

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 22, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE April 1, 2016

DATE: March 14, 2016

TO: Public Utility Commission

FROM: ^{MR & SB} Suparna Bhattacharya and Elaine Prause ^{ET}

THROUGH: ^J Jason Eisdorfer and ^{MF} Marc Hellman

SUBJECT: AVISTA UTILITIES: (Docket No. ADV 235/Advice No. 16-04-G) Revision to Residential Energy Efficiency Schedule 486 and Schedule 490.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Avista Utilities' (Avista or Company) revised Schedules 486 and 490, effective with service on and after April 1, 2016.

ISSUE:

Whether the Commission should approve modifications to Residential Energy Efficiency Schedule 486 and Schedule 490 to comply with Order No. 15-288 in Docket LC 61 and with Order No. 16-076 issued in Docket UG 288.

APPLICABLE LAW:

OAR 860-022-0025(1) states that an energy or large telecommunications utility may make tariff changes by filing an entirely new tariff or by filing revised sheets which shall refer to the tariff sheets on file. Additions to the tariff on file may be made by filing additional sheets. Commission Order Nos. 15-288 and 16-076 set forth certain requirements concerning Avista's Demand Side Management (DSM) program as further addressed in this memorandum.

DISCUSSION AND ANALYSIS:

In Order No. 15-288, the Commission adopted Staff's recommendations related to 11 DSM measures applicable to Avista's DSM program. The Commission granted Avista exceptions from six of the 11 measures, thereby allowing the Company to continue to offer such DSM measures through 2016 without any modifications.

As discussed below, of the remaining five measures, three DSM measures (residential thermostats, residential windows, and floor insulation) needed tariff adjustments while the other two measures (gas fryers and commercial furnaces) do not require tariff changes to comply with Order 15-288.¹ Subsequent to issuance of Order No. 15-288, the Company agreed as a part of a settlement stipulation reached in Docket UG 288 to transition its DSM program to the Energy Trust of Oregon (Energy Trust or ETO) as of January 1, 2017. The ETO will also offer a residential products program starting in the middle of 2016. The Commission approved the Stipulation in its Order No. 16-076.

In this filing, the language modifications proposed in revised Schedules 486 and 490 are designed to reflect adjustments to the three measures as approved in Order No. 15-288 and to comply with Order No. 16-076.

Proposed tariff changes for the following three DSM measures:

- a) Residential thermostats - The proposed Schedule 490 removes residential smart thermostats from prescriptive efficiency measures. This is because smart thermostat rebates will be handled by the ETO through the residential products program starting mid-2016. Avista originally planned to replace its non-cost-effective programmable thermostat measure with smart thermostat measures identical to those it offers in Washington State. The Washington measures however differ from those the Energy Trust offers. To adopt the Washington measures as of April 1, 2016, and then have Energy Trust change the offering in 2017 to align with its own measures, would be confusing to the retailers and customers.
- b) Residential windows - The language clarification proposed for residential window measures in Schedule 486D aligns with that provided by the ETO. Staff believes that adopting the ETO measure definitions and offerings is appropriate.
- c) Floor insulation - Through Order No. 15-288, Avista received an exception for wall insulation, but not for floor insulation. The new provision in Schedule 486C would help the Company adopt the ETO approach to offer floor insulation with a modest incentive only when ceiling insulation is installed. This adjustment will be a good transition to 2017 when the Energy Trust delivers all insulation measures.

Tariff changes are not required for the following two DSM measures:

- a) Gas fryers and b) Commercial furnaces - These two measures will be reworked to become cost effective prior to April 1, 2016, as follows:
 - 1) Avista will continue to provide a prescriptive offer for small fryers but deliver large fryers through its custom program, without the need for a tariff adjustment.

¹ See Appendix A of Order No. 15-288.

- 2) Avista has updated its measure total cost and savings assumptions for commercial furnaces to align with Energy Trust's cost effective measure. Neither the incentive offer nor the measure eligibility definitions will be changing; therefore, this measure does not require a tariff adjustment.

In Schedule 490A, language was added to describe the Energy Trust as a designated third party vendor that will provide DSM programs to Avista customers. This modification reflects the ETO transition approved by Order No. 16-076.

CONCLUSION:

The modifications to Avista's DSM programs proposed in its filing comply with Commission Order Nos. 15-288 and 16-076. Staff supports language clarification and changes to Schedule 486 and Schedule 490 that help to make the transition of the DSM program to the ETO as seamless as possible. The measures would not be disruptive or confusing to market and closely align with cost-effective programs currently offered by the Energy Trust.

The Company has reviewed this memo and has no issues.

PROPOSED COMMISSION MOTION:

Approve Avista's Schedule 486 and Schedule 490 to be effective with service on and after April 1, 2016.