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October 5, 2021

MEMORANDUM

TO: Council Members

FROM: Elizabeth Osborne

SUBJECT: Avista Clean Energy Implementation Plan

BACKGROUND:

Presenters: Ryan Finesilver, Energy Efficiency Manager, Avista
James Gall, Integrated Resource Plan Manager, Avista

Summary: Avista recently completed a draft of its first Clean Energy Implementation Plan. Electric utilities in Washington are now required to develop these plans to comply with the Clean Energy Transformation Act (CETA), which was adopted in the state during the 2019 legislative session. Clean Energy Implementation Plans outline the pathways utilities plan to use to achieve emissions-reduction milestones, and how they will comply with the requirements in CETA to ensure that the transition to 100 percent clean electricity is equitable to customers. Ryan Finesilver and James Gall will provide an overview of Avista's Clean Energy Implementation Plan.

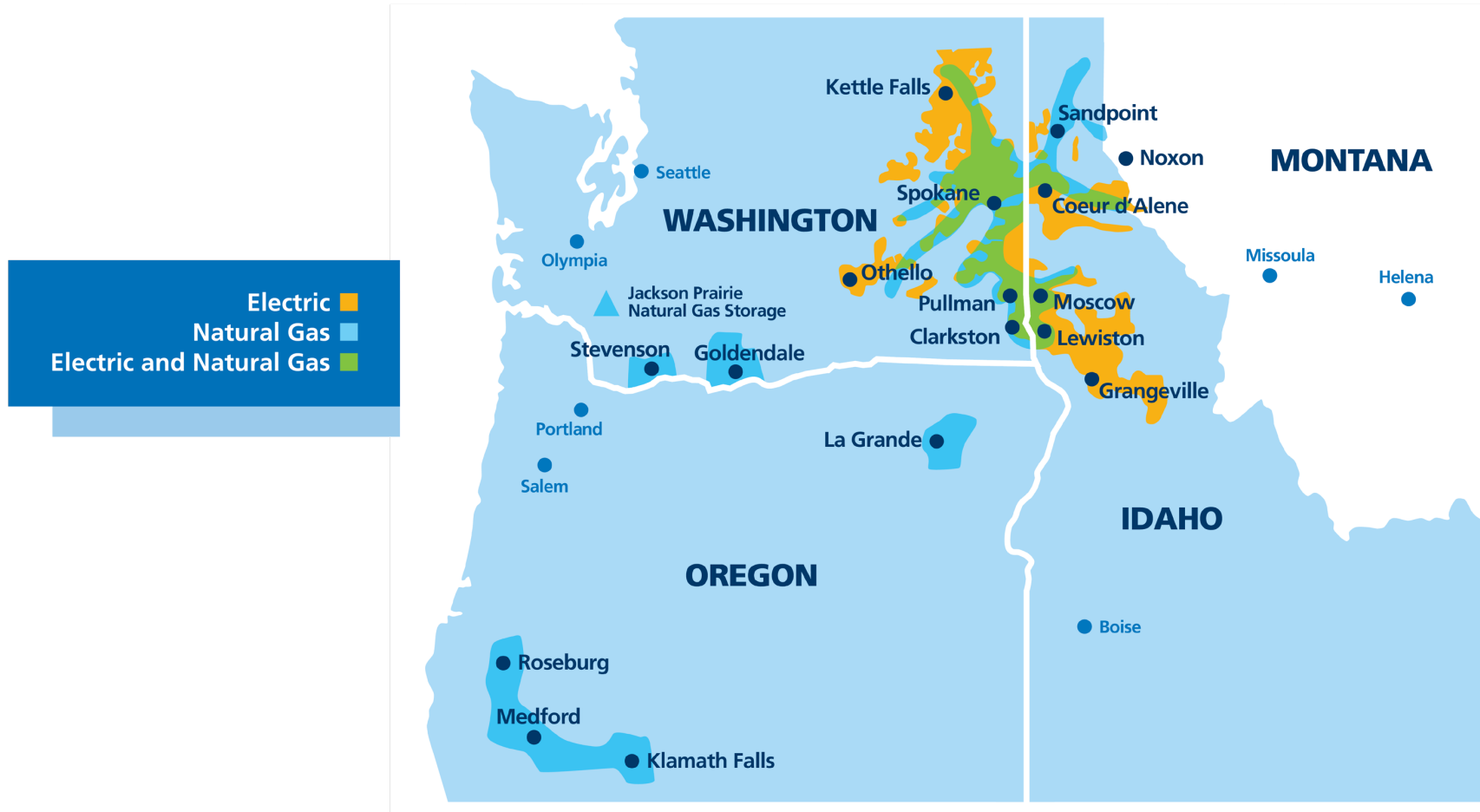
Background: CETA requires utilities to phase out coal from the resources used to serve electric customers in Washington by 2025, and supply greenhouse-gas neutral electricity by 2030 (limited use of natural gas can be offset by other actions). Utilities are required to supply 100 percent non-emitting or renewable electricity in Washington by 2045.



