



2025 Washington Electric Energy Efficiency Annual Conservation Plan

November 14, 2024

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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Avista Utilities' *Annual Conservation Plan (ACP)* is provided consistent with RCW 19.285.040 and WAC 480-109.120(2), as well as requirements outlined in Commission Order No. 01 in Docket No. UE-230897, approving Avista's 2024-25 *Biennial Conservation Plan (BCP)* with conditions.

Entering the second year of its 2024-2025 biennium, Avista continues to deliver efficiency choices that meet customers' evolving energy needs while prioritizing affordability, particularly for customers in Named Communities. 2025 will mark the fourth year of Clean Energy Transformation Act (CETA) implementation, and the final year of the company's inaugural Clean Energy Implementation Plan (CEIP) period. The energy efficiency team continues to develop and implement solutions that extend the benefits of clean energy to Named Communities within Avista's service territory, ensuring equitable benefits for all.

Avista will continue to take an aggressive approach to energy savings acquisition in 2025, optimizing incentives for customers while taking care to maintain cost-effectiveness and preserve affordability for customers.

The 2025 *ACP* provides details on programs and initiatives that the company intends to offer to customers in order to achieve eligible acquisition savings for the second year of the 2024-25 biennium. For 2025, Avista has identified estimated conservation savings of 37,649 megawatt-hours (MWh) from local efforts as well as 8,234 MWh from regionally acquired savings through the Northwest Energy Efficiency Alliance (NEEA)¹, combining for a total estimate of 45,883 MWh.

Table 1 provides the estimated conservation achievement (in MWh) and anticipated expenses for each market sector in Avista's program portfolio, as well as estimated expenses for Evaluation, Measurement, and Verification (EM&V). The total expense for 2025 is estimated to be \$26,633,839. This amount includes an estimated \$2 million² for programs that serve Named Communities, as well as \$1.1 million for new pilot programs and \$1.54 million to fund NEEA regional market transformation efforts, in addition to the nearly \$2.6 million set aside for low-income programs.

TABLE 1 – PORTFOLIO SAVINGS AND BUDGET BY SECTOR

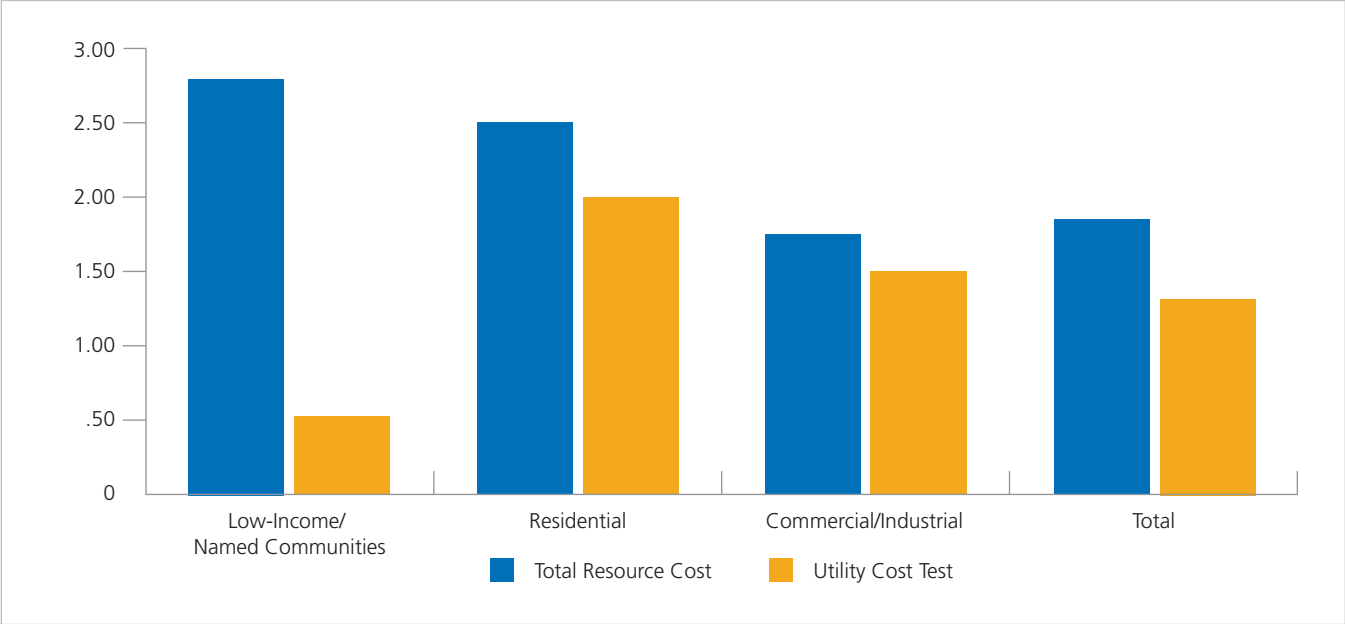
	MWh	Budget
Low-Income Programs	723	\$ 2,593,893
Named Communities Investment Fund	TBD	\$ 2,000,000
Residential Programs	6,195	\$ 1,394,740
Commercial/Industrial Programs	30,731	\$ 10,285,005
Energy-Efficiency Pilot Programs	TBD	\$ 1,122,267
NEEA	8,234	\$ 1,539,138
Third-Party Implementation	–	\$ 2,867,916
General Implementation, Labor, Marketing, and Outreach	–	\$ 4,125,982
CPA, EM&V	–	\$ 704,899
Total	45,883	\$ 26,633,839

1) To achieve consistency with other Washington investor-owned utilities, Avista has included "Program Measures" and savings from "Codes & Standards Measures."

