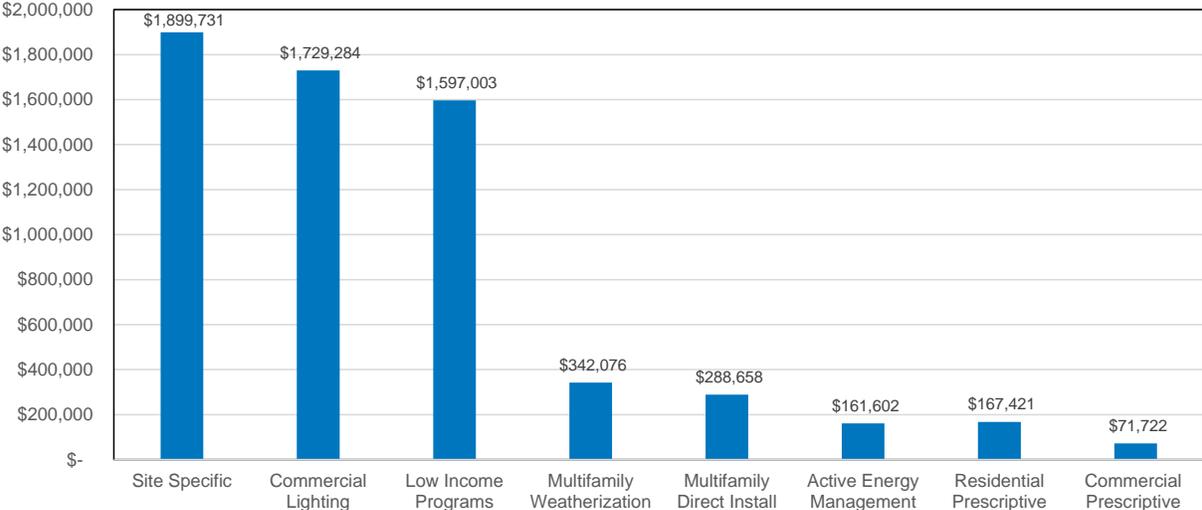
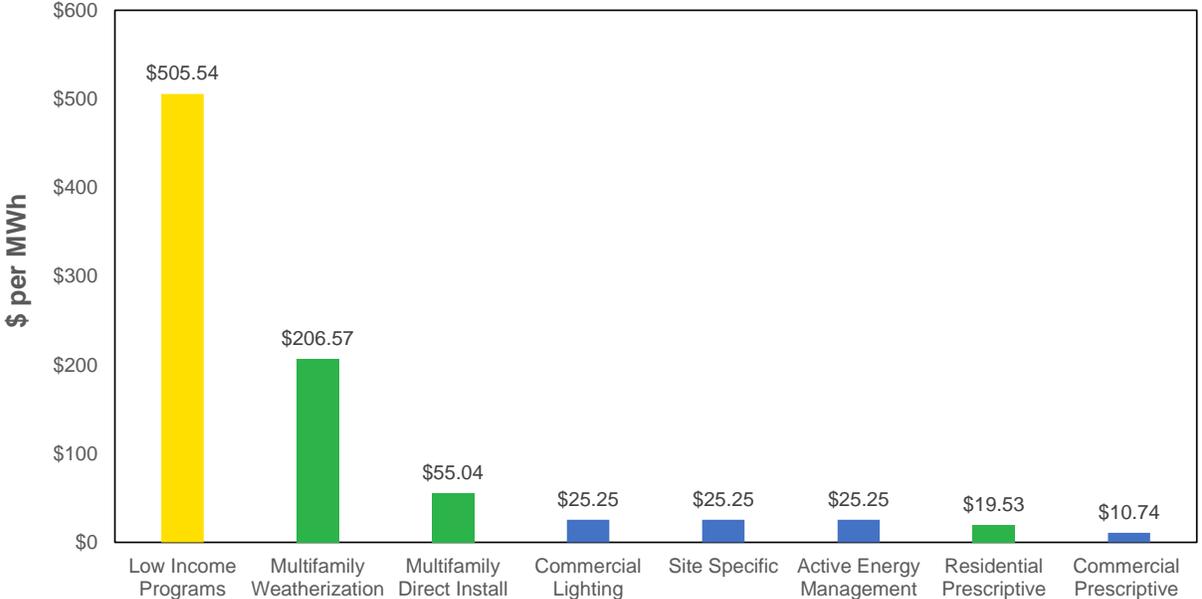
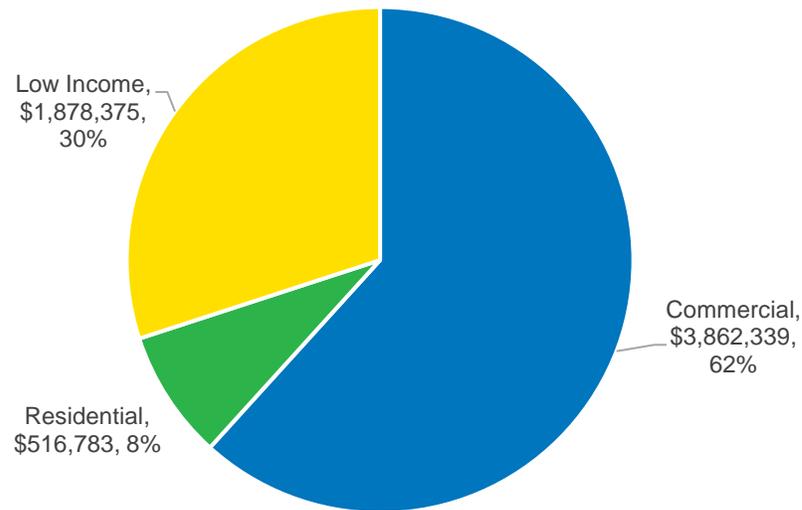


Figure 4.4 translates these saving per MWh for different program types. Low-income programs have the highest NEI dollars per MWh for the 2022-2025 CEIP, at almost \$506, compared to just over \$25 NEI dollars per MWh for commercial lighting and site-specific programs. As such, Avista’s specific actions/programs have a greater impact to customers.

**Figure 4.4: Projected Program NEI per MWh (2022-2025)**



Avista is working towards a more robust analysis of NEI distribution across multiple categories, such as income or geographic areas. Avista developed an initial forecasted distribution of non-energy benefits by sector with this initial value framework for NEIs shown in Figure 4.5.

**Figure 4.5: Estimated Distribution of NEI Values (2022-2025)**

One caveat to the above forecast is that a methodology for dividing benefits between Named Communities and other customers still needs to be developed. In the absence of this framework, Avista assumes that low-income program NEIs go primarily to Named Communities and commercial program NEIs go primarily to commercial customers, most of whom are not members of Named Communities. Residential programs are assumed to include a mix of NEIs for all customers, including Named Communities. Empower Dataworks estimated that approximately 71 percent of multifamily direct install programs and 15 percent of residential prescriptive and multifamily weatherization program participants meet current low-income definitions. Avista used these assumptions to develop this initial forecasted distribution of NEIs.

### Limitations of the Initial NEI Data to Inform Programmatic Strategy

While this initial NEI study provided a new way of evaluating programs, there are limitations that Avista must consider as it works towards a more robust forecasted distribution of nonenergy costs and benefits.

First, this initial study has assigned NEIs only to energy efficiency measures currently offered through Avista programs. As demonstrated in the preceding program descriptions, Avista is taking several non-savings approaches to energy burden reduction for Named Communities. Because it is usage based, this NEI framework does not currently include a way to measure NEIs for these additional non-energy savings approaches. New efficiency measures for 2022 have also not yet been evaluated in this framework.

Second, values currently assigned to NEIs have been categorized based on whether the measure is in a low income, residential or nonresidential program. Although the methods used to derive NEIs in the initial study are robust and rigorous, they do not include a framework for assigning value based on if a customer is in a Named Community. This gap may shrink or disappear as our understanding of Named Communities develops; but at this time there is slight mismatch between program categories created before CETA

(low income, residential, and commercial) and programs being designed to serve Named Communities.

Third, for several non-residential programs it is difficult to estimate the NEIs since the program offering is customized to each business. Programs such as Site Specific and Active Energy Management may address industry specific areas and different technologies. Avista utilized the non-residential lighting value consistent with its lighting programs to estimate the NEI values.

Finally, this framework does not yet allow for geographically specific evaluation of NEI values, nor does it allow for stratification of data by income level. A forecasted distribution of NEIs by income or by geographic location will need more customer-level data than Avista currently collects. Avista is in discussions with partner agencies about whether this data can be captured at the project level. Outcomes from these discussions, as well as other insights gained as CEIP implementation unfolds, will determine the extent Avista can provide an accurate projection of geographic and/or income distribution of NEIs.

### Proposed Cost

The proposed cost for Avista’s energy efficiency programs for the 2022-2025 implementation period, inclusive of all programs, pilots and studies but excluding NEEA-related expenditures, is \$87.45 million as shown in Table 4.5.

**Table 4.5: 2022 to 2025 Energy Efficiency Cost Estimate (Millions)**

Year	Incentives/ Direct Customer Benefit	General Implantation Expense	Total Spending
2022	\$15.71	\$5.98	\$21.68
2023	\$15.71	\$6.09	\$21.80
2024	\$15.71	\$6.22	\$21.92
2025	\$15.71	\$6.34	\$22.05
<b>Total</b>	<b>\$62.83</b>	<b>\$24.63</b>	<b>\$87.45</b>

### Demand Response

The deployment of AMI will provide customers access to detailed and near real-time energy-use. Coupled with utility-provided information and education on energy conservation, customers will have new and advanced tools to make structural and behavioral changes to reduce energy use and cost. Demand response activities will also provide an avenue for implementing several programs including time of use and peak time rebate pilots. The projects currently being considered are as follows:

- **Time of Use Pilots:** Using interval data from our AMI system, Avista will use load disaggregation to identify households charging electric vehicles. As a next step, we will develop and offer time of use pilots and other tools these customers may use to help move vehicle charging away from periods of peak demand. Overall, the AMI enabled tools will help us better optimize long term electric vehicle loads

within Avista’s electric system. Avista committed to developing a time of use pilot in the 2020 General Rate Case.<sup>4</sup> As this pilot is in the design phase, no estimated costs are available. Preliminary work will begin as early as third quarter 2021 with proposals presented by May 31, 2022. Pilots will be implemented no later than June 1, 2023.

- **Peak Time Rebates:** Avista will utilize AMI data to identify and develop peak time rebate programs to incentivize customers to use less electricity during peak time events. In addition to lower costs and burdens, reduced energy usage in peak times may result in less needs for new resource capacity and distribution infrastructure additions which benefits all customers. As with the Time of Use program, Avista committed to developing a peak time rebate pilot in its 2020 General Rate Case. As this pilot is currently in the design phase, no estimated costs have been identified for the CEIP period 2022-2025. Preliminary work will begin as early as third quarter, 2021 with proposals presented by May 31, 2021. Pilots will be implemented no later than June 1, 2023.
- **Demand response agreement with Inland Empire Paper:** This agreement includes a framework for voluntary incentive-based curtailments until Avista’s first capacity need;<sup>5</sup> at that time, the curtailments are required in exchange for fixed payments. Due to the voluntary nature and demand of this agreement during the CEIP implementation period, there are no expected costs included in the incremental cost calculation.
- **The Company currently has two active Time of Use Demand Response tariff riders for commercial customers with electric vehicle charging stations for fleet vehicles.** While these tariffs are not expected to provide substantial benefits during this CEIP, it illustrates a commitment towards working with partners in the transition to clean energy. As this is highly dependent upon customers and out of the Company’s direct control, it is not included as a specific action at this time.<sup>6</sup>

In addition to the pilots identified above, the Company has several other demand response projects which will be evaluated within the 2022-2025 CEIP implementation period.

- **Active Energy Management (AEM) pilot program:** This three-year pilot program began during the third quarter of 2021. Energy efficiency through energy use optimization in large commercial buildings is the focus, with a demand response component included. Ten to fifteen buildings with existing building management systems will be recruited from Washington and Idaho to participate.

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<sup>4</sup> Some of the programs described were agreed to by all Parties via a Settlement Stipulation is Docket Nos. UE-200900, UG-200901, and UE-200894 (*Consolidated*). The settlement was approved by Final Order 08 / 05 issued on September 27, 2021.

<sup>5</sup> Avista’s first capacity need is expected November 1, 2026.

<sup>6</sup> Only one customer, the Spokane Transit Authority, has signed up to receive service under one of the Time of Use tariff riders.

The program will identify and implement changes to building operations with energy efficiency measures resulting in cost effective energy savings. The pilot will unlock building system data with AMI data and next-gen communication networks that will allow utilities to support two-way communication with buildings. This data driven energy management pilot will provide building insights and data to design data-driven demand response programs.

- **Micro-Grid Design Partnership with Spokane Tribe of Indians (Wellpinit, WA):** Avista was awarded a Department of Commerce Clean Energy Fund grant to partner with the Spokane Tribe of Indians to design a grid resiliency program. The basis for the design is a micro-grid feasibility study completed in March 2021 by Sazan Environmental Services and sponsored by the Spokane Indian Housing Authority (SIHA). The project will start with the feasibility study and focus on energy resiliency, while maximizing the value of new and existing solar, energy storage, controllable customer loads, and backup generators to support tribal goals of emergency preparedness, carbon footprint reduction, and self-sufficient strategies to maintain operations during an outage or natural disaster. Avista will consult with Spokane Tribe members and with the EAG regarding design considerations and outreach strategies for the duration of this design project. While the grant does not fund construction, it creates shovel ready packages of work that will provide energy resilience during wildfires, energy independence for critical facilities, and energy billing benefits for customers.
- **Connected Communities Project (Spokane, WA):** This project is pending Department of Energy grant award determination. If funded, this project will be centered in one of Avista's Named Communities, the East Central area in Spokane. The project creates customer specific, packaged solutions for optimization of space heating and cooling loads, energy efficiency measures, demand response, renewable energy resources, energy storage, and controllable customer assets that coordinate the supply and consumption of grid services. The goal of this project is to advance a new scalable business model that will demonstrate a mutually beneficial framework for the grid, the community it serves and the built environment. This project also fulfills condition 9c of Avista's 2020-2021 Biennial Conservation Plan Conditions.

Table 4.6 summarizes the potential benefits and CBIs for each of the Demand Response programs and pilots.