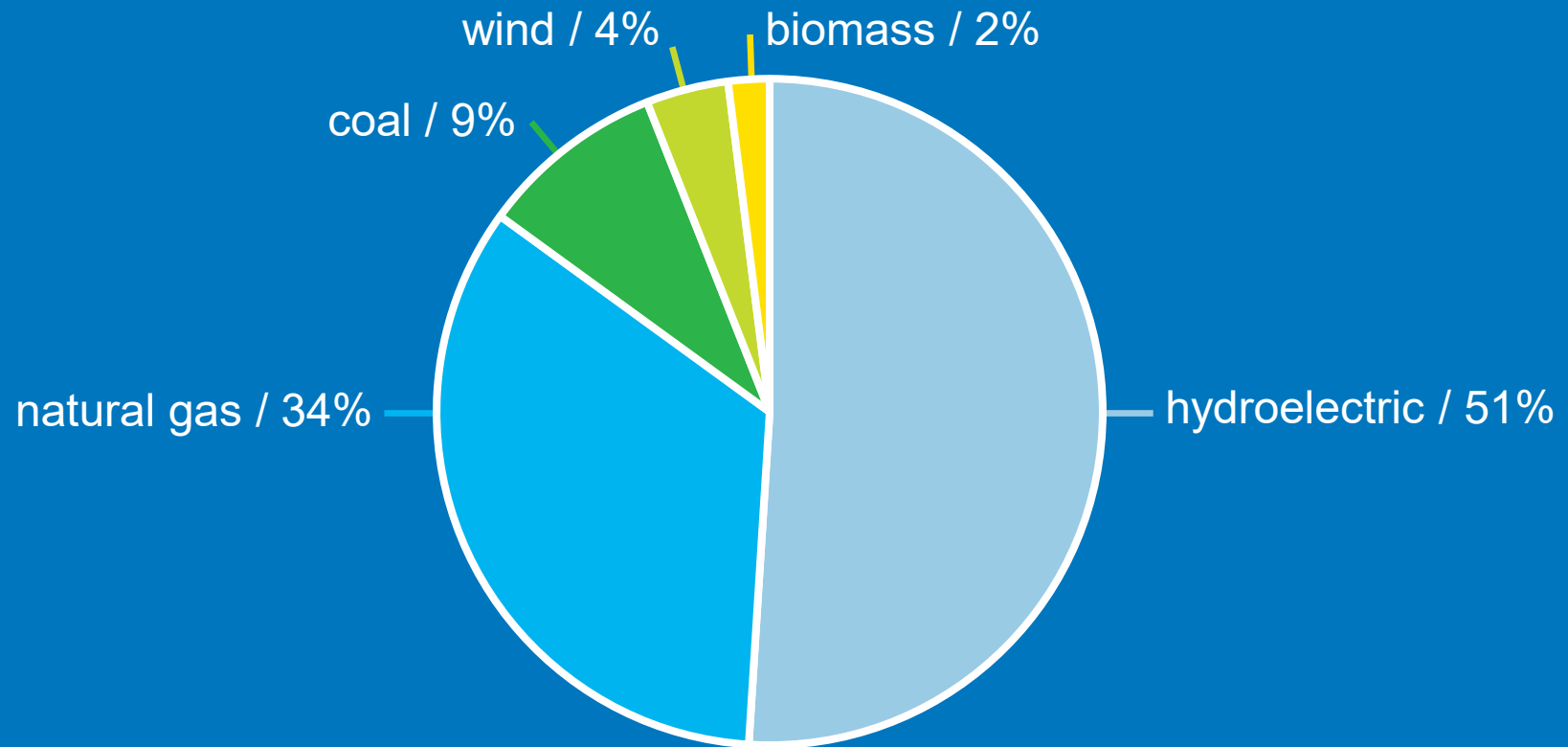
Avista's Clean Energy Implementation Plan