2) Includes \$2 million of Named Community investment funds and any potential administrative allocations.

Cost-effectiveness remains a key indicator of Avista’s energy efficiency portfolio performance. While Avista pursues all cost-effective measures, the company also retains flexibility in its program design so that meaningful energy efficiency can be attained by all customers. Avista’s energy efficiency program portfolio includes a segment of programs that are tailored to serve the unique energy needs of income-qualified customers, as well as customers who are members of Named Communities. Figure 1 illustrates a summary of the portfolio cost-effectiveness for each sector and in total.

FIGURE 1 – PORTFOLIO COST-EFFECTIVENESS BY SECTOR



	Low-Income/ Named Communities	Residential	Commercial/ Industrial	Total
Total Resource Cost	2.80	2.50	1.73	1.83
Utility Cost Test	0.52	1.98	1.49	1.33

Introduction

The 2025 *ACP* outlines Avista's program offerings and provides details on verifying and reporting savings. As in 2024, the plan is based on two key principles: the first is to pursue all cost-effective kWh savings by offering financial incentives for implementing energy-saving measures; the second is to use the most effective mechanism to maximize delivery of energy efficiency services to customers. These mechanisms include prescriptive programs or standard offers such as high-efficiency appliance rebates; site-specific or customized analyses at customer premises; midstream incentives, which go directly to HVAC and hot water heating equipment distributors; regional market transformation efforts in partnership with other utilities; direct-install programs that leverage third-party installers and implementers; low-income weatherization services through local Community Action Agencies (CAAs); new programs to serve energy needs for members of Named Communities; a multi-channel communication effort; and support for cost-effective appliance standards and building codes.

This *ACP* also represents a planning process that relies on meaningful and extensive engagement from Avista's Energy Efficiency Advisory Group (EEAG) as well as its Equity Advisory Group (EAG). Avista consults with these advisory groups multiple times over the course of a year – seeking input and guidance on best practices for new programs, as well as advice on possible changes to existing programs and services – to adaptively manage its program portfolio in a nimble way that reflects changing market conditions. Public participation meetings also provide an avenue for obtaining customer and interested party inputs and guidance for program development and refinement.

The business planning process for Avista's energy efficiency program portfolio builds on the electric *Integrated Resource Plan (IRP)* and Conservation Potential Assessment (CPA) processes. These are overall resource planning processes completed every two years that integrate energy efficiency and generation resources into a preferred resource scenario. The purpose of this process, and resulting plan, is to create an operational strategy for reaching the aggregate targets identified within the *IRP* in a manner that is cost-effective – and that considers all aspects of customer value.

The budgetary projections established as part of Avista's biennial planning process, and in this *ACP*, are tracked continuously to revise the conservation tariff rider funding mechanisms contained within the Schedule 91 electric tariff on an annual basis, if needed, pursuant to WAC 480-109-130(2). These adjustments to the tariff rider surcharges are made with the objective of moving these balances toward zero.

Washington I-937 Acquisition Target for the 2024-25 Biennial Period

The Energy Independence Act (EIA) requires utilities to establish a minimum electric acquisition standard for conservation resources for each designated biennium. For 2024-25, Avista’s EIA target is 63,374 MWh, which represents the overall conservation to be obtained by the company before the additional five percent decoupling threshold³ of 3,169 MWh. The total conservation goal is 66,543 MWh. The Avista-specific conservation goal, which removes 15,739 MWh in savings derived from NEEA, is 50,804 MWh. To arrive at the EIA penalty threshold of 47,635 MWh, the five percent decoupling penalty is removed from the Avista-specific conservation goal. Energy savings acquisitions attributed to Avista through regional market transformation have been included in the acquisition target; they have been excluded, however, from the EIA penalty threshold.