**Table 4.6: Specific Actions – Demand Response**

Specific Action	Benefit Area	Customer Benefit Indicator Metric
Industrial Demand Response	Non-Energy Benefits	Participation in Company Programs
	Energy Resiliency	Outage Duration Resource Adequacy
	Reduction In Cost	Participation in Company Programs
	Energy Security	Energy Generation Location
Time of Use Pilot/Peak Time Rebate Pilot Development	Non-Energy Benefit	Participation in Company Programs
	Reduction of Burden Burdens	Number of Households with a High Energy Burden
	Cost Reduction	Number of Households with a High Energy Burden
	Energy Resiliency	Outage Duration Resource Adequacy

### Equity and Customer Impacts

Avista anticipates the demand response and load management programs will provide the following customer benefits:

- **Non-Energy Benefits:** Programs will have secondary benefits related to local economic growth from direct community investment. Programs with an energy efficiency component will also reduce the costs of operating homes and increase comfort. Avista will measure this benefit with two CBIs: Availability of Methods/Modes of Outreach and Communication and Participation in Company Programs.
- **Reduction in Burdens:** Demand response programs decrease economic burdens by reducing energy bills. Participating customers may reduce costs by participating in programs and lower overall rates where demand response programs are more cost-effective than alternative resource options. This type of incentive program is promising for Named Communities due to the relatively low barriers for participation and no up-front out of pocket costs. These benefits should improve the Number of Households with a High Energy Burden CBI.
- **Environmental:** While demand response programs may reduce the need for new capacity resources, there is no evidence of environmental benefits in the short term. Demand response increases reliance of existing generation and may require older and less efficient facilities to run more since other newer and cleaner technology may not been utilized. However, as the energy system becomes cleaner, the emissions from existing resources should improve. Avista’s environmental CBIs will monitor improvements in regional greenhouse gas levels.
- **Energy Security:** Demand response may indirectly increase energy security by reducing the amount of new generation capacity required for the system. Although

without new generation, existing resources will operate longer until being replaced. Avista will monitor this effect by measuring Avista generation in Washington and connected to its transmission system in the Proximity of Energy Generation CBI.

- **Energy Resiliency:** Demand response programs can help prevent local distribution power outages caused by high demands on the distribution system. Programs targeting areas with distribution system constraints can prevent distribution equipment from nearing capacity by incentivizing energy intensive activities during non-peak load periods. Demand response could also reduce peak demand and mitigate reliability issues due to a lack of generating resources. This provides enhanced system reliability in the form of grid flexibility. The Outage Duration CBI, measuring duration and frequency of outages, should benefit from these actions.

Benefits and burdens associated with the demand response programs developed during the 2022-2025 CEIP implementation period will consider all CBIs in their development and address Named Communities where appropriate. Additional details will be provided in the two-year CEIP Update with an equity focus on affordability, the environment and resiliency as described in Table 4.9.

Several programs identified above will benefit a subset of customers. For those programs not directly benefiting a certain community, Avista will evaluate the distribution of these benefits between Named Communities and all customers.

## Renewable and Nonemitting Resource Acquisition Plan

Avista will meet its interim targets with the retirement of RECs of its renewable generation equaling 40 percent of retail load beginning in 2022, escalating to 55 percent in 2029 and 100 percent in 2030. These proposed interim targets balance progress towards the 2030 goal with the customer benefit of REC sales for as long as possible. Avista will take other specific actions to acquire and develop new qualifying resources to prepare for the 100 percent carbon neutral requirement in 2030.

The specific actions described below associated with resource acquisitions comply with the CETA clean energy requirements and ensure Avista has enough resources to meet customer demand during normal operations, summer peak, and winter peak conditions in accordance with resource adequacy requirements.

### Specific Actions Energy:

The specific actions listed below include the renewable or nonemitting resources that will be used to comply with CETA.

- Avista completed the first step of its renewable resource strategy in 2021 by acquiring a 5 percent share of Chelan Public Utility Districts Rocky Reach and Rock Island Dams beginning in 2024 for 10 years.<sup>7</sup> Avista is negotiating with an

<sup>7</sup> The renewable energy associated with the Chelan purchase is included in the “Total Clean Energy Need” calculation in Table 4.3. Avista includes these costs in its incremental cost calculation in Chapter 5.

additional preferred bidder from the 2020 renewable Request for Proposals (RFP) process which may impact the timing and need for future resources if a deal is reached.

- Secure approximately 48 aMW of renewable resources with similar capacity attributes as the Montana Wind proxy resource modeled in the 2021 IRP prior to January 1, 2026. Acquisition could be from Avista’s 2020 Renewable Acquisition Process or the upcoming 2022 All-Source RFP.
- A 12 MW upgrade at Kettle Falls Generating Station in 2027 will be bid by the Company into the 2022 All-Source RFP. This need was identified in addition to the 48 aMW selection from the 2021 IRP and CEAP. This proposal would increase capacity of the station and the clean energy capability of the facility.
- Modernization of Post Falls hydro facility expected to be completed in 2027. This project will ensure Avista is able to meet the FERC license requirements to operate the facility.<sup>8</sup>
- Issue RFP to secure 100 MW (48 aMW) to meet clean energy resources requirements beginning in 2028. Montana wind is the proxy resource expected to supply this energy until an RFP is completed.
- Evaluate the need to purchase renewable energy and/or renewable energy attributes from the Idaho jurisdiction as needed.
- The final clean resource acquisition is an extension or acquisition of regional hydro capacity in 2031. Avista has a long history of purchasing regional hydro generation and anticipates this to continue.
- Avista does not specify any distributed energy resources within this plan as no resources were cost-effective when compared to utility scale alternatives. Avista may pursue these resource types as part of its Named Communities Investment Fund, discussed later in this chapter, and any resources acquired may reduce utility scale resources identified in this plan.

The specific energy production estimates for this plan are included in Table 4.7.<sup>9</sup> The table shows the remaining renewable energy acquisition shortfall described in Chapter 2 – Interim and Specific Targets. The shortfall represents the amount of renewable energy Avista plans to control to prepare for the 2030 clean energy goal. The table also include the estimates of annual renewable energy production of planned future resources including the proxy Montana Wind, Kettle Falls and Post Falls upgrades. The line item

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<sup>8</sup> The renewable energy associated with the Post Falls modernization is included in the “Total Clean Energy Need” calculation in Table 4.3.

<sup>9</sup> This data is shown in average megawatt-hours to fit the page, to convert to megawatt hours multiply by 8,760 or see this chart data in Appendix D.

“WA Renewable Energy Position” estimates the net renewable energy position after resource acquisitions. The final calculation includes the available renewable energy from the Avista’s Idaho jurisdiction<sup>10</sup> that may be transferred to Washington customers if needed to comply with the future CETA obligations.

**Table 4.7: 10-year Resource Acquisition (aMW)**

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Clean Energy Acquisition Shortfall</b>	<b>-23</b>	<b>-32</b>	<b>-60</b>	<b>-68</b>	<b>-92</b>	<b>-101</b>	<b>-127</b>	<b>-141</b>	<b>-170</b>	<b>-209</b>
<b>Resource Forecast</b>										
Montana Wind	0	0	0	48	48	48	96	96	96	96
Kettle Falls Upgrade	0	0	0	0	0	6	6	6	5	5
Hydro Purchase	0	0	0	0	0	0	0	0	0	31
<b>Total Renewable Energy</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48</b>	<b>48</b>	<b>54</b>	<b>102</b>	<b>102</b>	<b>101</b>	<b>132</b>
<b>WA Renewable Energy Position</b>	<b>-23</b>	<b>-33</b>	<b>-60</b>	<b>-21</b>	<b>-45</b>	<b>-46</b>	<b>-27</b>	<b>-39</b>	<b>-69</b>	<b>-76</b>
Renewable Energy Available from Idaho	44	43	61	60	61	60	60	60	69	76
<b>Net WA Renewable Energy Position</b>	<b>21</b>	<b>11</b>	<b>1</b>	<b>39</b>	<b>15</b>	<b>14</b>	<b>33</b>	<b>21</b>	<b>0</b>	<b>0</b>

This renewable energy acquisition plan may change depending on the Commission’s decision regarding the final rules for compliance with CETA. Avista may need additional clean energy and/or alternative compliance mechanisms depending upon the Commission’s final decision.<sup>11</sup> Table 4.8 illustrates the specific actions for this CEIP along with the identified benefit areas and CBIs.

<sup>10</sup> Renewable energy purchases from Idaho in 2030 and 2031 are limited to remaining renewable energy requirement.

<sup>11</sup> The WUTC and Commerce are developing rules for demonstrating compliance with CETA. The Joint Utilities proposed to show use of clean energy by the acquisition of deliverable clean energy resources and the retirement of the associated REC within the four-year compliance period.

**Table 4.8: 2022-2025 Specific Actions – Renewable Energy**

Specific Action	Benefit Area	Customer Benefit Indicator Metric
Renewable Energy Credits Retirements and Sales	Reduction of Cost	Number of Households with a High Energy Burden
	Reduction of Burden	Number of Households with a High Energy Burden
2025 Renewable Resource Acquisition	Energy	Outage Duration
	Non-Energy	Named Community Clean Energy
	Energy Resiliency	Resource Adequacy
	Reduction of Burdens	Number of Households with a High Energy Burden
	Environmental	Outdoor Air Quality
		Greenhouse Gas Emissions
Public Health	Indoor Air Quality	
Post Falls Modernization	Public Health	Indoor Air Quality
	Reduction of Burdens	Number of Households with a High Energy Burden
	Environmental	Outdoor Air Quality
		Greenhouse Gas Emissions
	Energy Resiliency	Resource Adequacy
	Reduction of Risks	Energy Generation Location
Energy Security	Energy Generation Location	
Kettle Falls Upgrade	Non-Energy	Named Community Clean Energy
	Reduction of Burdens	Number of Households with a High Energy Burden
	Environmental	Outdoor Air Quality
		Greenhouse Gas Emissions
	Public Health	Indoor Air Quality
	Energy Resiliency	Energy Resiliency Resource Adequacy
	Reduction of Risks	Energy Generation Location
Energy Security	Proximity of Energy Generation	
2028 Renewable Resource Acquisition	Energy	Outage
	Non-Energy	Named Community Clean Energy
	Energy Resiliency	Resource Adequacy
	Reduction in Burdens	Number of households with a High Energy Burden
	Environmental	Outdoor Air Quality
		Greenhouse Gas Emissions
Public Health	Indoor Air Quality	

### 2022-2025 Renewable Energy Acquisitions

Avista needs 48 average megawatts (420,480 MWh) of additional qualifying renewable or nonemitting energy to comply with the 2030 clean energy requirements. Avista anticipates this resource acquisition could assist in meeting energy deficits beginning January 1, 2026 and capacity deficits beginning November 1, 2026. Avista originally planned on a 2025 start for this resource in its 2021 IRP to evenly acquire renewable resources to meet the 2030 requirement. During the acquisition process the Company may find a better start date that is more cost effective for customers. Avista sees two avenues for resource acquisition for this resource. The first is Avista's 2020 Renewable RFP, where it is still negotiating with bidders for renewable energy or the upcoming 2022 all-source RFP.

Due to uncertainty in this resource acquisition and the specific CEIP requirement, Avista is including acquisition of a 100 MW Montana Wind "Proxy" resource capable of producing 48 aMW of energy in 2025. As illustrated in Table 4.9, the estimated cost for this resource is \$23.9 million<sup>12</sup>. Avista adjusts this estimate down for avoided market purchases or potential system sales for a rate impact of \$13.2 million (system) when selling the renewable energy attributes.

Avista identified this resource as part of the least cost options to meet customer energy and capacity requirements described in the Overview section above. Avista evaluated options including local and distant wind, utility scale solar and distributed solar energy, biomass, and hydro options. "Montana Wind" was chosen due to the higher wind energy potential in Montana compared to local options, plus the likelihood of energy production during Avista's peak load events where this resource should provide more resource adequacy protection compared to other wind or solar options.

Actual resource acquisition will be from a competitive bidding process. The Company will utilize its CBIs to evaluate the final selection of resources. This evaluation criteria will be vetted through a public process approved by the Commission and will be identified in the final 2022 all-source RFP.

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<sup>12</sup>As estimated in the 2021 IRP.

**Table 4.9: Projected Resource Acquisition Cost (Millions)**

	2025
PPA Payments	\$17.7
Transmission Expense	\$4.4
Variable Energy Integration	\$1.8
Total	\$23.9
Avoided Market Purchases	-\$8.6
REC Sales	-\$2.1
<b>Net Resource Cost</b>	<b>\$13.2</b>

### 2022-2025 Renewable Energy Specific Action Development

In addition to the renewable energy acquisitions, two projects are in development to ensure Avista has enough resources to meet the 2030 clean energy and other regulatory requirements. For this CEIP the specific actions being performed are the planning, development, and construction of these resources; not the additional energy itself as these projects will not be complete during the CEIP implementation period.

### Post Falls Hydroelectric Modernization

Engineering and planning studies for the modernization of the Post Falls Facility will begin in 2022. Subject to management approval, the expected completion date for this effort is 2027. Post Falls is a 14.75 MW hydro project in Post Falls, Idaho. The Post Falls plant, the north channel spillway, and the substation are no longer considered to be in good working order. These facilities have been serving customers since 1906 with minimal capital investment. The generation, transmission, and water conveyance equipment are mostly original and at the end of their useful life. Much of the equipment is at risk of failure and may not be practical or economic to repair. This has already started to occur with Unit #6 being decommissioned and Unit #4 being derated.

The project will replace turbines and generators that have reached their end of life. The planned replacement will increase operating efficiency and provide an incremental increase to the capacity and available energy of the project. Avista first publicly evaluated this project in the 2020 IRP<sup>13</sup> and it was included in its PRS in that plan. Avista also included this additional capacity and energy in its resource mix in the 2021 IRP. Since the 2021 IRP was filed, Avista continued evaluating project options including:

- 1) Modernize the facility by replacing generating equipment with a capacity increase of 22.9 MW and 98,462 MWh using Francis turbines.
- 2) Re-develop the facility by replacing generating equipment with a capacity increase of 26.8 MW and 115,282 MWh using Kaplan turbines.
- 3) Manage the remaining generating equipment to its end of life, including associated investments at the facility. Avista estimates without replacement, the remaining units would fail periodically until all units are beyond repair.

<sup>13</sup> Project modernization was included in the Preferred Resource Strategy in Table 11.1 on page 11-5.

Avista is required to pursue one of these options to comply with its FERC hydro license obligations. Avista is legally obligated to manage lake levels and river flows according to our FERC License Order and related agreements regardless of generating electricity at Post Falls. The requirement to maintain lake level and river flow operations is being underscored in the ongoing water rights adjudication process, which will be incorporated into a court decree. To fully meet the intent of these obligations under the Federal Power Act and related regulations, Avista should maintain the entire Post Falls facility, including its ability to manage water safely, generate energy, and deliver it to customers. When Avista sought, negotiated for, and obtained a new 50-year license for the Spokane River Project in 2009, such a commitment was inherent to the effort.