James Gall
IRP Manager

Avista's Service Area



Supply Mix



Clean Energy Transformation

IRP to CEIP



Integrated Resource Plan (IRP)

20+ year resource planning identifying customer future resource needs

- Lowest reasonable cost of resource mix including societal benefits
- Maintain and protect safety, reliable operation and balancing of electric system
- Economic, health and environmental benefits

Clean Energy Action Plan (CEAP)

Sets 10-Year targets for resources based on the lowest reasonable cost plan including; filed jointly with IRP

- Societal costs;
- Clean energy requirements; and
- Reliability Requirements.

Clean Energy Implementation Plan (CEIP) 2022-2025

CEIP establishes the actions the utility will take to comply with CETA goals over the next four years. Including:

- Interim Targets
- Specific Targets
- Public Participation Process
- Customer Benefit Indicators

Public Participation Planning Inputs



Identify Named Communities

Highly Impacted Communities

Vulnerable Populations



Benefits/Barriers “Equity Areas”

Benefits of Clean Energy
Barriers to Participation



Customer Benefit Indicators

Measurable
Accountable



Clean Electricity Sources

Mix of renewable, energy efficiency, demand response

Customer Definitions

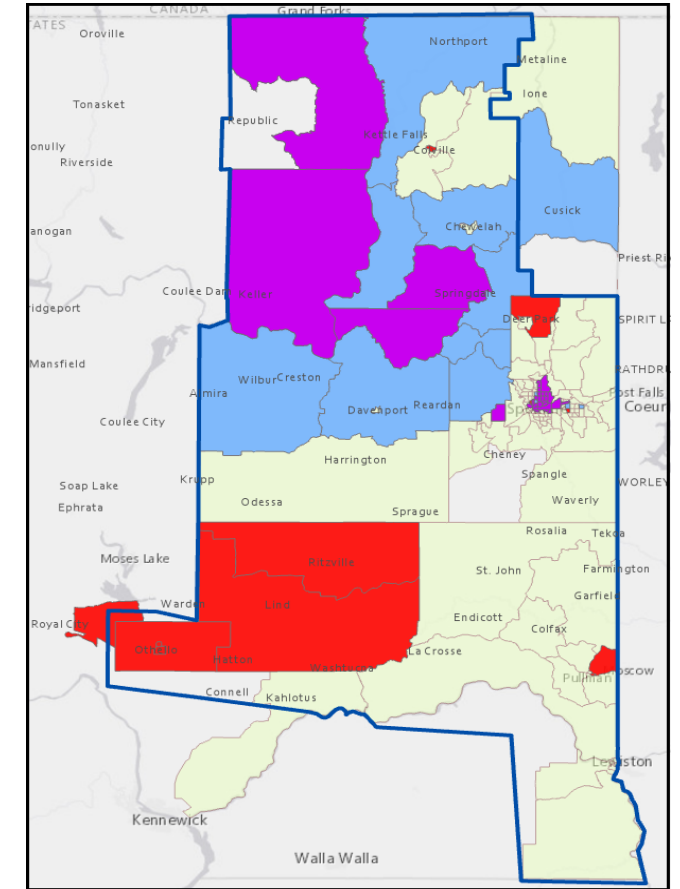
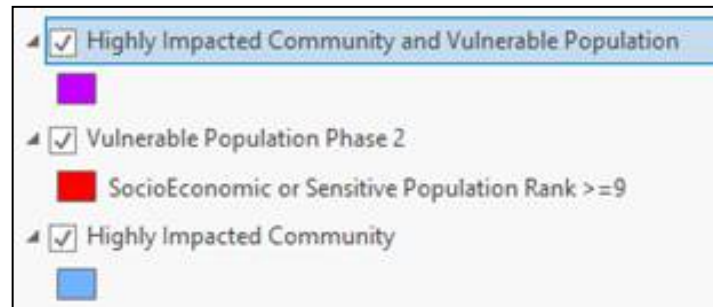
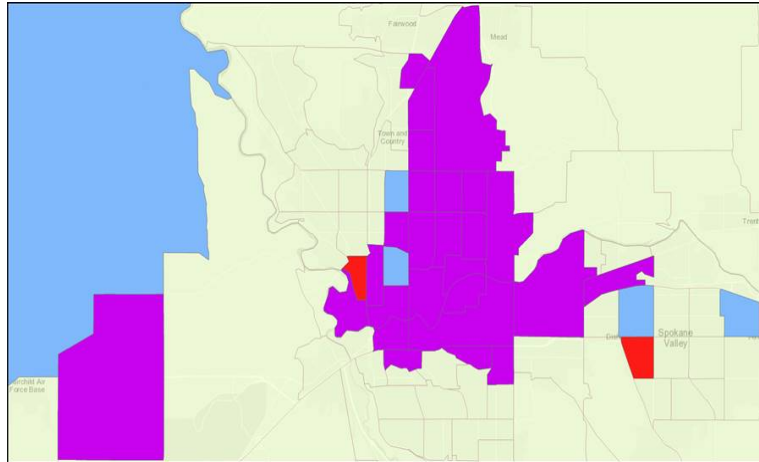
The heart of equity work in CETA is ensuring that all customers are benefitting from the transition to clean energy, with special emphasis placed on “highly impacted communities” and “vulnerable populations”.

Highly Impacted Communities

- Based on cumulative impact analysis determined by Department of Health
- Designated as "Indian country," as defined in 18 U.S.C. Sec. 1151.

Vulnerable Populations