TABLE 2 – BIENNIAL CONSERVATION TARGET

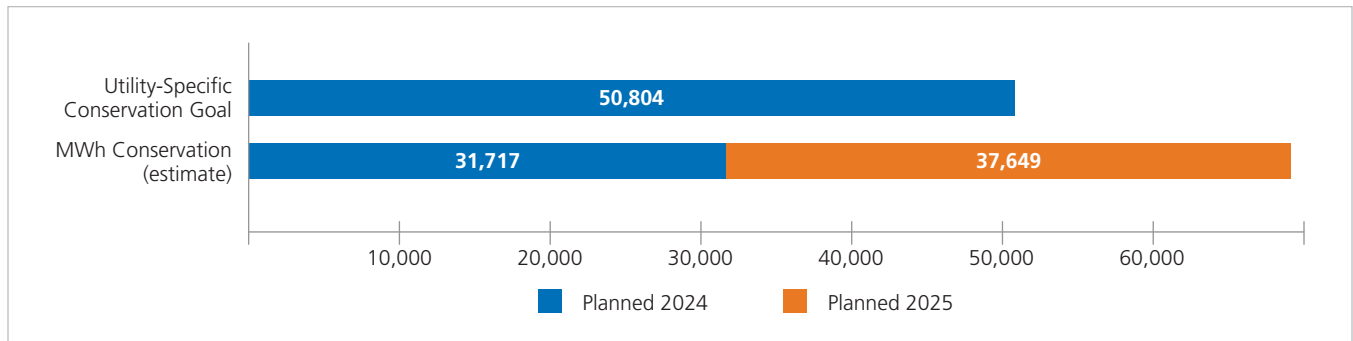
2024-25 Biennial Conservation Target (MWh)	
CPA Pro-Rata Share	63,374
EIA Target	63,374
Decoupling Threshold	3,169
Total Utility Conservation Goal	66,543
Excluded Programs (NEEA)	(15,739)
Utility Specific Conservation Goal	50,804
Decoupling Threshold	(3,169)
EIA Penalty Threshold	47,635

Because the EIA target was established based on Northwest Power and Conservation Council (NWPCC) methodologies and the council’s Regional Technical Forum (RTF) Unit Energy Savings (UES) values, those same methodologies and savings are employed, to the extent possible, in measuring the savings eligible to achieve that target. The planning effort has, with a few isolated exceptions, adopted the same approach in order to generate the best prediction of how 2025 portfolio performance will be retrospectively measured. The use of RTF UES values also assists in the management of the company’s EM&V expense by reducing the expenses associated with impact evaluation. The relationship between the regional utilities and the RTF is, however, a symbiotic one, and any impact evaluations performed on a current RTF measure will be shared with the RTF to help improve the quality of the regional deemed UES.

3) As part of the General Rate Case Settlement Agreement in Docket Nos. UE-140188 and UG-140189, the company agreed, in consideration of receiving a full electric decoupling mechanism, to increase its electric energy conservation achievement by five percent over the conservation target approved by the Commission, beginning with the 2016-17 biennial target.

Figure 2 estimates the biennial savings derived from, or expected to be achieved from, program years 2024 and 2025.

FIGURE 2 – BIENNIAL ELECTRIC CONSERVATION ESTIMATE



The level of conservation estimated in 2025 will impact the current balances within the energy efficiency tariff rider (Schedule 91). Anticipated spending is expected to result in an underfunded balance by the end of 2025. Table 3 shows the estimated balance at the beginning of the year, estimated funding from customer collections, and expected annual expenditures by the end of the year. Based on these estimates, if no tariff adjustment is made in 2025, Avista anticipates an underfunded balance of approximately \$20.9 million. Program budgets are based on the projected targets for the year. The tariff was adjusted in early 2024 because, while the tariff was collecting about \$18 million annually, the 2024 plan showed that the cost to reach targeted savings was closer to approximately \$29 million. The electric programs surpassed targets and expectations, so they also exceeded the budget in 2024. These programs continue to be effective, resulting in increased targets for 2025 which show that Avista will likely exceed the biennial target. Savings continue to outpace the tariff collection. The company will continue to discuss instances in which budget and savings are outpacing the 2024 and 2025 conservation plans, in compliance with *BCP* Condition 3d.

TABLE 3 – 2025 TARIFF RIDER BALANCE ESTIMATES

Estimated Electric Energy Efficiency Balances	(Underfunded)/ Overfunded
Estimated Balance at January 1, 2025	\$ (16,785,322)
Tariff Rider Funding	\$ 22,255,910
Annual Expenditures	\$ 26,388,145
Estimated Balance at December 31, 2025	\$ (20,917,557)

The estimate for the 2025 budget is approximately \$1.6 million higher than the 2024 *Annual Conservation Plan*. This difference is mainly driven by increases in goals and spending for the residential Midstream Program, as well as the commercial/industrial Prescriptive and Site-Specific Programs. NEEA costs are also slightly higher, given that the new funding cycle begins in 2025. Finally, EM&V costs will be higher to account for full biennial evaluation. These trends have been incorporated into program projections for 2025, leading to higher expenditures than originally forecast.

TABLE 4 – 2024 AND 2025 ANNUAL CONSERVATION PLANS, 2024 VS 2025 EXPECTED PROGRAM SPEND

	2024	2025
Low-Income Programs	\$ 2,534,322	\$ 1,816,174
Named Communities	\$ 2,000,000	\$ 2,593,893
Deferred Maintenance Program	\$ 700,000	\$ 0
Residential Prescriptive Programs	\$ 1,155,374	\$ 265,171
Multifamily Weatherization	\$ 202,695	N/A
Multifamily Energy Excellence Program	\$ 0	\$ 26,949
Residential Midstream	\$ 105,623	\$ 1,102,620
Commercial/Industrial Prescriptive and Site-Specific Programs	\$ 8,203,405	\$ 10,090,706
Commercial Midstream	\$ 422,493	\$ 194,298
Energy-Efficiency Pilot Programs	\$ 1,000,000	\$ 1,122,267
Third Party Costs	\$ 860,602	\$ 2,867,916
General Admin, Labor, and Program Support	\$ 4,604,569	\$ 4,125,982
CPA and EM&V Engagements	\$ 250,780	\$ 704,899
Northwest Energy Efficiency Alliance	\$ 1,468,750	\$ 1,539,138
Total	\$ 25,056,289	\$ 26,633,839