If the facility is not modernized or even if managed to failure, O&M and safety risks will increase, which carries greater uncertainty and risk than capital investment to redevelop the facility. Modernization creates a known schedule and protects Avista from market price volatility and safety concerns for employees and the public. Maintaining generation capacity at Post Falls provides reliable, clean, cost-effective energy and capacity for customers.

Confidential Appendix L includes the latest budget forecast and alternative analysis. While the decision to modernize the Post Falls facility was not a direct result of CETA obligations, the project will produce customer benefits including qualifying renewable energy, assist in resource adequacy requirements, provide economic benefits to the community, provide public recreational use of the Spokane River and Coeur d'Alene Lake, maintain public safety and provide energy security benefits due to its location.

### **Kettle Falls Generating Station**

The second project relates to increased capacity of the Kettle Falls Generating Station. Kettle Falls is a 50 MW wood waste biomass facility in Kettle Falls, Washington. This project will replace aging equipment with higher rated equipment to increase plant capacity. Specific equipment will be replaced that is at or near its end of life within the next 10 years, but the total facility does not need replacement.

Avista included this opportunity as part of its resource options in its 2021 IRP. The analysis indicated an additional 12 MW of capacity at the plant is a cost-effective alternative to add clean energy and capacity. This resource is included in the 2021 PRS.<sup>14</sup> The IRP analysis projected \$18 million would be required above the investment level required to maintain the plant. Unlike Post Falls, Avista is not required to maintain this project and is developing a budget estimate to bid this resource into the upcoming 2022 all-source RFP. When evaluating this project, Avista will determine if the cost to increase the capability at Kettle Falls is a lower cost than alternative resources bid into the RFP. The Kettle Falls opportunity is unique as it may bring customer benefits other resources may not provide such as renewable energy with dependable capacity for resource adequacy, and economic growth to a Named Community.

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<sup>14</sup> See Table 11.1 on Page 11-6 of the 2021 IRP.

Included in Table 4.10 is the estimated capital spending for these projects. The estimates for Post Falls only include those within the four-year period. At the time of this filing, Avista has not completed higher quality budget estimates for the Kettle Falls project. Since these resources are not expected to deliver energy within the four-year period, the costs are not included as part of the incremental cost discussed in Chapter 5 - Incremental Cost and Alternative Compliance.

**Table 4.10: Project in Development (Millions)**

	2022	2023	2024	2025
Post Falls <sup>15</sup>	\$2.4	\$21.1	\$24.2	\$30.7
Kettle Falls	\$0	TBD	TBD	TBD

### Renewable Energy Purchases from Idaho

Avista is not proposing any renewable energy purchases or RECs from Idaho between 2022 and 2025 to meet the interim targets. Avista only considers this resource availability as part of its plan to have sufficient clean energy resources beginning in 2030.

## Equity and Customer Impacts of Renewable Generation

The benefits associated with renewable generation throughout the CEIP implementation period are described below and highlighted in Table 4.7.

- **Energy Benefits:** The resources selected in this plan will have a direct impact to meeting all customer electric capacity and energy needs. Each of these resources provides reliability and energy benefits used to balance customer energy demand and prevent resource adequacy outage events. Avista will measure these impacts using the Outage Duration CBI.
- **Non-Energy Benefits:** Clean energy resources, depending on location, may provide non-energy benefits. Benefits include local economic growth through job creation, property and/or other taxes, and community development. Avista is working with a consultant to quantify non-energy benefits and determine other non-energy impacts of its generating resources. The results of this study should be available for the 2023 IRP. The most relevant CBI these resources may influence is the Named Community Clean Energy CBI. For example, the Kettle Falls project is located in a Named Community which will benefit from the modernization of the resource.
- **Reduction of Burden:** Avista's process of identifying the least reasonable cost resources including competitive RFPs when required, reduces customer rate burden from new resources. Further, Avista will continue to sell a portion of these resource's RECs to decrease customer costs, which reduces energy burden. This will have a significant economic benefit to Named Communities. Lastly, acquiring renewable resources reduces the burden placed on customers where potentially more

<sup>15</sup> Project spending includes plant, north channel, and substation improvements. The total project spending including Allowance for Funds Used During Construction (AFUDC) is \$109.5 million.

environmentally damaging generation may ultimately be located. These actions will sustain or improve the Number of Households with a High Energy Burden CBI.

- **Environmental**: Additional clean energy resources result in less outdoor air pollution than emitting resources. Clean energy resources like solar, wind or hydro have no direct emissions and result in no air pollution, positively impacting the environment by reducing the impact to air quality and climate change. These benefits may not directly benefit Avista customers depending upon the location of the resources, but rather the entire western U.S. Avista's measurement of these benefits is through the regional and Avista's Greenhouse Gas Emissions and Outdoor Air Quality CBIs. These actions will have a minor positive effect on these metrics except for the Kettle Falls upgrade which will result in less emission due to additional pollution controls placed on the unit.
- **Cost Reduction**: Avista resource selection uses a least reasonable cost methodology to select new resources. However, resource choices may not be the lowest cost method to serve customers due to state regulations to pursue 100 percent clean energy. Avista seeks new resources through a competitive bidding process to find the least reasonable cost resource to meet capacity and energy requirements while also meeting regulatory requirements. Avista will measure this affordability metric by estimates in the Number of Households with a High Energy Burden CBI. The resources in this plan are not expected to sustain or improve this metric. The CETA legislation employs a cost cap to constrain customer rate impacts to less than 60.8 percent cumulatively from investments in clean energy between 2021 through 2045.<sup>16</sup>
- **Reduction of Risks**: More clean energy resources, which produce no direct emissions, will lessen risks from climate change and public health. These resources also benefit from lower economic risk associated with regulation of emissions and reducing commodity price risk. As these resources provide energy benefits, the resources will reduce the risk of customer outages by maintaining an adequate resource supply. The CBIs for risk are the same as those for energy benefits, reduction in burden and environmental improvements.
- **Energy Security**: Resources directly connected to Avista's transmission system or located in Washington create a more secure system for customers. Locating resources closer to customers reduces risk from transmission outages and favors local resources. When Avista seeks the resources to meet these needs in its upcoming RFP, additional value will be given to resources that meet these energy security benefits in the evaluation. Avista measures energy security by the Proximity of Energy Generation CBI.

Table 4.7 outlines the specific benefit areas and CBIs related to the renewable resources to be acquired in this 4-year plan. While Avista anticipates that the additional clean energy resources will provide benefits for customers, the resource selections may not significantly improve the CBIs within the next four years.

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<sup>16</sup> 61 percent reflects the compounding rate effect from 2021 to 2045 using a 2 percent annual growth limit.

## Other Company Initiatives Specific Actions

Avista has a history of supporting disadvantaged communities and pursuing investments to encourage economic growth and community support. In addition to the specific actions for clean energy, energy efficiency and demand response, the initiatives identified below represent specific actions with attributes directly related to the CBIs developed in coordination with the EAG to demonstrate the benefits of clean energy.

### Named Communities Investment Fund

CETA encourages investment in Named Communities by helping to ensure all customers equitably benefit from the transition to clean energy. This will require new investments in programs, projects, initiatives, and other support that Avista has not traditionally undertaken and may not find as cost effective in current resource analysis processes. Some of these new investments may be funded through existing tariff riders, such as the energy efficiency tariff rider Schedule 91 or the energy assistance tariff rider Schedule 92, but many new investments will require new sources of funding. Avista plans to implement a Named Communities Investment Fund (Fund) as a specific action dedicated to the equitable distribution of energy and non-energy benefits and reduction in burdens to Named Communities. The Company would spend up to 1 percent of electric retail revenues or approximately \$5 million in total for the Fund starting in 2022, inclusive of any efforts that qualify for funding under existing tariff riders or are a part of specific capital investments.<sup>17</sup> Approximately \$5 million per year would be the maximum cap on total funds spent; actual funding may be less.

The Fund will be utilized for direct investment in projects to improve the equitable distribution of energy and non-energy benefits in Named Communities. The Fund may be invested into these communities directly by Avista projects or used as incentives or grants to develop projects led by local customers or third parties. Avista would also seek matching funds from government sources to complement the utility Fund. These funds may help make uneconomic projects cost-effective for Named Communities.

Of the approximate \$5 million of annual Fund spending, the Company will limit funding to the following categories:

- 40 percent or up to \$2 million would be dedicated to supplement and support the Company's targeted energy efficiency efforts for Named Communities as described above. If approved, this funding would be recovered from the energy efficiency tariff rider (Schedule 91 – Energy Efficiency).
- 20 percent or up to \$1 million would be dedicated towards distribution resilience efforts for Named Communities.
- 20 percent or up to \$1 million would be dedicated towards incentives or grants to develop projects led by local customers or third parties.
- 10 percent or up to \$500,000 would be used for new targeted outreach and engagement efforts specifically for Named Communities. This is intended to reduce barriers to participation for Named Communities' access to clean energy.

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<sup>17</sup> One percent of 2020 Commission Basis Report electric revenues is \$5,154,310.

- 10 percent or up to \$500,000 would be used for all other projects, programs, or initiatives.

Upon Commission approval of the Fund concept, the Company would file a deferred accounting petition to defer any expenses made through the Fund that are not recoverable through an existing tariff rider (i.e., Schedule 91 – Energy Efficiency or Schedule 92 – Low Income Rate Assistance Program) or normal capital recovery process through a general rate case.

Examples the Company would utilize the Fund for may include, but are not limited to, the following:<sup>18</sup>

- Projects to develop local clean energy infrastructure for, including roof top or community solar;
- More LED street and area lighting for greater health and safety in Named Communities;
- Non cost-effective energy efficiency;
- Health, Safety, and Repair measures;
- Programs targeted towards landlords and renters;
- Distribution resilience efforts including microgrids or wildfire mitigation efforts; and,
- Non-traditional methods of customer outreach and engagement.

If the Commission approves the development of the Fund and deferred accounting, Avista will immediately begin collaborating with its advisory groups and EAG to determine where specific investments would benefit Named Communities the most. Prioritization of projects, programs, and initiatives funded must be supported by the applicable advisory group and EAG before moving forward; however, final determination on funding will be made by the Company. Any projects, programs, or initiatives funded will not be individually submitted to the Commission for approval. Avista will be responsible for showing the prudence of any investment made through the Fund when it seeks cost recovery. Lastly, the Company will communicate investments decisions to customers in Public Participation Meetings throughout the CEIP implementation period.

### Equity, Inclusion and Diversity Initiative

Racism is a system—consisting of structures, policies, practices, and norms—that assigns value and determines opportunity based on the way people look or the color of their skin. This results in conditions that unfairly advantage some and disadvantage others throughout society.<sup>19</sup> According to the Centers for Disease Control (CDC) and the American Medical Association (AMA)<sup>20</sup>, the impact of systemic racism is a serious public health threat that directly affects the well-being of millions of Americans. As a result, it affects the health of our entire nation through social determinants of health that have life-

<sup>18</sup> If applicable, funding for projects, programs, or initiatives may include the administrative costs of Avista or third parties.

<sup>19</sup> [Racism and Health | Health Equity | CDC.](#)

<sup>20</sup> [https://www.ama-assn.org/press-center/press-releases/new-ama-policy-recognizes-racism-public-health-threat.](https://www.ama-assn.org/press-center/press-releases/new-ama-policy-recognizes-racism-public-health-threat)

long negative effects on the mental and physical health of individuals in communities of color.<sup>21</sup>

Systematic racism and its impact on health was identified as a barrier to participation in the clean energy transition in conversations with the EAG. The nature of this discussion was that embedded bias for certain populations in Named Communities may impact their health and wellbeing resulting in inequities in housing, economic benefits or affordability, and accessibility to Company programs due to limited education or awareness.

Avista's existing work through its Equity, Inclusion and Diversity efforts will help address systemic racism by fostering awareness, changing mindsets, and developing a more diverse and inclusive workforce and supplier network representative of the communities we serve. In 2020, Avista established an Equity, Inclusion and Diversity steering committee, to work on these issues. At Avista, a source of pride is that there has been a long-term focus on attracting, retaining, and supporting a diverse workforce. Avista strives to raise the bar higher to mirror the changing demographics of the available workforce for the jobs at Avista and the communities we serve. Practices and comprehensive strategies will be implemented to support our aspirations around diversity and the richness that those unique strengths bring. While Avista is equally committed to equity, inclusion, and diversity; for this CEIP, the focus will be limited to diversity efforts at this time.

Avista has a diversity goal that its workforce will be representative of the communities it serves by 2035. Avista will try to reach this goal sooner but also recognizes the time needed to develop programs and processes that might need to be modified. Likely, these goals will be accomplished through recruiting outreach by enhancing the active list of diverse organizations as potential recruiting sources, creating more pathways from high school to Avista careers via programs, and update various processes to diversify the pool of qualified candidates. Avista will also look for opportunities to promote qualified employees from within. This could include identifying opportunities to improve leadership diversity and training in areas where programs could help better prepare employees for career progression and promotional opportunities. We will also enhance education for leaders and employees on their roles in supporting diversity and Affirmative Action Plan commitments. As Avista builds on current points of pride, these aspirational goals will help ensure a focus on efforts and support for more progress in our diversity efforts.

In addition to employee diversity, Avista is also focusing on improving the diversity of its suppliers and vendors. Like employee diversity efforts, supplier diversity change will also be an ongoing process. Additional supplier diversity growth may require business pipeline development in partnership with community efforts. As these diverse businesses develop their business opportunities will grow. For example, Avista is currently working with a multi-ethnic non-profit organization to identify and develop suppliers. Avista has set an aspirational goal of working toward 11 percent supplier diversity, which is consistent with the communities we serve. Additionally, increasing the utilization of suppliers in Named Communities could help mitigate barriers to participate in the clean energy economy and

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<sup>21</sup> [Media Statement from CDC Director Rochelle P. Walensky, MD, MPH, on Racism and Health | CDC Online Newsroom | CDC.](#)

reduce energy burdens for these communities. Customers in these communities could benefit as individual businesses grow, which could then result in downstream benefits including economic growth, job growth, and development in Named Communities.

This information is not meant to be all inclusive but highlights how some of the actions being taken will help address systemic racism and its impacts on social health as described by the EAG. Avista will continue to work on ways to enhance these efforts during the implementation period and into the future. Avista's Equity, Inclusion and Diversity Plan will be reviewed and updated annually. Additional information, including baseline metrics and clarification of metrics are in Chapter 3 – Customer Benefits.

### Transportation Electrification

Transportation Electrification is a specific action Avista will take to impact the environmental and public health CBIs, as well as address the accessibility equity areas discussed with EAG members. These efforts will be measured as part of the overall environment and public health efforts in Chapter 3 and may also replace renewable energy needs as alternative compliance for the 2030 clean energy requirement.