- socioeconomic factors (such as unemployment, high housing costs)
- Sensitivity factors (such as low birth weight and higher rates of hospitalization)



Benefits of Clean Energy Transition

Utilities must consider input from advisory group members (including equity advisory group), and customers to meet requirement that all customers benefit from the transition to clean energy through:

Equity

- Equitable distribution of energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities

Public Health and Environmental

- Long term and short-term public health and environmental benefits and reductions of costs and risks;
- Such as less air pollution which results in lower asthma rates

Energy Security and Resiliency

- Energy Security – strategic objective to maintain energy services and protecting against disruption
- Energy Resiliency – ability to adapt to challenging conditions from disruptions

Meet Planning Standards

- Maintaining and protecting the safety, reliable operation and balancing of the electric system
- Lowest reasonable cost including social costs



Customer Benefit Indicators Examples

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

Customer Benefit Indicators

Affordability

Participation in Company Programs
Number of Households with high energy burden (>6%)

Community Development

Clean electricity source location
Named Communities Investments

Accessibility

Outreach and Communication
Transport Electrification

Energy Resiliency & Security

Outage Duration
Resource Adequacy
Resource Location

Environmental

Greenhouse Gas Emissions
Outdoor Air Quality

Public Health

Employee and supplier diversity
Indoor Air Quality

CBIs are measurement tools for evaluating progress towards ensuring customers are benefitting from the transition to clean energy.