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CLEAN ENERGY TRANSFORMATION ACT



CLEAN ENERGY TRANSFORMATION ACT

Avista continues to engage its Equity and Energy Efficiency Advisory Groups to provide input and guidance for Avista’s CETA-related energy efficiency activities. These groups advise Avista on best and emerging practices for program outreach and help prioritize funding for community-based projects, as the company continues to ensure that energy and non-energy benefits of clean energy are equitably extended to all customers, especially to customers who are members of Named Communities.

In late 2023, Avista launched the Named Communities Investment Fund, which allocates up to \$5 million on an annual basis for projects that have direct benefits to customers in Named Communities. Of that \$5 million, \$2 million is funded through the energy efficiency tariff rider and managed by Avista’s CETA program manager. Projects funded through the NCIF include measures such as HVAC replacement, building shell improvements, and lighting upgrades that would otherwise be unaffordable for organizations in need of upgrades. Improvements are also planned for multiple low-income housing complexes, community centers, homeless centers, and Tribal facilities in need of upgrades – all meaningful investments in Named Communities. The NCIF is also leveraged to offer low-cost or no-cost efficiency measures for residences in Named Communities, playing a significant role in reducing energy burden for people residing in these homes.

Avista also continues to leverage its CETA database, which includes an estimated energy burden for all customers who are members of Named Communities in the company’s service territory, to help inform program design and outreach plans. Details about programs for Named Communities that Avista is designing and implementing can be found on page 31. Avista will continue to track progress on Community Benefit Indicators (CBIs) for CETA achievements in 2025.

TABLE 5 – CLEAN ENERGY IMPLEMENTATION PLAN SPECIFIC TARGET BY YEAR, 2024-2025

Year	2022 CPA Derived Target in MWh	2020 CPA Derived Target in MWh	Variance
2024	33,271.5	53,322	(20,051)
2025	33,271.5	53,322	(20,051)
Total	66,543	106,644	(40,102)

ENERGY EFFICIENCY PORTFOLIO OVERVIEW

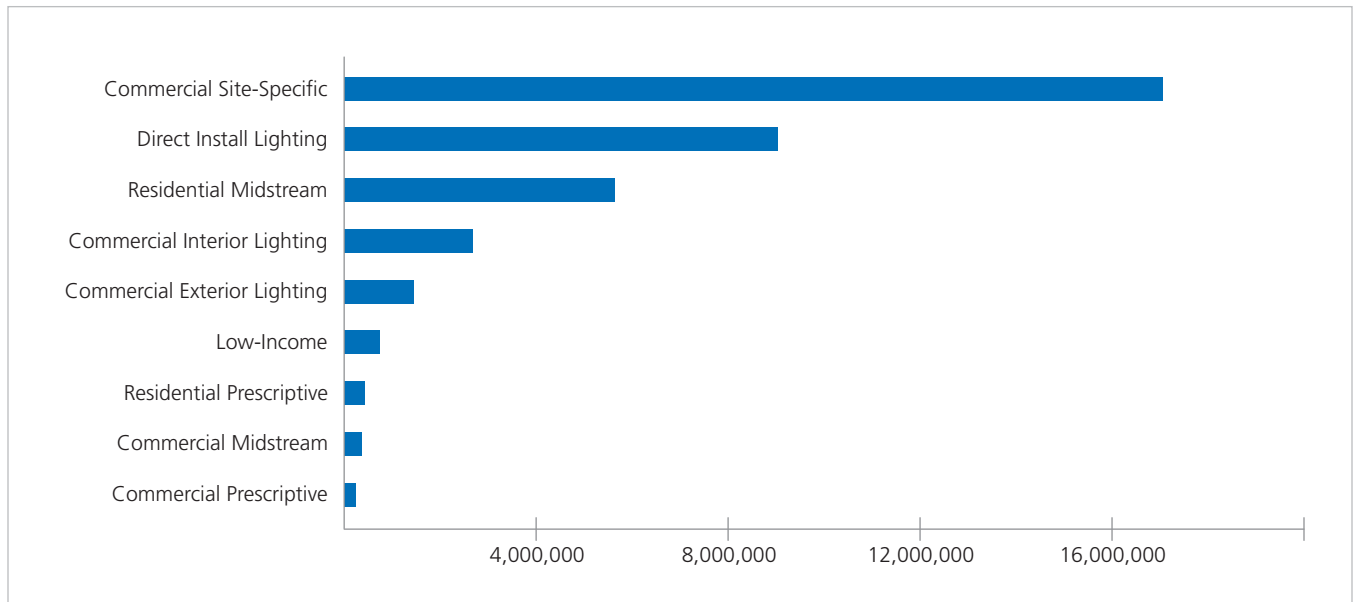


ENERGY EFFICIENCY PORTFOLIO OVERVIEW

Avista's energy efficiency portfolio is composed of residential, low-income, and commercial/industrial programs, as well as programs to benefit Named Communities.