With the support of a broad coalition of stakeholders and customers, Avista developed a comprehensive Transportation Electrification Plan (TEP), with supporting tariff schedules 077, 013 and 023, effective April 26, 2021. This provides the Company with the authorization and directive to support electric transportation over the long term, resulting in major economic and environmental benefits for all customers. New authorized programs include charging infrastructure investments in commercial and residential locations for personal, workplace, fleet, and public use, as well as fleet support services, education and outreach, load management, community support programs and new commercial electric vehicle (EV) rates utilizing TOU designs.

Avista is committed to ensuring the benefits from electric transportation are equitably shared with Named Communities with an aspirational goal of up to 30 percent of overall electric transportation funding targeted towards these communities. This effort will be developed in collaboration with Community Based Organizations (CBOs) and reviewed with the EAG within 24 months of the filing of this CEIP. All investments are subject to practical limitations of the market and viable, cost-effective technologies. Avista's EV charging pilot (2016 to 2019) demonstrated a successful model that will be expanded upon by providing EVs and charging assistance for CBOs serving the disadvantaged, through a collaborative process and competitive proposal selections. In addition, Avista will provide additional EV charging installation assistance for community centers and public libraries, low-income rural towns, multi-unit dwellings, and residential customers receiving bill assistance. New pilot programs may also be developed with public transit agencies and transportation network company platforms, as well as other partnerships to explore the feasibility of ridesharing and car-sharing services for disadvantaged groups. The specific actions in the CEIP are consistent with those identified in the TEP. However, additional focus will be placed on Named Communities above what was discussed in the TEP.

Electric transportation is a long-term opportunity to transition to a cleaner energy future for all not just for those using EVs and other electrified equipment. Transportation using a cheaper and cleaner fuel, efficiently utilizing grid infrastructure by charging during off-peak hours and integrating renewable power resources will result in a healthier and more sustainable economy. Avista's commitment to increase the use of transportation electrification includes budgets summarized in Table 4.11.

**Table 4.11: Washington Electrification Budget Plan (Millions)**

Year	Capital	Expense
2022	\$2.9	\$0.7
2023	\$3.6	\$0.9
2024	\$4.2	\$1.0
2025	\$4.8	\$1.1
<b>Total</b>	<b>\$15.5</b>	<b>\$3.7</b>

Avista anticipates the electrification of the transportation system will benefit the environmental CBI by reducing regional greenhouse emissions and improving regional air quality which positively impacts public health.

### Customer Resiliency Efforts

In addition to system resiliency, there is a need for improved customer resiliency to reduce the impacts of outages. Avista created the Major Unplanned Outage Customer Experience Team to improve communication and response to customers during outage events. This team offers outage-related services to customers to reduce the outage impact and provide timely, consistent, and accurate information to customers. Their goal is to interact with customers in a positive manner, keep them informed and restore power as efficiently as possible. No new programs have been identified at this time. However, the work this team is doing may inform other customer resiliency solutions during the current CEIP implementation period.

Starting in August 2021, staff from the company's Economic & Vitality Department have convened Spokane County organizations with a role in supporting vulnerable individuals and groups during extended service outages (planned or unplanned). Representatives from emergency services, social service agencies and community-based organizations that provide support to the target group have been invited to participate in the discussions designed to gain a better understanding of each organization's role in support of vulnerable populations during mass and extended outages. The objective is to establish a coordinated response so entities can collaborate efficiently as each undertake their role during an energy-related community event. Once solid learning from the Spokane County experience has been obtained, similar efforts will be replicated in outlying communities in the Company's service area.

Customer resiliency efforts represent specific actions being taken during the CEIP Implementation 2022-2025 period which may result in specific processes or programs/projects intended to benefit customers in subsequent CEIPs. The Company will provide updates on progress in the 2023 CEIP Update.

Table 4.12 categorizes the CBIs associated with other initiatives described above.

**Table 4.12: CBIs for Other Company Initiatives**

Specific Action	Benefit Area	Customer Benefit Indicator	
Named Communities Investment Fund	Energy		
	Non-Energy	Participation in Company Programs	
	Cost Reduction	Number of Households with a High Energy Burden	
	Reduction of Burdens	Number of Households with a High Energy Burden	
	Public Health	Indoor Air Quality	
	Risk Reduction		GHG Emissions
			Outdoor Air Quality
			Proximity of Energy Generation
Energy Security	Proximity of Energy Generation		
Energy Resiliency	Outage Duration		
Transport Electrification	Energy	Participation in Company Programs	
	Non-Energy Impacts	Named Communities Investment Fund	
	Reduction in Burdens	Number of Households with a High Energy Burden	
	Environmental		Greenhouse Gas Emissions
			Outdoor Air Quality
Risk Reduction		Greenhouse Gas Emissions	
		Outdoor Air Quality	
DEI Efforts	Public Health	Supplier Diversity	
		Employee Diversity	
Customer Resiliency	Energy Resiliency	Outage Duration	

## Other Requirements

### 2021 Electric IRP Consistency

Avista filed its 2021 Electric IRP on April 1, 2021; shortly thereafter Avista filed an update to the plan to reflect changes to the PRS due to the acquisition of a 5 percent slice of Chelan's Rocky Reach and Rock Island hydro facilities from the 2020 Renewable RFP. This acquisition was, in part, to meet clean resource needs identified in the 2020 Electric IRP. Avista's IRP identifies Avista's preferred supply and demand-side resources to meet both its Washington and Idaho customers. The IRP forecasts how the Company will use a mix of energy efficiency, demand response, clean energy, and traditional energy resources to meet customer needs for 20 years or more.

Avista is using the same resource acquisition estimates for both energy efficiency and renewable energy described in the 2021 IRP and CEAP.<sup>22</sup> Demand response targets have been modified from the original 2021 IRP, which previously identified a demand response program beginning in 2025. As mentioned previously, Avista finalized a large commercial voluntary demand response program in addition to demand response pilots.

Avista's 2021 IRP, for the first time, identified each resource type by state need. Resources were selected based on policy and customer requirements on a state basis. This change was a result of stakeholder feedback relating to future cost recovery. The benefits of this change are easily identifiable resource requirements for Washington customer needs. The Company is developing an internal steering committee to study the impacts of resource allocation for states with different policies for new resources. Avista expects to begin workshops with both Washington and Idaho Staff in the fourth quarter of 2021.

The 2021 IRP and CEAP were developed in accordance with all Commission requirements, including meeting all resources needs with the lowest reasonable cost mix of conservation and energy efficiency, demand response, generation, distributed energy resources, and delivery system investments that ensure the utility provides energy to its customers that is clean, affordable, reliable and equitably distributed. Resources identified in the plan are also consistent with Company, industry, and regulatory safety standards, and meet resource adequacy requirements. Avista 2021 plan can accessed on the Avista website.<sup>23</sup>

### Resource Adequacy

Avista's resource adequacy requirement is to acquire enough resources to exceed the expected peak load in both summer and winter months, along with meeting reliability-related operating reserves and flexibility requirements. To ensure Avista has enough resources to meet this objective, there is a 16 percent planning reserve margin added to winter peak loads and a 7 percent planning margin for summer peak loads. The peak load forecast is based on the average coldest and hottest days of historical temperatures in

<sup>22</sup> <https://www.myavista.com/about-us/integrated-resource-planning>.

<sup>23</sup> <https://www.myavista.com/about-us/integrated-resource-planning>.

Spokane which serves as the regional proxy for our system. In addition to these planning margins, Avista must also meet operating reserve and load regulation requirements.

Avista's resource strategy identified in the IRP meets these adequacy objectives only with new resource additions. The renewable resource strategy outlined in this document alone does not fully meet customer resource adequacy requirements and requires additional capacity resources such as natural gas combustion turbines to complement the renewable energy resources identified in the plan. Avista's upcoming RFP will identify the resources available to meet these resource adequacy requirements. Avista provides a detailed plan and requirements to meet resource adequacy in the 2021 IRP.

Avista supports efforts to develop a regional resource adequacy program by the Northwest Power Pool. This program will set common resource planning standards and take advantage of regional load and resource diversity for the benefit of all program participants' customers. Each utility will be required to hold a minimum amount of planning reserves, standardize the methodology for determining resource adequacy and provide a way to share resources when certain participants are short of supply during peak load events. Avista expects this resource adequacy program if implemented will decrease its resource adequacy requirements and provide a liquid market for capacity resources during peak load events. Avista has agreed to participate in a program trial that will begin in 2022 and is hopeful the trial leads to a formal regional resource adequacy program starting in early 2023.

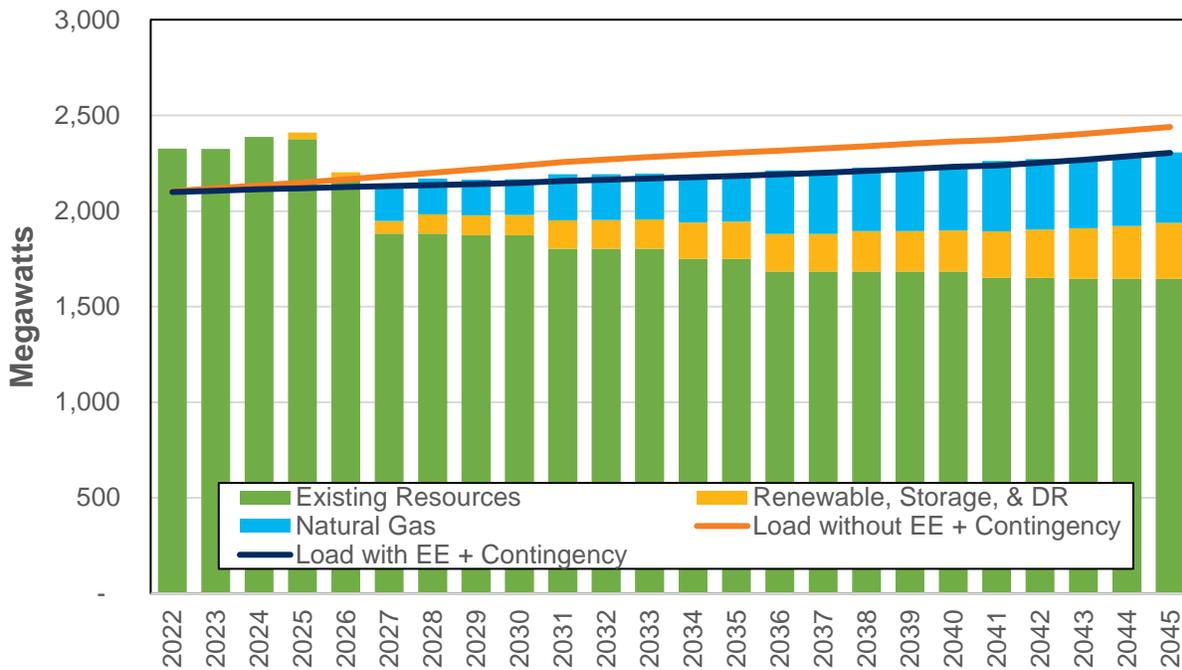
Under Avista's resource adequacy methodology in the 2021 IRP, Avista is confident it has enough resources through October 2026 to meet customer peak demands given the boundaries of the resource adequacy methodology. Beyond 2026, Avista loses capacity when the Lancaster contract ends in 2026 and the end of Colstrip serving Washington customers by the end of 2025. These changes require new capacity and energy resources to reliably meet customer peak needs. The resource additions in the IRP will help the Company meet its resource adequacy standards.

The winter peak load was found to be the most significant capacity constraint to satisfy in the 2021 IRP. The load forecast and resource requirements to balance Avista's system<sup>24</sup> is shown in Figure 4.6. This illustration includes significant resource losses from Colstrip (222 MW) at the end of 2025, Lancaster (283 MW) in the fall of 2026 and the expiration of Mid-Columbia hydro contracts in 2028 and 2030. This table shows Avista's system is capacity sufficient through 2026 and has significant resource adequacy deficits beginning after Lancaster's contract expiration and the exit of Colstrip. Most of Avista's upcoming resource losses are driven by changes in resources rather than load growth. The chart outlines the resources identified in the IRP which if acquired can meet these capacity deficits. The chart includes natural gas-fired resource requirements for both Washington and Idaho, plus the capacity contribution of renewable energy, storage and demand response. Avista has similar summer capacity deficits and will need to seek resources that can satisfy needs in both seasons. Complete details of Avista's load and resource position is in Appendix K workpapers.

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<sup>24</sup> This includes both Washington and Idaho customers loads.

Figure 4.6: Winter System Peak Position (System)



### Lowest Reasonable Cost Analysis

Avista’s IRP uses prescribed methodologies by the Commission and guidance by Avista’s Technical Advisory Committee to ensure resources selected in the plan are least reasonable cost for customers.

Avista solves for its resource portfolio needs with a computer program to optimize resource costs by minimizing the societally adjusted cost to customers. This process identifies the resource needs for both physical capacity (resource adequacy), clean energy, and targeted energy acquisition. Then the model selects resources with the capability to meet the annual demands of the system in a least cost manner. The model selects resources based on the direct cost of the resource, its ability to meet the need, its expected operational value, and any social costs or benefits it provides. The model can also retire resources where economically feasible.

Avista’s process is unique in its ability to co-optimize its resource portfolio for both demand and supply side resource options while including social costs. Social costs include avoiding regional greenhouse gas emissions for new energy efficiency programs and including the SCGHG as a cost adder for fossil fueled resources. Additionally, for energy efficiency programs Avista accounts for non-energy benefits, 10 percent conservation benefit, avoided transmission and distribution benefits.

To further account for both total utility portfolio planning and societal risks, Avista applies the SCGHG to upstream emissions from both operations and construction along with the cost adder on direct emissions mentioned earlier. Another step in Avista’s process to ensure a least reasonable cost portfolio of resources is to include the impact of transmission investments required in areas with deficient transmission. Lastly, Avista’s

approach can, if applicable, value options to select local resources to resolve transmission and distribution needs compared to adding new wire-based solutions.

At the time of this plan, Avista has limited abilities to include benefits and costs to Named Communities, although inclusion of non-energy benefits and low-income programs for energy efficiency provides benefits to these customers. Further, the inclusion of the SCGHG also places an added barrier for resources with air emissions that may impact customers health. Avista's plan to include non-energy benefits for supply-side resources in its next plan should enhance our ability to evaluate all impacts to Washington customers.

Avista's future investments and expenses to meet CETA are estimated using third-party estimated costs of acquisitions for energy efficiency and demand response programs. Avista conducted an internal analysis using RFP and publicly available information to develop supply-side resource costs. Resource assumptions are shared with the public, including the TAC, for comments and questions. Given actual and planned acquisitions are likely to differ, the estimated costs of complying with CETA are based on forecasts prior to an RFP where Avista will obtain real prices from prospective projects. While planning is important to understanding the resource need, only after surveying the market is a utility able to fully understand the actual costs of the clean energy transformation.