Areas considered:

- ✓ Affordability
- ✓ Access to Clean Energy
- ✓ Environment and Public Health
- ✓ Energy Security and Resiliency
- ✓ Community and Economic Development

Clean Energy Targets & Actions 2022 to 2025



Renewable Resources

Renewable Energy Credit (REC) Retirement
Post Falls & Kettle Falls Upgrades, ~50 aMW New Renewable)



Energy Efficiency

Low Income Programs
Weatherization Programs for Named Communities
Multi-family Direct Install



Demand Response – 30 MW

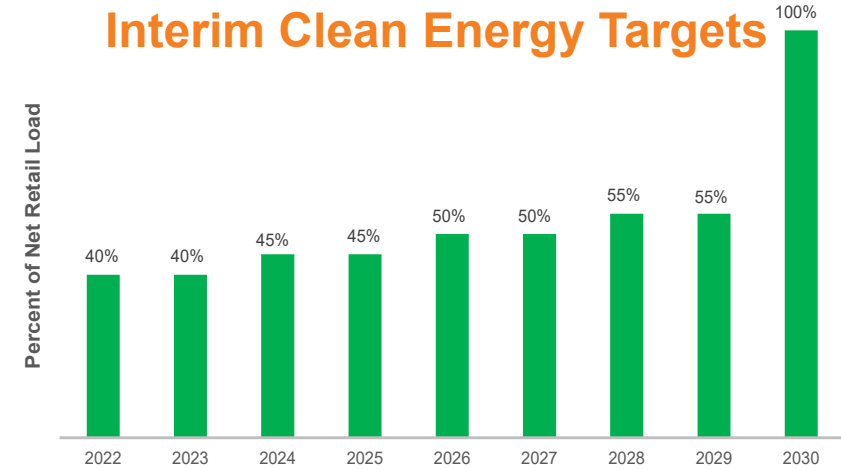
Industrial Customer Demand Response Contract
TOU & Peak Time Rebate Pilots



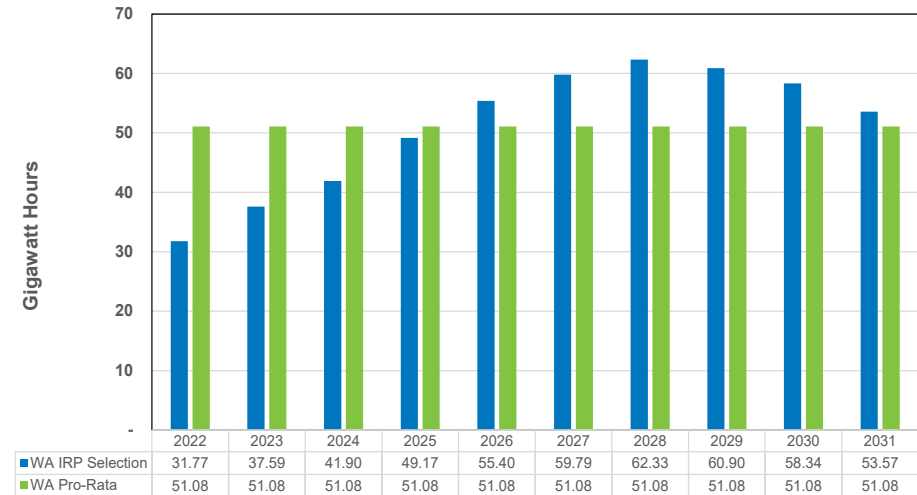
Other Company Initiatives

Investments in Named Communities
Transportation Electrification
Supplier and Employee Diversity Efforts

Interim Clean Energy Targets



Energy Efficiency Targets



Next Steps - Reporting

CEIP Filed October 1, 2021

- Comments and Survey results will be posted with how used or reasons why they were no
- Additional Chapter – Next Steps of topics to be considered

Public Comment Period

- Stakeholders will have opportunity to review and make suggestions
- Commission will evaluate and approve, approve with conditions, or deny

Implementation

- Advisory groups will continue to meet
- Will develop evaluation matrix and ensure equity focus
- Updates will be given throughout process in Public Participation Meeting series (at minimum Quarterly)
- Revise and Communicate Customer Benefit Indicators

Process Changes For Next IRP

- Customer Benefit Indicator Impacts
- Non Energy Impacts