For 2025, the company anticipates approximately 37,649 MWh of I-937 qualified savings from its program offerings. These savings are derived from utility-specific conservation. Figure 3 illustrates the major categories from which those savings are achieved.

FIGURE 3 – SAVINGS FROM ENERGY EFFICIENCY PROGRAMS (MWH)



Overall Energy Efficiency Budget Projections

Avista’s budget process is consistent with the company’s commitment to achieve all cost-effective energy efficiency measures and to maximize the value of the portfolio without budgetary constraints. This process assumes that prudently incurred expenditures will be fully recoverable through the conservation tariff rider and that revisions in the tariff rider surcharge will be timely enough to maintain a materially neutral tariff rider balance. The budget is thus a product of the planning process rather than a planning objective. The company recognizes that customer demand and market factors exist outside of the budgeting process and that forecasted expenses may be higher or lower than actual results. The forecasted budget does not represent an expectation or commitment to limit expenses to the planned amounts, nor does it represent any minimum commitment or achievement of savings for any given program.

The overall 2025 budget projection is summarized in Table 6, which includes elements of the energy efficiency budget that have been designated as “supplemental” to indicate program elements that are not included in the cost-effectiveness calculation. These supplemental costs include NEEA funding, as well as funds for third-party CPA and EM&V studies.

TABLE 6 – ENERGY EFFICIENCY BUDGET SUMMARY

	2025 Washington Electric Budget	Supplemental Budget	Non-Supplemental Budget
Total Incentives	\$ 15,495,918	\$ 0	\$ 15,495,918
Program Labor	\$ 1,126,944	\$ 0	\$ 1,126,944
Pilot Programs	\$ 1,122,267	\$ 0	\$ 1,122,267
Total Non-Labor/Non-Incentive	\$ 8,888,710	\$ 2,244,037	\$ 6,644,673
Total	\$ 26,633,839	\$ 2,244,037	\$ 24,389,802

Program-by-program details of the expected incentive expenditures for 2025 are provided in greater detail in Table 7.

Direct incentive expenditures represent the estimated incentives that will be paid to customers directly or indirectly for participation in energy efficiency programs. The overall level of expense is highly correlated to programs' throughput and energy acquisition and, based on customer participation, the amounts are subject to change. For some active programs, the benefit of the program offering is not based on the incentive value, but rather on identifying opportunities for energy efficiency projects. For those projects, any resulting incentive is included with its native program.

TABLE 7 – CUSTOMER DIRECT INCENTIVE EXPENDITURE DETAIL

Energy Efficiency Program	Direct Incentive Expenditures
Low-Income and Equity Programs	
Low-Income	\$ 1,816,174
Named Communities Investment Fund	\$ 2,000,000
Total Low-Income and Equity Incentives	\$ 3,816,174
Residential Programs	
Prescriptive	\$ 265,171
Midstream	\$ 1,102,620
Multifamily Energy Excellence Program	\$ 26,949
Total Residential Incentives	\$ 1,394,740
Commercial/Industrial Programs	
Interior Prescriptive Lighting	\$ 633,485
Exterior Prescriptive Lighting	\$ 357,025
Direct Install Lighting	\$ 4,496,134
Site-Specific	\$ 4,577,818
Midstream	\$ 194,298
Non-lighting Prescriptive	\$ 26,244
Total Commercial/Industrial Incentives	\$ 10,285,005
Total of All Incentives	\$ 15,495,918

Non-incentive expenses, including both non-supplemental and supplemental expenditures, are detailed to a lower level of aggregation and broken out by portfolio in Table 8. The expenses are allocated to programs based on the percentage of overall avoided cost achieved through each program’s energy efficiency achievements. An exception to this allocation methodology is that third-party non-incentive payments are directly attributable to the programs they originate from.

TABLE 8 – NON-INCENTIVE UTILITY EXPENSE DETAIL

Expense Type	Washington Electric Portfolio	Supplemental Budget	Non-Supplemental Budget
Third-Party Non-Incentive Payments	\$ 2,867,916	\$ 0	\$ 2,867,916
Labor	\$ 1,126,944	\$ 0	\$ 1,126,944
CPA, EM&V	\$ 704,899	\$ 704,899	\$ 0
Marketing & Outreach	\$ 756,000	\$ 0	\$ 756,000
General Implementation	\$ 2,243,038	\$ 0	\$ 2,243,038
Pilot Programs	\$ 1,122,267	\$ 0	\$ 1,122,267
NEEA	\$ 1,539,138	\$ 1,539,138	\$ 0
Total	\$ 10,360,201	\$ 2,244,037	\$ 8,116,164

* Software expenses have been estimated for the continued implementation of the iEnergy platform and anticipated enhancements to its existing platforms.



Residential Portfolio Overview

Avista’s residential portfolio is comprised of several approaches to engage and encourage customers to make energy efficiency improvements in their home. While prescriptive rebate programs have long been the main component of the portfolio, residential HVAC and water heating measures were transitioned to the Midstream Program in 2023. Details of the Midstream Program are discussed on page 19.