To be transparent in its planning, Avista provides all customers and interested parties access to its portfolio optimization model. This model is available on Avista's IRP website<sup>25</sup> and is fully operational using Microsoft Excel.<sup>26</sup> Avista also provides many of its workpapers and assumptions regarding market prices and resource costs on the IRP website.

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<sup>25</sup> <https://www.myavista.com/about-us/integrated-resource-planning>.

<sup>26</sup> Users will require Lindo's System's What's Best and Gurobi software licenses to be able to optimize the portfolio model themselves.

## 5. Incremental Cost and Alternative Compliance

### Chapter Highlights

Avista's resource plan will be below the 2 percent cost cap.

Avista's Washington customers will have higher rates due to CETA, specifically 1.6 percent in 2024 and 3.7 percent in 2025.

Avista's interim target lowers rates by 1.1 percent each year by as compared to retiring all RECs from its clean energy resources.

The CEIP must describe not only the utility's plan for making progress toward meeting the clean energy standards of CETA, but also, per WAC 480-100-660(4), each CEIP must include a projection of the incremental cost to meet this mandate. In addition, if a utility intends to rely on an alternative compliance mechanism, those plans must be described as well.

To determine this incremental cost of compliance, a utility compares its Alternative Lowest Reasonable Cost Portfolio (i.e. generated from the utility's IRP where CETA requirements are not met) with the resource portfolio used to comply with the interim targets proposed in Chapter 2- Interim and Specific Targets known as the "Reasonably Available Portfolio". Avista uses Aurora, a portfolio optimization model, to calculate the power cost needed to serve customers for both these portfolios, and then adds non-power costs such as transmission, distribution, and administrative/general expenses.

These incremental cost calculations are used to protect customers from excessive cost increases during the transition to clean energy. These cost increases are limited at a 2 percent increase of the utility's Weather-Adjusted Sales Revenue (WASR) to customers from each previous year, divided by the number of years in a period<sup>1</sup>. Additionally, the incremental costs must be directly attributable costs expended to satisfy requirements of CETA, such as:

- The utility made the investment or incurred the expense during the CEIP implementation period;
- The investment or expense is part of the Reasonably Available Portfolio;

<sup>1</sup> RCW 19.405.060(3)

- The investment or expense is above the costs the utility would incur for the Alternative Lowest Reasonable Cost and Reasonably Available Portfolios; and
- The investment or expense is not required to meet any statutory, regulatory, or contractual requirement or any provision of RCW chapter 19.405 other than RCW 19.405.040 or 19.405.050.

In addition to these requirements, Avista will provide workpapers, models and associated calculations in Appendix M for the resource identified in Chapter 4- Specific Actions.

- Identification of all CEIP-related investments and expenses that Avista plans to make during the compliance period;
- Demonstration that expenses identified are directly attributable to actions necessary to comply with, or make progress towards, the requirements of RCW 19.405.040 and RCW 19.405.050; and
- The expected costs of planned activities and the expected costs of the Alternative Lowest Reasonable Cost.

## Portfolio Analysis

Avista developed two portfolios to show the incremental cost of complying with the CETA legislation. The main difference between these portfolios are specific additions of clean energy resources. The Alternative Lowest Reasonable Cost Portfolio outlines the actions the utility would have done from a least reasonable cost perspective absent clean energy targets. The Reasonably Available Portfolio adds the specific resource actions discussed in Chapter 4- Specific Actions to estimate the cost difference.

### Alternative Lowest Reasonable Cost Portfolio

Avista developed the Alternative Lowest Reasonable Cost Portfolio in two steps. The first step is to determine the 2022 to 2025 resource portfolio using the PRiSM model from the IRP process. The portfolio used in this analysis is described in the 2021 IRP<sup>2</sup>. The second step simulates the annual power cost of this portfolio using the Aurora model. Avista uses a process similar to estimating revenue requirements for rate proceedings for this calculation. Avista's intent is to develop an Alternative Lowest Reasonable Cost Portfolio cost using known ratemaking methodologies where applicable and using the hypothetical resource portfolio as informed by the IRP absent the passage of CETA.

The 2021 IRP simulated this portfolio by solving for portfolio requirements only meeting capacity and energy shortfalls to insure reliability and lowest reasonable cost requirements. This analysis excludes Avista's obligation to meet the clean energy standard but includes economic hurdles such as nonenergy impacts for energy efficiency and the social cost of greenhouse gas (SCGHG) for resource selection and meeting the Energy Independence Act (EIA).

The Alternative Lowest Reasonable Cost Portfolio does not include any new generating resources since Avista is not short energy or capacity between 2022 and 2025. Although, the portfolio includes 1 MW of demand response beginning in 2025, the first year of a

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<sup>2</sup> The 2021 Electric IRP includes this portfolio as Portfolio #2 and is described beginning on page 12-2.

larger program, and 158 gigawatt-hours of energy efficiency. Further, Avista chose not to include the recent Chelan PUD purchase within this portfolio, as its acquisition was targeted at complying with upcoming CETA requirements.

For energy efficiency, Avista chose not to model a reduction in energy efficiency savings for this portfolio due to the immaterial difference between the savings outcomes. Specifically, the savings is 1.2 percent less, or 0.22 aMW, in the Alternative Lowest Reasonable Cost Portfolio compared to the Reasonably Available Portfolio. Given this minor difference, Avista modeled the same customer load level in both scenarios.

Avista's portfolio optimization includes the SCGHG in the resource decision process, with emissions priced using the SCGHG for expected dispatch of those resources. This methodology impacts generating resource decisions for periods beyond this CEIP period, but for this period increases the energy efficiency estimates. This requirement is one of the main drivers of why the energy efficiency quantities are similar between both portfolios.

One aspect of the Alternative Lowest Reasonable Cost Portfolio often overlooked is the value of selling excess clean energy resources greater than the Energy Independence Act requirements for the benefit of customers. Avista includes the continued sale of excess Renewable Energy Credits (RECs) and selling specified renewable power to lower power supply cost and customer rates.

### Reasonably Available Portfolio

The Reasonably Available Portfolio includes additional resources not included in the Alternative Lowest Reasonable Cost Portfolio but chosen explicitly for CETA compliance. Specifically, the 5 percent share of Chelan PUD's Rock Island and Rocky Reach hydro projects starting in 2024, and 100 MW Montana Wind resource beginning in 2025, were all chosen to fulfill CETA standards. The actual resource selection for the Montana Wind resource will be determined through an acquisition process and may result in a different clean resource depending upon available options. Avista is not including any additional resources within this study to reflect demand response pilots beyond the 1 MW also included in the Alternative Lowest Reasonable Cost Portfolio.

As described above, this scenario uses the same energy efficiency amounts as the Alternative Lowest Reasonable Cost Portfolio reflecting the savings target from Chapter 4 – Specific Actions. When calculating revenue requirements, energy efficiency savings is not specifically modeled, but rather the net expected load is modeled as it is the requirement for generating resources to meet.

The Reasonably Available Portfolio includes capital investments and expenses from the \$5 million Named Communities Investment Fund. This fund's specific projects are not known at this time, but for this analysis Avista assumes 50 percent of this spending will be expense and 50 percent will be capital. The capital spending is amortized<sup>3</sup> over the appropriate period based on the type of asset invested in and the expense portion of the spending is recovered in the year spent. The Named Communities Investment Fund

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<sup>3</sup> Avista assumes 20-year amortization for this plan.

projects are likely to reduce energy use and/or create additional energy with value to offset some of the projected spending, but is not included in this analysis until a proposed project list can be developed to determine the energy savings of potential programs.

## Weather Adjusted Sales Revenue

Avista's future sales revenue is derived from the cost to serve its customers. There are two major components of the utility sales revenue, the first is revenue requirement. The revenue requirement is determined in a rate proceeding where the WUTC determines the appropriate revenue requirement Avista can recover from customers through customer rates. The revenue requirement includes approved capital investments and expense that are passed onto customers. Avista's incremental cost proposal forecasts future revenue requirements to determine the future sales revenue for the utility. This forecast separates power and non-power cost assumptions to estimate these costs. The second component includes adjustments known as Tariff Riders such as the Bonneville Power Administration (BPA) Residential Exchange program, REC Sales (Washington only), Low-Income Rate Assistance Program, energy efficiency and demand response programs.

## Power Cost Modeling

Avista uses the Aurora model to estimate the power cost component of the revenue requirement, much like it is used to determine the power cost component of the revenue requirement in rate filings. Specifically, Avista simulates its total system generation and contractual rights and obligations to serve customer load in a least cost manner, accounting for market opportunities to lower customer cost (i.e. rates). Some material methodologies differ in the way the model is applied to rate proceedings versus the CETA power cost modeling, including using forecasted weather adjusted loads and blending forward market prices with those from the 2021 IRP<sup>4</sup>. These differences in methodology are required to reflect an accurate estimate of normalized power cost for this four-year period, as opposed to the power cost forecast used for ratemaking, which utilizes a single near-term year.

To estimate Washington customer's share of power cost, Avista allocates cost using the PT ratio of 65.65 percent. Historically, Avista has used the PT ratio to allocate electric costs between Washington and Idaho. Due to resource allocation shortfalls, Avista includes adjustments for renewable generation cost recovery shortfalls from Idaho plus any REC purchases required to either meet the EIA or CETA. Avista included the Aurora study and the summary results as part of the incremental cost calculation in Appendix M.

## Non-Power Costs and Tariff Riders

Power supply costs are a part of the total cost to serve customers. Other non-power costs include transmission, distribution, and administrative/general expenses; these costs are not directly impacted by the CETA legislation. To estimate these costs, Avista used the 2022 revenue requirement estimate from Avista's most recent rate filing<sup>5</sup> and escalated future years by 3.8 percent annually. This escalation rate used for 2023 through 2025 reflects the average growth rate in non-power costs between 2014 and 2022.

<sup>4</sup> Additional information regarding how Avista models power supply costs in rate proceeding can be found in direct company testimony such as Witness Kalich UE-200900.

<sup>5</sup> UE-200900

As mentioned earlier, customers pay for programs beyond the base revenue requirements through Tariff Riders. These rate adjustments may reduce customer cost by selling surplus RECs or receiving funds for the Residential Exchange with the Bonneville Power Administration. Adjustments may also increase customer cost through energy efficiency, demand response and low-income program Tariff Riders.

## Incremental Cost Cap Analysis

The CETA incremental cost cap calculation requires the revenue requirements for 2021 and the Alternative Lowest Reasonable Cost Portfolio forecast for 2022 through 2025. Each of the revenue requirement components by year are shown in Table 5.1. These estimates are a forecast and subject to change upon Commission approval in future proceedings, Avista will also update these estimates in its two-year CEIP update in 2023. The estimates shown in Table 5.1 below are not implied rate increases but show forecasted costs and historical rate changes that are subject to change based on fluctuations in customer demand, market conditions, capital, and O&M budgets. Avista estimates the Weather Adjusted Sales Revenue (WASR) to be between \$600 and \$682 million in the four-year period.

**Table 5.1: Alternative Lowest Reasonable Cost Portfolio Washington Revenue Requirements Estimate (\$ Millions)**

Item	2021	2022	2023	2024	2025
Power Cost	102.9	96.3	99.5	107.0	117.3
Transmission, Distribution, A&G	446.2	489.5	508.1	527.4	547.4
Transportation Electrification	0.5	0.8	1.2	1.5	1.9
<b>Total Base Revenue Requirement</b>	<b>549.6</b>	<b>586.5</b>	<b>608.7</b>	<b>636.0</b>	<b>666.6</b>
Tariff Rider Adjustments					
BPA Residential Exchange	-10.0	-9.9	-9.9	-10.0	-10.1
Renewable Energy Credits (RECs)	-3.8	-4.5	-4.7	-4.7	-4.6
Low Income Rate Assistance	8.0	8.5	9.1	9.8	10.5
Energy Efficiency/Demand Response	11.6	19.0	19.1	19.1	19.2
<b>Total Tariff Rider Adjustments</b>	<b>5.7</b>	<b>13.1</b>	<b>13.6</b>	<b>14.2</b>	<b>15.1</b>
<b>Weather Adjusted Sales Revenue</b>	<b>555.3</b>	<b>599.7</b>	<b>622.3</b>	<b>650.2</b>	<b>681.7</b>

Utilities must calculate the average annual threshold amount for determining eligibility for reliance on RCW 19.405.060(3) as an alternative means of compliance. The average annual threshold amount is equal to a 2 percent increase to customers over the utility’s weather-adjusted sales revenue from each previous year, divided by the number of years in the period. For a period consisting of four years, the mathematical formula for the annual threshold amount is:

$$\text{Annual Threshold Amount} = \frac{(\text{WASR}_0 \times 2\% \times 4) + (\text{WASR}_1 \times 2\% \times 3) + (\text{WASR}_2 \times 2\% \times 2) + (\text{WASR}_3 \times 2\%)}{4}$$

Using the above compounding formula, the four-year cost cap for Avista is \$118 million as shown in Table 5.2, based on the forecasted revenue requirements from 2021 and the Alternative Lowest Reasonable Cost Portfolio. For Avista to use the cost cap alternative compliance, the Reasonably Available Portfolio’s incremental cost must exceed the \$118 million threshold over the four-year period.

**Table 5.2: Incremental Cost of Compliance (\$ Millions)**

Item	2021	2022	2023	2024	Total
Weather Adjusted Sales Revenue	555.3	599.7	622.3	650.2	
Incremental 2% of WASR	11.1	12.0	12.4	13.0	
Compounding	4.0	3.0	2.0	1.0	
<b>Four-Year Incremental Cost Cap</b>	<b>44.4</b>	<b>36.0</b>	<b>24.9</b>	<b>13.0</b>	<b>118.3</b>

For the Reasonably Available Portfolio analysis, Avista will acquire additional energy resources and fund the Named Communities Investment Fund. These actions lead to a higher cost forecast for the customers as shown in Table 5.3. These changes are highlighted in Table 5.4. Avista is showing a total incremental cost of \$41.6 million over the four-year period to meet its interim targets. Since this amount is significantly less than the \$118 million cost cap, Avista will not seek alternative compliance under this provision. The increases are primarily from the 2024 and 2025 resource additions, although the Named Communities Investment Fund would increase rates 0.5 percent each year. Overall, customers average bill will increase by 1.6 percent over the four-year period, with the largest increase in 2025.