Prescriptive measures remain for windows, appliances, and ENERGY STAR Certified Manufactured Homes. In 2025, Avista plans to launch a direct-install program to offer low-cost or no-cost insulation and air sealing for all residential customers in Washington, while prioritizing customers who reside in Named Communities. Services offered through this program will generally replace prescriptive incentives for insulation measures. The On-Bill Repayment (OBR) Program provides customers access to a simple and convenient financing option at an affordable interest rate. These programs are supplemented by educational and outreach efforts, including a no-cost Home Energy Audit Program. While the audit program is instrumental in identifying the need for weatherization, the associated savings from weatherization efforts will be captured either in the new insulation direct-install program or via window rebates. Participation in all of these programs by customers residing in Named Communities will be a priority for the company in 2025. Participation rates for customers in Named Communities will be tracked to ensure that benefits of these programs are equitably distributed.

For 2025, Avista anticipates 6,195,067 kWh to be achieved through residential programs with an expected spend of \$1,394,740. Table 9 summarizes 2025 residential program savings and incentive spending estimates.

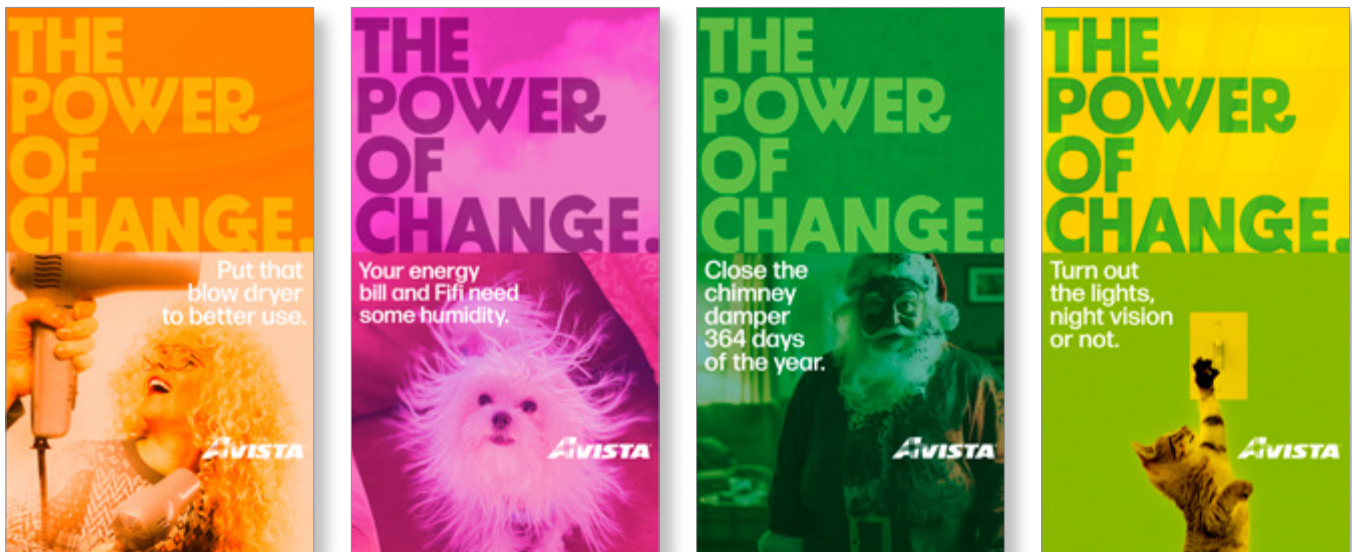
TABLE 9 – RESIDENTIAL PROGRAMS OVERVIEW

Residential Programs	Electric Program Savings (kWh)	Expected Incentive Spend
Prescriptive Appliance	213,849	\$ 106,050
ENERGY STAR Homes	105,026	\$ 38,000
Midstream	5,677,082	\$ 1,102,620
Multifamily Energy Excellence Program	103,651	\$ 26,949
Residential Prescriptive Shell	95,459	\$ 121,121
Total Residential	6,195,067	\$ 1,394,740

Residential Marketing

Avista has a robust residential marketing strategy. Historically, the company utilized traditional marketing tactics like broadcast and print media. In recent years, however, residential marketing tactics have shifted to align with commercial ones. The company now uses digital, search, streaming, and video sharing platforms, in addition to organic and unpaid tactics. Avista’s recently launched “Power of Change” campaign also reaches customers on social media channels, streaming and digital platforms, and YouTube. Beginning in the fall of 2024 and running through 2025, this campaign provides energy efficiency tips and promotes rebates and programs. It is designed to increase customer awareness and engagement with energy efficiency, ideally helping to drive program participation. Its creative collateral is approachable and seasonally relevant, designed to reach customers in target demographics with customized messaging. Through this campaign, Avista is reaching out to customers on the platforms they are increasingly turning to for trusted communication. It increases their exposure to energy efficiency messaging and provides relatable content through both static and motion ads.

FIGURE 4 – RESIDENTIAL “POWER OF CHANGE” DIGITAL ADVERTISING CAMPAIGN EXAMPLES



Residential Programs

Residential Prescriptive Program

Program Description

Prescriptive measures offer a simple pathway to encourage customers to adopt qualifying efficiency measures. Prescriptive programs do not require a pre-installation contract, instead offering a fixed incentive amount for eligible measures. Measures offered through prescriptive programs are evaluated based on the typical application of that measure by program participants. Prescriptive measures are generally limited to those that are low-cost, offer relatively homogenous performance across the spectrum of likely applications, and would not significantly benefit from a more customized approach. Specific plans for Avista's Prescriptive Program are enumerated in this section.

TABLE 10 – RESIDENTIAL PRESCRIPTIVE PROGRAM METRICS

Projected Program Metrics		
Overall kWh Savings		414,334
Incentives	\$	265,171
Non-Incentive Utility Costs	\$	215,365
Total Costs	\$	480,536

Program Manager

Briana Stockdale

Residential Appliance Program

Program Description

Residential appliance measures are intended to motivate customers to purchase appliances that demonstrate higher than average energy efficient performance by meeting ENERGY STAR criteria for efficiency. ENERGY STAR acts as an independent third-party, maintaining a website of qualified products and verifying the performance of various appliances. Customers are asked to provide an ENERGY STAR certificate for each appliance, along with an application and purchase documentation.

Program Eligibility

All Washington residential electric customers who purchase ENERGY STAR certified front-load clothes washers, dryers, refrigerators, and freezers are eligible for appliance rebates.

Program Revisions

For 2025, Avista will explore adding a rebate for a combined washer/dryer unit to the program in response to customer requests and market availability of this product. Avista will discontinue the incentive for smart thermostats in 2025. This decision was made because the measure will be sunsetted in the RTF, and because the measure is no longer cost-effective.

Residential ENERGY STAR Manufactured Homes Program

Program Description

ENERGY STAR-certified manufactured homes measures encourage customers who are buying a new manufactured home to invest in an energy-efficient product. The ENERGY STAR designation allows buyers to easily identify manufactured homes that are holistically more energy efficient than standard construction. The ENERGY STAR program ensures that certified manufactured homes represent a meaningful improvement over non-certified manufactured homes. ENERGY STAR partners with the Northwest Energy Efficient Manufactured Housing Program (NEEM) to provide independent, third-party certification of manufactured homes. NEEM's process includes inspections at manufacturing plants to ensure that homes meet program requirements.

Program Eligibility

Eligibility includes all Avista residential electric customers who purchase a certified ENERGY STAR or ENERGY STAR with NEEM+ manufactured home.

Program Revisions

No revisions to this program are planned for 2025.

Residential Shell Program

Program Description

The Residential Shell Program encourages customers to improve their home's shell or exterior envelope with upgrades to windows, storm windows, exterior doors, and insulation. Energy efficiency marketing efforts build considerable awareness of opportunities in the home and drive customers to Avista's website for rebate information. Vendors generate participation in the program using rebates as a sales tool for their services. Other communication the company utilizes to encourage program participation includes: utility website promotion, vendor training, and presentations at various customer events throughout the year.

Program Eligibility

All Avista Washington residential electric customers who install qualified measures and meet all program requirements for installation are eligible for the program. Self-install options for windows and storm windows will also continue.

Program Revisions

In April 2024, Avista overhauled its window rebate offerings, moving to a per window basis. It also added a tiered offering that provides a higher rebate for a lower u-factor and rebate options for sliding glass doors.

Insulation rebates for this program may be modified or replaced by the implementation of the new Insulation Direct Install Program when that program launches in 2025.

Midstream Program

Program Description

Common barriers to participation in traditional downstream rebate programs include: a lack of customer awareness of rebate programs; language and technology barriers; and distributors' tendency to stock low-cost, low efficiency units because of the high cost of energy-efficient equipment. Prior to the implementation of Avista's Midstream Program, customers who requested high-efficiency equipment often had to wait weeks for the equipment. By focusing efforts on distributors directly, Avista's Midstream Program leverages distributors' recognized influence over contractors and specific equipment sales while mitigating many participation barriers. Distributors work with contractors to submit claims for Avista customers, and claims are then paid promptly. This approach benefits both the customer and the company. Customers have improved equitable access, as they may receive an incentive without having to complete any paperwork or have background knowledge of the rebate program, and Avista gains additional savings without the burden of customers having to submit paperwork to the utility. In 2025, Avista will track midstream program participation in Named Communities for both residential and commercial measures.

The Food Service Program is a national model that is familiar to many large commercial chains yet also includes the benefits of partnering with local distributors.