**Table 5.3: Reasonably Available Portfolio Washington Revenue Requirements Estimate (\$000)**

Item	2022	2023	2024	2025
Power Cost	96.3	99.5	113.7	140.8
Transmission, Distribution, A&G	489.5	508.1	527.4	547.4
Transportation Electrification	0.8	1.2	1.5	1.9
<b>Total Base Revenue Requirement</b>	<b>586.5</b>	<b>608.7</b>	<b>642.6</b>	<b>690.2</b>
Tariff Rider Adjustments				
BPA Residential Exchange	-9.9	-9.9	-10.0	-10.1
Renewable Energy Credits (RECs)	-4.5	-4.7	-4.7	-6.7
Low Income Rate Assistance	8.5	9.1	9.8	10.5
Energy Efficiency/Demand Response	19.0	19.1	19.1	19.2
<b>Total Tariff Rider Adjustments</b>	<b>13.1</b>	<b>13.6</b>	<b>14.2</b>	<b>13.0</b>
Named Communities Investment Fund	2.8	3.2	3.5	3.9
<b>Weather Adjusted Sales Revenue</b>	<b>602.5</b>	<b>625.5</b>	<b>660.4</b>	<b>707.1</b>

**Table 5.4: Incremental Cost Calculation (\$000)**

Item	2022	2023	2024	2025	Total/ Avg
Alternative Lowest Reasonable Cost Portfolio	599.7	622.3	650.2	681.7	
Reasonably Available Portfolio	602.5	625.5	660.4	707.1	
<b>Incremental Cost</b>	<b>2.8</b>	<b>3.2</b>	<b>10.2</b>	<b>25.4</b>	<b>41.6</b>
Annual Percent Increase	0.5%	0.5%	1.6%	3.7%	1.6%

**REC Retirement Impact on Incremental Cost**

Avista proposes to continue to sell surplus RECs that exceed EIA targets as discussed in Chapter 2- Interim and Specific Targets. The Company's interim target is reflecting this intent to retire RECs equal to 40 percent of net retail sales in 2022 and 2023, increasing to 45 percent for 2024 and 2025. Further, Avista's Washington customers will not purchase or compensate Idaho customers for their share of non-qualifying EIA resources acquired prior to 2020 for compliance purposes, except for unusual circumstances such as a low water or wind year.

This proposal reduces customer rates by approximately 1 percent annually. To illustrate this impact, Table 5.5 shows the alternative incremental cost excluding the benefit of selling RECs and specified power. In this scenario, the incremental cost increases to \$68.1 million (or \$27 million higher) than the proposed target. Given the annual average rate increase in the proposed Reasonably Available Portfolio is 1.6 percent while this alternative scenario is 2.6 percent, and customers will benefit from a 1 percent lower rate each year by Avista continuing to sell RECs and specified power.

**Table 5.5: Incremental Cost of Compliance with excluding REC and Specified Sales (\$ millions)**

Item	2022	2023	2024	2025	Total/ Avg
Reasonably Available Portfolio WASR	602.5	625.5	660.4	707.1	
Value of REC/Specified Power Sales	6.0	6.2	6.2	8.1	
Revised WASR	<b>608.5</b>	<b>631.6</b>	<b>666.6</b>	<b>715.3</b>	
Alternative Lowest Reasonable Cost Portfolio	599.7	622.3	650.2	681.7	
<b>Incremental Cost</b>	<b>8.8</b>	<b>9.4</b>	<b>16.4</b>	<b>33.6</b>	<b>68.1</b>
Annual Percent Increase	1.5%	1.5%	2.5%	4.9%	2.6%

## Alternative Compliance

Through December 31, 2044, utilities may satisfy up to 20 percent of their obligation in meeting CETA's clean energy standards with an alternative compliance mechanism. Alternative compliance may include any combination of the following:

- Making an alternative compliance payment;
- Using unbundled RECs that haven't previously been counted;
- Investing in energy transformation projects; and
- Using electricity from an energy recovery facility using municipal solid waste.

In determining incremental cost compliance options, utilities must provide evidence that an alternative compliance option was used and that investment in energy efficiency or conservation, renewable resources, and non-emitting electric generation was maximized before relying on these alternative compliance options. Alternative compliance options must align with options allowed under RCW 19.405.040 (1)(b).

For this CEIP interim 2022-2025 period, Avista does not anticipate implementing any alternative compliance options until formal rules are in place regarding the use of electricity and requirements for energy transformation projects are finalized.

## Early Action Credit

Avista does not propose to use the early action credit authorized in RCW 19.405.040(11). This provision allows multistate utilities with less than 250,000 customers who close coal fired facilities prior to January 1, 2025 may count the reduced megawatt-hours towards meeting the 2030 compliance obligation. Due to the fact Avista has more than 250,000 customers, it is not eligible for this opportunity.

## 6. CEIP Public Participation

### Chapter Highlights

Identification of barriers to public participation and ways to remediate barriers.

Successful EAG formation and public engagement.

Customer Benefit Indicators identified and prioritized.

### Overview

In accordance with WAC 480-100-655, Avista's CEIP public participation includes representation from customers, existing advisory group members, the Company's newly formed Equity Advisory Group (EAG), and other interested members of the public. For the development of the Company's first CEIP, coordination efforts were accomplished through the creation of a series of meetings referred to as the CEIP Public Participation Meetings. These meetings were held monthly beginning in May 2021, with a final Public Educational Outreach meeting in September 2021. To ensure the appropriate focus and input was obtained in relation to Highly Impacted Communities and Vulnerable Populations, together referred to as Named Communities, two stand-alone EAG meetings were also held in early June 2021. These two meetings consisted not only of a meet-and-greet of the members and the setting of expectations regarding the intention of this effort, but also an initial dialogue about equity areas throughout Named Communities, the identification of barriers and burdens to participation, and preliminary Customer Benefit Indicators (CBIs). CEIP Public Participation Meetings were open to all customers, existing Avista advisory group members, EAG members, and the general public. Updates of the public engagement process were provided to these groups, when possible. Participation in this process did not limit any advisory group member from participating in regularly scheduled advisory group meetings throughout the process.

The CEIP Public Participation Meetings were pivotal in recognizing how the transition to clean energy may benefit (or harm) Avista customers. Key categories for each meeting were identified to ensure all aspects of WAC 480-100-655 were met. The following topics were essential discussion points in the development of the CEIP:

- Review of Highly Impacted Communities using the cumulative impact analysis pursuant to RCW 19.405.140;
- Identification of Vulnerable Population characteristics;
- Identification of barriers and burdens to participation in the transition to clean energy;
- Recommended approaches for ensuring that all customers benefit from the transition to clean energy; and,
- Development and prioritization of CBIs.

Additional detail is provided within the Project Milestones section, Table 6.4.

## Public Participation

### Timing and Methods of Participation

On May 2, 2021, the Company filed its CEIP Public Participation Plan (Plan) outlining Avista's schedule, methods, and goals for engaging the public to participate in the CEIP development process and provide education to customers throughout the 2022-2025 implementation period. In accordance with WAC 480-100-655, Avista included information on how the public can contribute in the identification of Named Communities, development of CBIs, and identifying and remediating barriers to participation. This information was provided to customers through email communications, during public participation presentations, and can be found on Avista CEIP webpage.

In following the steps identified in its Plan, Avista communicated with customers in several ways. Initially, customers and advisory group members were notified via email in early May 2021 informing them of the upcoming CEIP Public Participation Meeting series that would be aimed at developing the main components of the CEIP. Customers were, and still are, able to visit the Company's CETA webpage at [myavista.com/ceta](http://myavista.com/ceta) or reach out to Avista's CETA phone line at (509) 495-2255 to learn more or to actively participate in Avista's transition to clean energy. In compliance with WAC 480-100-655 (b), the EAG was established in order to provide an equity lens for those customers in Named Communities. In this context, EAG members were able speak not only to equity issues, but also aid in identifying what benefits and barriers to participation are felt in these communities.

Approximately one week prior to the scheduled CEIP Public Participation Meetings, email reminders and meeting invitation links were sent to all individuals who indicated a desire to be involved. In accordance with WAC 480-100-655(1)(f) and (h), meeting presentations were posted to the Company's CETA webpage approximately three business days prior to each meeting. Input files utilized in the development of interim and specific targets that demonstrate progress towards meeting the clean energy standards identified in WAC 480-100-610 (2) and (3) were also posted to the Company's Integrated Resource Plan (IRP)<sup>1</sup> or CEIP<sup>2</sup> website as they were developed and made available for review.

<sup>1</sup> <https://www.myavista.com/about-us/integrated-resource-planning>

<sup>2</sup> <https://www.myavista.com/about-us/washingtons-clean-energy-future>

Comments received throughout the CEIP Public Participation Meetings, along with responses to various discussion topics as described herein, were captured during each meeting and posted to the CETA webpage. In addition, outstanding questions from previous meetings were addressed during the introduction of each subsequent meeting. Finally, recordings of each CEIP Public Participation Meeting were posted to the Company's CETA website when possible for ease of reference for those who may have been unable to attend regularly scheduled meetings.<sup>3</sup>

In accordance with WAC 480-100-655(1)(h), a summary of advisory group member and stakeholder comments received during the development of its CEIP and on the Company's draft CEIP, along with the Company's responses, can be found in Appendix F.<sup>4</sup> Avista filed its draft CEIP on August 16, 2021. Avista's responses in Appendix F provide details pertaining to whether issues raised in the comments were addressed and incorporated into the final CEIP, as well as documentation of the reason(s) for excluding any such input. In the event input was not considered in the final CEIP, Avista documented the reasons within the appendix, which are captured in Chapter 7 – Next Steps, as a means to follow-up on those issues the Company intends to address during the implementation period or by the next CEIP. This list will be maintained for future consideration once the given constraints can be eliminated. Avista may have follow-up conversations with individual participants for clarification, questions, or comments as needed.

Although the CEIP Public Participation Meetings were the primary avenue for engagement, there were times throughout the process where Avista took additional steps to provide opportunities for additional input or education/information. These specific occasions are described below:

- Attendees of the June 17, 2021 meeting identified their top two CBIs from a list developed in coordination with the EAG. In order to solicit input for additional indicators, a survey was sent to participants requesting additional CBIs that may not have been shared during the previous meeting.
- Meeting materials were emailed to all participants for the July 15, 2021 meeting detailing the final CBIs and providing context for programs and resources currently used by the Company.
- The July 15, 2021 meeting included a lengthy discussion concerning the use of Renewable Energy Credits (RECs) in the Company's interim targets and specific actions. Due to the complexity of this topic, a follow-up YouTube video, "What is a REC?" was sent to attendees as a way to aid in participant understanding. In addition, based on feedback from participants, a Glossary of Terms was emailed to all participants.

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<sup>3</sup> Only the public portion of the CEIP Public Participation Meetings were posted to the webpage. Additionally, the Company's initial meeting held on May 17, 2021 was not posted to the webpage as a cautionary measure; the Company used this first meeting to explain and confirm audience understanding regarding recording of future meetings and that recordings would be posted to the website for public review.

<sup>4</sup> Comments received from Advisory group members, EAG participants, and Avista customers.

- Avista surveyed<sup>5</sup> all electric customers in late July 2021 to solicit additional input on CBIs, CBI priorities, and access to customer programs. No material changes to CBIs were identified through this survey.
- Individual meetings were held with Commission Staff, Public Counsel, Northwest Energy Coalition (NVEC), and Alliance of Western Energy Customers (AWEC) to review initial comments on Avista’s Draft CEIP.

**Customer and Advisory Group Participation**

All of the CEIP Public Participation Meetings were interactive in nature, providing an avenue for open communication amongst attendees. Avista considered the Public Participation Spectrum developed by the International Association for Public Participation, or IAP2, to effectuate a robust and meaningful engagement process throughout the development of its CEIP. The IAP2’s Public Participation Spectrum, provided below as Figure 6.1, was designed to assist with determining the level of participation that defines the public’s role in any open process and is utilized in many public participation plans.

**Figure 6.1: IAP2’s Public Participation Spectrum**

**IAP2’s Public Participation Spectrum**  
 Developed by the International Association for Public Participation

INCREASING LEVEL OF PUBLIC IMPACT				
INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>	<b>Public Participation Goal:</b>
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.

<sup>5</sup> The Company reviewed the results of the survey and presented in the CEIP Public Participation Meeting on August 17, 2021. The results indicated primarily affordability, environmental and public health were the highest priorities for the 2600 who participated in the survey. As such, existing CBIs effectively addressed concerns.

Using IAP2's Public Participation Spectrum as a reference guide, each meeting within the CEIP Public Participation Meeting series was carefully designed to solicit a particular level of engagement. Each presentation was thoughtfully prepared in order to meet the needs of both technical and non-technical attendees.

Throughout the CEIP Public Participation Meetings, Avista sought to educate and collaborate with attendees. Avista partnered with a third-party equity consultant to facilitate the various phases of public engagement ensuring a focus on equity. The "Empower" level of engagement from IAP2's Public Participation Spectrum was not utilized during the development of this CEIP, given that the final responsibility of decision-making ultimately lies with Avista to ensure compliance with regulatory requirements, tariff rules, and Company initiatives. Each meeting was carefully constructed to solicit a certain type of engagement – while some were educational in nature, others were much more interactive with results incorporated directly into our Plan (such as CBI development). Avista will continue to identify the structure of ongoing meetings and communicate that expectation prior to public meetings for all advisory group members, interested stakeholders and customer participants.

In accordance with WAC 480-100-655(1)(a), Avista's existing advisory groups<sup>6</sup> were involved in the development of the Company's CEIP. All advisory group members received notifications pertaining to the timing of the CEIP Public Participation Meetings and were encouraged to participate. Meeting schedules were also posted to [myavista.com/ceta](http://myavista.com/ceta), and meeting invitations were sent to all members who expressed an interest in collaborating throughout the process. Participation in CEIP meetings did not limit participation in existing advisory group meetings, which convened at their regularly established intervals throughout the CEIP development.<sup>7</sup> Updates about the CEIP were also provided at regularly scheduled advisory group meetings as needed.

The IRP Technical Advisory Committee (TAC) members were instrumental in the development of specific clean energy targets described in Chapter 2 – Specific Targets established in the Clean Energy Action Plan (CEAP) and as such, had a unique skillset to aid in the identification and review of specific actions, and associated CBIs, for the 2022-2025 implementation period. In addition to advisory group members, the general public was also involved in the development of the CEIP. All meetings, with the exception of the initial EAG "Meet and Greet", contained a public portion which was open for all customers to engage in the process. For those who were unable to attend meetings electronically, the following methods for communicating with the Company were provided:

- email at [ceta@avistacorp.com](mailto:ceta@avistacorp.com)
- telephone at 509-495-2255
- [mavista.com/ceta](http://mavista.com/ceta)

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<sup>6</sup> Avista currently has three existing advisory groups: the IRP Technical Advisory Committee (TAC), the Energy Assistance Advisory Group (EAAG), and the Energy Efficiency Advisory Group (EEAG).

<sup>7</sup> The Transportation Electrification Stakeholder Group, a statewide group that will be comprised of all investor owned utilities and interested stakeholders, has yet to be established. Once formally established, this group will be involved throughout the implementation of the CEIP.

Throughout the CEIP implementation period, Avista will continue to convene regular advisory group meetings to monitor the progress of initiatives described in Chapter 4 within the Specific Actions subsection, as well as for consistency among various legislative requirements. Table 6.1 below reflects the approximate meeting frequency; this schedule will be reviewed annually and adjusted as necessary to reflect the current state of advisory group meetings.

**Table 6.1: Advisory Group Meeting Schedule**

Advisory Group	Frequency
Energy Efficiency Advisory Group	Quarterly
Energy Assistance Advisory Group	Every Other Month
Equity Advisory Group – Equity Lens Sessions	Every Month
Technical Advisory Committee – Pre-IRP Development	As needed
Technical Advisory Committee – IRP Development	See IRP Workplan
CEIP Public Participation – Implementation period	Quarterly, as needed

The Company will also file an IRP Work Plan with the Commission that outlines the TAC meeting schedule and the process for developing the next IRP by September 1, 2023. Prior to this filing, check-ins through email or special advisory group meetings will be conducted, as needed, while actions are being implemented.

**Equity Advisory Group:**

In accordance with WAC 480-100-655(1)(b) the EAG was formed to advise Avista on equity issues including, but not limited to:

- Designation of Vulnerable Populations;
- Designation of Highly Impacted Communities;<sup>8</sup>
- Development of Customer Benefit Indicators;
- Recommendations for the equitable distribution of energy and non-energy benefits and reduction of burdens to Vulnerable Populations and Highly Impacted Communities; and,
- Identification of barriers and solutions to public participation.

Per WAC 480-100-655(1)(b) members of Avista’s EAG include representatives from organizations such as environmental justice, public health, tribes, Highly Impacted Communities, Vulnerable Populations, as well as other relevant groups described below. Included as Appendix G is a final draft of the EAG Charter, that includes a description of the purpose, goals, meeting construct, schedule, and group structure. Also included is a list of the 2021 EAG members along with their organizational or community affiliation and role.

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<sup>8</sup> See Chapter 3 – Customer Benefit Indicators for further discussion on Vulnerable Populations and Highly Impacted Communities.

Membership in the EAG is open to all Avista customers, community members and special interest stakeholders. In addition to the representation requirements laid out in the CETA rules referenced above, an essential objective in EAG recruitment is to engage individuals from under-served, resource-constrained, and marginalized groups who specifically reside in such communities within the Company's service territory. Another EAG recruitment approach was to avoid engaging members that currently participate in other Avista advisory groups. These strategies resulted in a membership with a unique perspective and representation from Named Communities within Avista's service area. It also helped to achieve comprehensive and diverse customer representation along with a balance of those who work on policy topics within the group's composition. In drafting the CEIP, Avista endeavored to fully utilize the knowledge and expertise of this group, especially as it relates to equity issues and how all customers may benefit from the transition to clean energy.

Recruitment for the EAG is an ongoing process. All interested persons are asked to complete a Member Interest Form; included in Appendix G. The interest form captures a variety of information to not only gather each potential member's contact information and the area(s) and/or interests they represent, but to also ensures that the EAG's objectives are in alignment with the individual's interests and provides an opportunity for the individual to request compensation for any costs related to their participation in the group.

Once Avista filed its first draft of the CEIP, the Company convened the EAG at the end of August 2021 and early September 2021 to spend additional time developing the group and to determine the timing and extent of meaningful participation throughout the CEIP implementation period, including outreach and education serving Named Communities. During these meetings members discussed the rules for engagement and meeting framework. The group devised monthly Equity Lens Sessions to learn about, and in some situations provide consult on, related Company initiatives, programs and projects. The monthly sessions will convene in October 2021 and run throughout the implementation period. Furthermore, these regularly scheduled EAG meetings will provide an avenue for refinement of outreach methods, as well as review of material changes in programs, investments, or resources. These meetings will also be utilized to review progress of the implementation of specific actions, the impact on CBIs, and other clean energy legislation.

With an emphasis on ensuring members are engaged, active participation is continuously encouraged as a criterion for attending EAG meetings. To support creating a neutral environment, an independent contractor has been commissioned to facilitate the EAG meetings. In an effort to make the meetings accessible to members, the Company hosts two duplicate EAG meetings, one in the morning and one in the evening; the content for each meeting is the same. Providing the option of morning or evening meeting times improves the probability of member attendance. The EAG will meet with an open meeting forum starting in October 2021 on the 2<sup>nd</sup> Wednesday and Friday of each month; the schedule is as follows:

**Table 6.2: EAG Open Meetings Dates (2021-2022)**

Wednesdays, 4:30 to 6:00 pm	Fridays, 7:30 to 9:00 am
October 13	October 15
November 10	November 12
January 12	January 14
February 16	February 18
March 8	March 11
April 13	April 15

The EAG Equity Lens Sessions will be conducted in an open meeting forum, where all interested persons are welcome to attend. The EAG meeting schedule will be posted on the Company website and announced prior to the first meeting.

In March 2022, the Company and EAG facilitator will assess the success of the Equity Lens Session format and if needed, will make adjustments for improvement and schedule sessions for the upcoming six months.

Additionally, the group members expressed they would like to have a members-only meet quarterly with membership only for team building. These sessions will not be open for general public participation and will be arranged for membership only.

During the group development conversations in August and September 2021, the EAG members determined that Avista staff would screen all non-member requests to attend meetings. While EAG Lens Sessions will be open to the general public, members are looking to the Company to create a safe environment where authentic discussions can occur.

Table 6.2 below provides an overview of the topics to be presented at the monthly Equity Lens Sessions that will commence in October 2021. Due to unforeseen requirements, the topics and schedule may be modified. These dates will be posted on the Company website and will be included in related Company marketing for CETA public participation activities.

**Table 6.3: EAG Open Meetings Topics (2021-2022)**

Date	Topic
October 2021	Energy Assistance Report to Commerce (due February, inform/review); the saturation rate of these programs including all customers and those located in Named Communities; ways effectively engage Named Communities; Overview of energy assistance and new LIRAP Rate Discount
November 2021	Outreach and Marketing to engage Named Communities - Community Marketing Campaigns & Outreach
January 2022	Energy Efficiency Program Development – Wellpinit Microgrid Pilot, Wood Stove Replacement – Pilots and Potential offerings (e.g., community nominated projects)
February 2022	Named Communities Investment Fund
March 2022	Community Resiliency: Outage support for Named Communities
April 2022	Energy Efficiency Program Development: Round 2
	Other general topics to be scheduled: <ul style="list-style-type: none"> <li>▪ Electric Vehicles (EV) Community &amp; Low-Income Initiative</li> <li>▪ Non-Energy Burdens</li> <li>▪ Automated Metering Infrastructure -aka <i>Smart Meters</i></li> <li>▪ Wildfire</li> </ul>

Based on the request of EAG members, presenters for the Equity Lens Sessions will be instructed to prepare their presentations to be relatable to a general audience, avoid utility jargon and set expectations for the presenter’s intent utilizing the IAP2’s Public Participation Spectrum (e.g. presenter’s will need to state whether they are seeking to inform, consult, involve, collaborate or empower by meeting with the EAG). Additionally, presenter’s will be asked to follow-up with the group at a later date to provide an update.

The information provided above represents the “concrete” plans that have currently been identified. While the Company intends to keep a focus on equity throughout the implementation plan, it is a four-year period for which calendar dates and meeting topics have not been identified that far into the future. This is an iterative process which can and will change throughout the next four years. No less than annually the EAG processes will be evaluated and modified based on feedback, new projects, or other considerations provided by members. Avista will update the webpage as necessary at [www.myavista.com/ceta/eag](http://www.myavista.com/ceta/eag).

### Barriers to Participation

Avista currently does not have an established overarching Company-wide plan or process to identify and remove public participation barriers such as language, cultural, or economic obstacles. However, the Company is committed to continued process improvement for implementing ways to better engage customers during the transition to clean energy. The identification of such barriers, development of possible solutions, and implementation of an effective multilingual communication strategy (among others) will be a lengthy process, but one that the Company believes to be integral to the success of the CEIP, along with the development of additional customer programs to support these endeavors. In collaboration with its EAG, Avista will develop a plan to address these barriers within 12-months of filing its initial CEIP and will begin implementation of said plan during the 2022-2025 CEIP time frame. To ensure the focus is maintained on this

area of development, the Company’s CBI “Availability of Methods/Modes of Communication” will consider ways to reach those customers who previously have not participated in programs due to language factors such as lack of awareness or understanding of the application process.

With guidance from the EAG, as further described below, Avista has identified several barriers specific to its service territory and its particular Named Communities, along with potential strategies to reach solutions. Table 6.2 describes these barriers and the potential strategies for resolution or improvement.

**Table 6.4: Barriers to Participation**

Barriers	Strategies
<b>Non-English Speaking</b> Communication methods only in English results in lack of participation for those who cannot understand the outreach or information	<ul style="list-style-type: none"> <li>• Translate CETA website and meeting materials in Spanish</li> <li>• Provide translated CETA materials to community organizations</li> <li>• Outreach to “trusted advisors” who may be able to translate to non-English speaking customers</li> </ul>
<b>Language/Communication Methods</b>	<ul style="list-style-type: none"> <li>• Develop CETA meeting materials in broadly understood terms</li> </ul>
<b>Cultural Barriers</b> Customers may be part of a culture that may not reach out for help, or undocumented workers afraid of retribution	<ul style="list-style-type: none"> <li>• Outreach to “trusted advisors” used to help inform customers</li> <li>• Education may alleviate fears of participation</li> </ul>
<b>Economic Barriers</b>	<ul style="list-style-type: none"> <li>• Provide printed CETA material to individuals who do not have internet access and can only call into the public meetings</li> </ul>

Avista has implemented some of the strategies identified in Table 6.2 as an initial step in better reaching its Spanish-speaking customers. For example, the CEIP webpage at [myavista.com/ceta](http://myavista.com/ceta) has been translated and is currently available in both English and Spanish. CETA newsletters, bill inserts, and informational flyers were also developed in both English and Spanish and were distributed in August 2021 to solicit additional public participation in the September 2021 Public Educational Outreach Meeting. This meeting was intended to be a non-technical educational workshop with individual breakout rooms for each specific target (energy efficiency, demand response, clean energy) of the CEIP. In addition, the Spanish translation of the CEIP will be posted to Avista’s website and translated bill inserts will direct customers to where the translated CEIP is located. Avista will continue to utilize these methods to keep customers informed throughout the implementation period. Feedback received from the EAG also indicated several other languages that may need to be addressed in order to overcome barriers to participation amongst Avista customers. Avista will work with the EAG to identify where these efforts would be most impactful and engage with translation services as needed.

The Company has taken steps to address the sentiment that the use of utility language and/or jargon may be an obstacle to public participation. A Glossary of Terms has been

posted to myavista.com/ceta and was provided to all CEIP Public Participation Meeting attendees through email for additional context during CEIP discussions. Finally, given the complexities inherent in the discussion of RECs, Avista provided attendees with an easy-to-understand video to aid in further comprehension, in addition to posting the video on its CETA webpage. Avista will work with the EAG to develop additional methods of communication to ensure the use of broadly understood terminology is utilized throughout public education and outreach efforts.

As previously noted, during the 2022-2025 implementation period, the EAG will help provide additional guidance on timing, methods, and identification of additional barriers to help reach all customers, including those in Named Communities, on an ongoing basis.

## Customer Benefit Indicators

### CBI Development

A description of project milestones and input received from advisory group members and customers is provided in the *Project Milestones* section below. A significant amount of interaction was utilized to identify the inequity areas used to develop CBIs which ensure customers, especially those in Named Communities, receive the benefit or reduction of burdens from the clean energy transition. Chapter 3 provides a full description of the CBIs, prioritization of such CBIs, and baseline measurements.

The development of CBIs began with the identification of the various benefits of clean energy, followed by the recognition of any barriers that customers may encounter that might limit them from equitably receiving those benefits or reductions in burdens. CBIs were then developed, and metrics established to reflect progress towards meeting CETA's clean energy goals in a way that is equitable to all customers, with a focus on Named Communities.

With the use of its independent EAG facilitator, Avista met separately with the EAG on June 9<sup>th</sup> and 10<sup>th</sup> to brainstorm and identify the barriers and burdens faced within the Company's service territory in the following equity areas:

- Affordability and Availability
- Access to Clean Energy
- Community Development
- Energy Security and Resiliency
- Environmental
- Health and Well-Being

Discussions also considered how to measure benefits and burdens (preliminary CBIs), as well as consideration of the ways in which Avista may or may not be able to influence the overall efficacy of these CBIs.

### Equity and Burden Discussion

To develop effective CBIs, it was essential to understand what barriers and burdens Avista customers are currently facing. Once this foundation was established, CBIs were developed in coordination with the EAG and through CEIP Public Participation Meetings. Through such efforts, equity areas were drafted and categorized by availability and affordability, access to clean energy, community development, energy security and resiliency, environmental considerations and health and well-being. These equity areas were initially developed through external resources such as the Department of Commerce's, "Justice in 100 Metrics", Department of Commerce, "Draft Area Metrics and Examples", and discussions with Avista personnel who have significant experience working within these communities.<sup>9</sup> Internal Customer experts included Regional Business Managers, Indian Relation Advisors, Community Investment and Avista Foundation Manager, and Senior Forecaster and Economist, as well as others who routinely interact with customers.

With the wide breadth and depth of lived experience the EAG members bring, their input proved to be pivotal in the identification of specific equity areas and the development of CBIs which ensure the equitable distribution of clean energy benefits or reduction in burdens. EAG meetings held on June 9<sup>th</sup> and 10<sup>th</sup> resulted in the identification of approximately 85 equity areas and 20 populations which could either benefit from or face burdens from the implementation of clean energy.

Input received pertaining to equity areas were carefully evaluated, with those metrics exhibiting the same characteristics being consolidated for ease of discussion and prioritization. The consolidation efforts resulted in approximately 26 independent metrics which provided the foundation for the final development of the identified CBIs. The consolidated results were shared with the EAG and CEIP Public Participation Meeting members to verify the accuracy of categorized CBIs, identify areas that may have been overlooked, and prioritize metrics. Table 6.3<sup>10</sup> reflects the 26 preliminary metrics utilized in this discussion and voting, with each metric pertaining to all customers (with a focus on Named Communities).

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<sup>9</sup> Justice in 100 Metrics, Tools for Measuring Equity in 100% Renewable Energy Policy Implementation by Talia Lanckton and Subin DeVar with the Initiative for Energy Justice. Energy Indicators for Sustainable Development: Guidelines and Methodologies by International atomic energy agency, united nations department of economic and social affairs, international energy agency, Eurostat and European environment agency

<sup>10</sup> Chapter 3 – Customer Benefit Data, Table 3.2 contains the full list of preliminary CBI identified by the EAG and public participants.

**Table 6.5: Preliminary Customer Benefit Indicators**

Equity Area	Customer Benefit Indicators
Availability and Affordability	<ul style="list-style-type: none"> <li>• Rate of Participation in programs</li> <li>• Number or percent of appliances converted to energy efficient models</li> <li>• Number or percent of households who are not energy burdened (paying 6% or less of household income on energy bills)</li> </ul>
Access to Clean Energy	<ul style="list-style-type: none"> <li>• Accessibility of methods/modes of outreach and communications (language, print ads, media, etc.)</li> <li>• Number or percent of households or multi-family households reached by and utilizing EV charging stations, vehicles and infrastructure</li> <li>• Support provided to increase to programs and promote awareness for Named Communities</li> <li>• Number of new authentic 2-way relationships with the community</li> <li>• Number or percent of households reached by broadband internet</li> </ul>
Community Development	<ul style="list-style-type: none"> <li>• Workforce development programs for local jobs</li> <li>• Equitably invest funds in the community (e.g., funds granted to organizations serving or led by Named Communities)</li> <li>• Visibility of “ugly” infrastructure in Named Communities</li> <li>• Property values</li> <li>• Equitable implementation of community-based projects to increase access (e.g., solar, wind turbines, co-ops)</li> </ul>
Energy Security and Resiliency	<ul style="list-style-type: none"> <li>• Duration and frequency of power outages</li> <li>• Back up energy sources available in Named Communities (charging stations in libraries, back-up generators, etc.,)</li> <li>• Proximity of reliable energy infrastructure to rural and energy insecure communities</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Locations “greened” (trees planted, greenspace restored, blacktops removed equitably)</li> <li>• Reduced risk of wildfires</li> <li>• Natural and historic resources protected and appropriately accessible</li> <li>• Reduced polluting emissions</li> <li>• Locational environmental impacts (facilities, pollution) equitably sited</li> </ul>
Health and Well-Being	<ul style="list-style-type: none"> <li>• Improvements to indoor and outdoor air quality</li> <li>• Customers who are not stressed or anxious about the transition to clean energy</li> <li>• Initiatives addressing systemic racism</li> <li>• Customers feel they have an authentic “seat at the table”</li> <li>• Active transportation opportunities (walk, bike, bus, roll, scoot) used by communities</li> </ul>

The 26 preliminary CBIs were further refined separately by the EAG and by other public participants utilizing the polling feature in Zoom. Participants were tasked with identifying their top two CBIs within each indicator based on the importance they felt each CBI held within the transition to clean energy. The results of the polling efforts are detailed in Table 6.4 below. In addition, through feedback from stakeholders on Avista’s draft CEIP, the Company clarified the use of its transportation electrification program and created a CBI, “Transportation Electrification”, in order to provide visibility into the work being done in this area.

**Table 6.6: Final Customer Benefit Indicators**

Equity Area	Customer Benefit Indicator
Affordability	<ul style="list-style-type: none"> <li>• Participation in Company Programs</li> <li>• Number of Households with a High Energy Burden</li> </ul>
Access to Clean Energy	<ul style="list-style-type: none"> <li>• Availability of methods/modes of outreach and communication</li> <li>• Transportation Electrification</li> </ul>
Community Development	<ul style="list-style-type: none"> <li>• Named Community Clean Energy</li> <li>• Investments in Named Communities</li> </ul>
Energy Resiliency	<ul style="list-style-type: none"> <li>• Outage Duration</li> </ul>
Energy Security	<ul style="list-style-type: none"> <li>• Proximity of Energy Generation</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Outdoor Air Quality</li> <li>• Greenhouse Gas Emissions</li> </ul>
Public Health	<ul style="list-style-type: none"> <li>• Avista Employee Diversity</li> <li>• Avista Supplier Diversity</li> <li>• Indoor air quality</li> </ul>

As previously noted, CBIs were developed in consultation with participating advisory group members, the EAG, and other interested parties, in accordance with the guidance provided in WAC 480-100-655 (1)(a), (b), and (c). Stakeholders including Commission Staff, Public Counsel, The Energy Project, NWEAC, AWEC, and Climate Solutions, were either directly involved in Avista’s CEIP Public Meetings or were notified of progress through meeting presentations and posted meeting notes. Each participant was provided with opportunities to indicate additional CBIs or measures, to be included in the final CEIP, through email, telephone, surveys or during the meetings themselves. Public Counsel, The Energy Project, NWEAC and Front and Centered, collectively referred to as the Joint Advocates, filed comments with the Commission with suggested CBIs on July 20, 2021; these comments were received by the Company many days later. Notably, Avista’s preliminary CBIs were already decided upon through a public process well before receiving the Joint Advocates comments (which occurred approximately a week prior to the Company filing its draft CEIP). Due to time constraints, the Company was unable to fully incorporate the Joint Advocates proposed CBIs in its draft CEIP.

Avista evaluated the CBIs presented by the Joint Advocates and incorporated their suggestions into the final draft where applicable. In many areas, there was overlap between Avista’s final CBIs and those proposed by the Joint Advocates. Avista appreciates the comments received from the Joint Advocates, particularly in identifying other CBIs which may be specific to the Company’s service territory and customer needs. However, in order to stay true to the process as communicated during Public Participation Meetings, additional CBIs would need to be reviewed and prioritized with all customers and EAG members. Avista will consider additional CBIs in the 2-year update or next CEIP.

## Public Participation Milestones

Participation from customers, the public, advisory groups, and the EAG was essential to the development and prioritization of CBIs. Through feedback received from the EAG, the Company was able to identify several characteristics of Named Communities<sup>11</sup> over and above those identified by the Department of Health. Avista utilized this feedback in the development of CBIs and to identify barriers to participation to ensure the equitable distribution of energy and non-energy benefits for Named Communities. As the EAG was involved at a higher level of engagement while identifying CBIs, EAG input was heavily weighted in the outcome of the final CBIs. Additional information on the development of CBIs is provided in Chapter 3 – Customer Benefit Indicators.

Table 6.5 illustrates the milestones where input was received from the EAG, customers, and/or advisory group members. The dates provided below correspond with the CEIP Public Participation Meeting occurrences.

## Next Steps

Through successful advisory group participation and outreach to Avista electric customers, the Company was able to further define Named Communities within Avista's service territory, identify potential barriers to public participation along with prospective solutions to such barriers. It was also able to develop its initial equity areas and CBIs that can be used as a measure of the success or failure of an equitable approach to the clean energy transition. The Company will continue to meet with its EAG members on a monthly basis and will hold CEIP Public Participation Meetings to further refine solutions for removing barriers to participation and determining ways in which customers can continue to benefit from the transition to clean energy during the 2022-2025 implementation period.

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<sup>11</sup> [Myavista.com/ceta](https://myavista.com/ceta) CEIP Public Participation Meetings June 2021 Presentation

Table 6.7: Milestones

Milestone	Description
Identify Named Communities  June 9/10, 2021 (EAG) June 17,2021 (All)	<ul style="list-style-type: none"> <li>• Reviewed definition of Highly Impacted Communities as defined via the Department of Health Cumulative Impact Assessment for Avista</li> <li>• Reviewed Vulnerable Populations with a rating of 9-10 socioeconomic and sensitivities on the Department of Health, Health Disparities Map for our service territory</li> <li>• Identified vulnerable population Characteristics and barriers to participation with EAG</li> </ul>
Identify inequity areas and develop preliminary CBIs  June 9 and 10 – EAG June 17 – All July 15 - All	<ul style="list-style-type: none"> <li>• Avista and EAG identified equity areas for all customers and Named Communities</li> <li>• EAG identified the barriers and burdens associated with equity areas</li> <li>• EAG identified preliminary CBIs; finalized with all customers/advisory group members</li> </ul>
Reviewed current programs in relation to CBI and equity areas  July 15, 2021	<ul style="list-style-type: none"> <li>• Reviewed Renewable Energy Credits and proposal for CEIP</li> <li>• Overview of Energy Efficiency and associated CBIs and actions</li> <li>• Overview of Demand Response and associated CBIs and actions</li> <li>• Overview of Renewable Resources and associated CBIs and actions</li> </ul>
Developed and finalized metrics to measure CBI  July 15, 2021	<ul style="list-style-type: none"> <li>• Avista identified and developed measurable methods for each CBI</li> <li>• Measurement methods were reviewed with all groups to ensure accurate CBIs were documented and appropriate measures assigned to each CBI</li> </ul>
Correlate CBIs with resource mix  August 17, 2021	<ul style="list-style-type: none"> <li>• Avista determined each resource’s contribution to overall customer benefits from the transition to clean energy</li> <li>• Ensured CBIs are directly related to specific actions for each target and combine where necessary</li> </ul>
Calculate baseline measurements  Final CEIP filed October 1, 2021	<ul style="list-style-type: none"> <li>• Avista developed baseline CBI measurements</li> <li>• Avista will regularly communicate the CBI metrics to its customers to show the progress against the baseline through its website or other communication methods</li> </ul>

## 7. Next Steps

### Overview

The initial CEIP represents Avista's good-faith efforts to comply with all CETA requirements while balancing the condensed timeframe associated with its development. The CEIP is an iterative process which will evolve as additional time, resources, input and clarifications are considered and evaluated during the CEIP implementation and in the development of future CEIPs. This Chapter is intended to provide an overview of Next Steps Avista will take to further develop certain sections in this CEIP.

### Next Steps:

Stakeholder comment may be received throughout the CEIP implementation period. These remarks may result in modification of or additions to the list of Next Steps. Avista will work with Stakeholders to determine the best avenue for addressing all information that is submitted after the October 1 filing date. At minimum, updates will be provided in N

- **Interim Targets:** Avista developed its interim targets based on its interpretation of CETA compliance requirements. Avista will revise its interim targets, if required, based on the results of the “use” determination in the Docket No. UE-210183 - Rulemaking to consider adoption of Markets and Compliance Requirements for the Clean Energy Transformation Act.
- **Specific Actions:** Staff comments suggest the use of a “logic model” to provide both visual and clear demonstration of correlation between benefits and burdens of each specific action for Named Communities and a link to a specific Customer Benefit Indicator (CBI). While Avista attempted to provide clarification in the text of the Final CEIP, additional steps for this activity may be taken and described in the 2023 IRP and/or CEIP update.
- **Forecasted distribution of non-energy impacts:** The forecasted distribution of non-energy impacts was available for energy efficiency and utilized within the creation of the CEAP, and evaluated as part of the CEIP. Avista will engage a consultant to provide non-energy impact analysis specific to other resources beginning in early 2022 and use the recently completed non-energy impacts study for energy efficiency. This analysis will be available and utilized in the 2023 IRP Update and CEIP update.
- **Named Communities Identification:** Avista will continue to evaluate the information on Highly Impacted Communities and Vulnerable Populations provided by the Department of Health via the Health Disparities Map. Avista has identified certain tribal areas which may be in error in this map. In addition, Avista will work closely with the Equity Advisory Group to fully develop and identify Highly Impacted Communities and Vulnerable Populations unique to the Company's service territory that may not be visible with the metrics utilized for the DOH map.

- **Customer Benefit Indicators:** Several CBIs may be evaluated and modified based on further analysis, refinement of measurement methods or based on Stakeholder feedback. Likely additional measurement methods will be incorporated into the next CEIP, along with other public participation inputs.

The following CBIs identified via the Public Participation process will be finalized during the implementation period.

1. Number of Households reached by Broadband: This metric was voted on as a high priority by participants in the Public Participation process. In addition, this area was identified as a problem area by Avista's Regional Business Managers, Senior Forecaster & Economist, Demand Response project manager and other employees who routinely interact with customers. As such, Avista feels this metric is high enough in importance to continue to explore methods by which it may be able to measure and/or impact this CBI. On a preliminary basis, Avista will further explore Joint Use possibilities and how customers in Named Communities may be impacted. Avista will inform interested stakeholders in the CEIP Public Participation meetings scheduled at minimum quarterly.
2. Number of Households with a High Energy Burden (>6%): Avista is currently monitoring this CBI via a metric established by an external third-party consultant. Avista will work with the consultant to ensure a measure for those individuals specifically located within Named Communities. In addition, an internal team will be formed to develop this metric in-house for more transparency.
3. Outdoor Air Quality: The Company will investigate the most useful metric to its Customers; including using other air quality data sources and methods of better identifying air quality issues in Named Communities such as additional monitoring stations, self-reporting technologies, third-party data collection and monitoring. Avista will share with the CEIP advisory groups and determine their usefulness in monitoring air quality for all customers and Named Communities.
4. Energy Availability: Avista will engage the CEIP advisory groups to determine the best method to communicate metrics for customer outages. This may include mapping and data analytics for outage duration or occurrences.
5. Greenhouse Gas Emissions: The Company will continue to evaluate, and research approaches utilize this metric as additional methods for measurement are identified by the Washington Department of Ecology.

6. **Indoor Air Quality:** The Joint Advocates<sup>1</sup> provided several proposed CBIs which may be useful in evaluating indoor air quality and measure its impact on public health. These may include reduced number of work and school absences triggered by poor air quality, health, and safety outcomes from weatherization efforts, among others. Avista will continue to work towards developing a measurement for this equity area.
  7. **Supplier Diversity:** Avista will work with the EAG to determine ways to develop a metric specific to Named Communities, if appropriate.
- **Public Participation:** Avista will continue to work towards identifying additional methods to engage customers and develop additional means to address barriers to participation. Engaging customers is not limited to the CEIP, and as such the Company will work to establish a communication plans to achieve specific outreach goals.
  - **Distribution Planning:** Distributed energy resources (beyond energy efficiency and demand response) will be included in the IRP evaluation beginning in the 2025 IRP. In addition, a workplan will be developed for distribution planning by second quarter of 2022, with a Distribution Planning Advisory Group formed by third quarter of 2022.
  - **IRP Process Update** Avista plans to address these items in the 2023 IRP Progress Report:
    - Nonenergy impacts for energy efficiency and generation resources.
    - Include scenario analysis climate change impacts to hydro resources and load.
    - Resource adequacy targets based upon the Northwest Power Pool Resource Adequacy program implementation, if applicable.
    - Include CBIs in resource planning process. This will include a modeling proposal that will be developed in coordination with the Technical Advisory Committee to include Named Communities. This will be coordinated with information received on our non-energy impact study and the Named Communities Investments Fund project list.
2. The 2025 IRP workplan will be filed on or before October 1, 2023.
  3. The IRP will be developed in accordance with all requirements of RCW 19.280.030 Development of Resource Plan.

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<sup>1</sup> Public Counsel, The Energy Project, Northwest Energy Coalition, and Front and Centered.