TABLE 11 – MIDSTREAM RESIDENTIAL PROGRAM METRICS

Projected Program Metrics		
Overall kWh Savings		5,677,082
Incentives	\$	1,102,620
Non-Incentive Utility Costs	\$	1,644,420
Total Costs	\$	2,747,040

TABLE 12 – MIDSTREAM COMMERCIAL PROGRAM METRICS

Projected Program Metrics		
Overall kWh Savings		376,654
Incentives	\$	194,298
Non-Incentive Utility Costs	\$	124,948
Total Costs	\$	319,246

Program Manager

Michele Drake

Program Eligibility

Commercial and residential customers are eligible for the program if they have Avista electric service and install qualifying equipment through a participating contractor. Avista’s implementation partner, Energy Solutions, engages in outreach and education for distributors, who utilize a software system to enter and track claims. Avista has provided basic data to Energy Solutions to enable verification of customer eligibility primarily at the time of claim submittal. Equipment utilized for industrial processes is not part of the Midstream Program.

Program Revisions

The Midstream Program for HVAC and water heating will continue in 2025 without major changes to program details or incentives. Avista is considering adding a measure for space-constrained heat pumps to encourage installation of high efficiency heat pumps within manufactured homes. Avista is also considering the addition of Pump Energy Index (PEI) pumps and packaged terminal heat pumps (PTHPs) to the Midstream Program. Avista will continue to evaluate HVAC and water heating measures offered through the program and will revise program offerings or incentives as necessary.

Changes within the food service area of the program will reflect the full implementation of Washington State House Bill 1444, which raised standards for certain food service equipment sold in Washington. Specifically, fryers, steamers, and dishwashers will be discontinued from the program in 2025. During an October 2023 meeting, Avista informed the EEAG of plans to continue providing incentives for fryers, steamers, and dishwashers through 2024 to allow the food service market time to sell existing inventory. The plan also recognized the lingering impact of the pandemic on the food service market segment and focused on proactive messaging to the market for the duration of 2024. Avista is considering additional lab-grade refrigerators and freezers as new measures for 2025.

Multifamily Energy Excellence Program

Program Description

After years of implementing a successful Multifamily Direct Install Program, Avista sunset the program on December 31, 2023. Avista selected SBW Consulting, via a request for proposal (RFP) process, to implement a new Multifamily Energy Excellence Program. This program is a three-tiered offering that has a component for direct installation in tenant units, deep retrofits for shell measures, and an operations and maintenance (O&M) option for strategic energy management. The program officially launched on June 1, 2024. While the program is open to multifamily buildings across Avista's services territory, it has a strong emphasis on improving multifamily properties in Named Communities.

Program Manager

Greta Zink

TABLE 13 – MULTIFAMILY ENERGY EXCELLENCE PROGRAM (MEEP) METRICS

Projected Program Metrics		
Overall kWh Savings		103,651
Incentives	\$	26,949
Non-Incentive Utility Costs	\$	47,774
Total Costs	\$	74,723

Program Implementation

The Multifamily Energy Excellence Program is a third-party program run by SBW Consulting. SBW has partnered with AESC and Evergreen Energy to support the three program tiers: direct-install, deep retrofits, and strategic energy management. Participants must be Avista electric customers with multifamily properties of five units or more.

On-Bill Repayment Program

Program Description

Avista continues to partner with Puget Sound Cooperative Credit Union (PSCCU) to offer the On-Bill Repayment Program, which provides a funding solution for Washington State customers who need capital to implement energy efficiency projects.

PSCCU offers Energy-Smart Loans for energy-efficient projects to home and business owners in Washington State, along with personalized underwriting practices and interest rates that are lower than other options in the finance market. Participants reap immediate benefits from energy efficiency upgrades. Paying the loan back on their Avista bill further provides participants with the ease and convenience of one less bill to manage.

Customers' Energy-Smart Loan installments are billed monthly as a line item on the Avista bill until either the term of the loan is completed or Avista is otherwise instructed by PSCCU to remove the loan from the bill. Extra principal payments or early loan payoffs are made directly to PSCCU.

FIGURE 5 – ON-BILL REPAYMENT BILL EXAMPLE

Page 1 of 2

AVISTA

myavista.com
1 (800) 227-9187

Account Number: [REDACTED]
Statement Date: 09/03/2021
Service Address: 17016 [REDACTED]
210

Monthly Statement

Total Amount Due	Due Date
\$198.96	Sep 23, 2021 <small>(Applies to new charges only)</small>

Bill at a Glance

Previous Balance Due	\$59.19
Payment(s) Received through 09/03/2021	0.00
Subtotal	59.19
New Charge(s)	
Electric	20.27
Natural Gas	9.50
Energy-Smart Loan	110.00
Total Amount Due This Month	\$198.96
Due Date (Applies to new charges only):	Sep 23, 2021

Your Message Center

Disconnections for non-payment resume **October 1**. Visit myavista.com/assistance for more detailed information. If you find you're behind on your bill, please contact us now by calling (800) 227-9187 or email us at ask@myavista.com to prevent disconnection. We know these are challenging times and we're here to help. Visit myavista.com/tips for ways to stay cool this summer.

Puget Sound Cooperative Credit Union (PSCCU)
Energy-Smart Loan Number(s) 1468920-VD1,
1468921-VD2. If you have questions contact
PSCCU at 800-273-1550 or askus@psccu.org.

Your electric bill includes Federal Columbia River
benefits supplied by the Bonneville Power
Administration.

PSCCU's favorable interest rates are further lowered by Avista subsidies to allow more customers access to energy efficiency project funding.

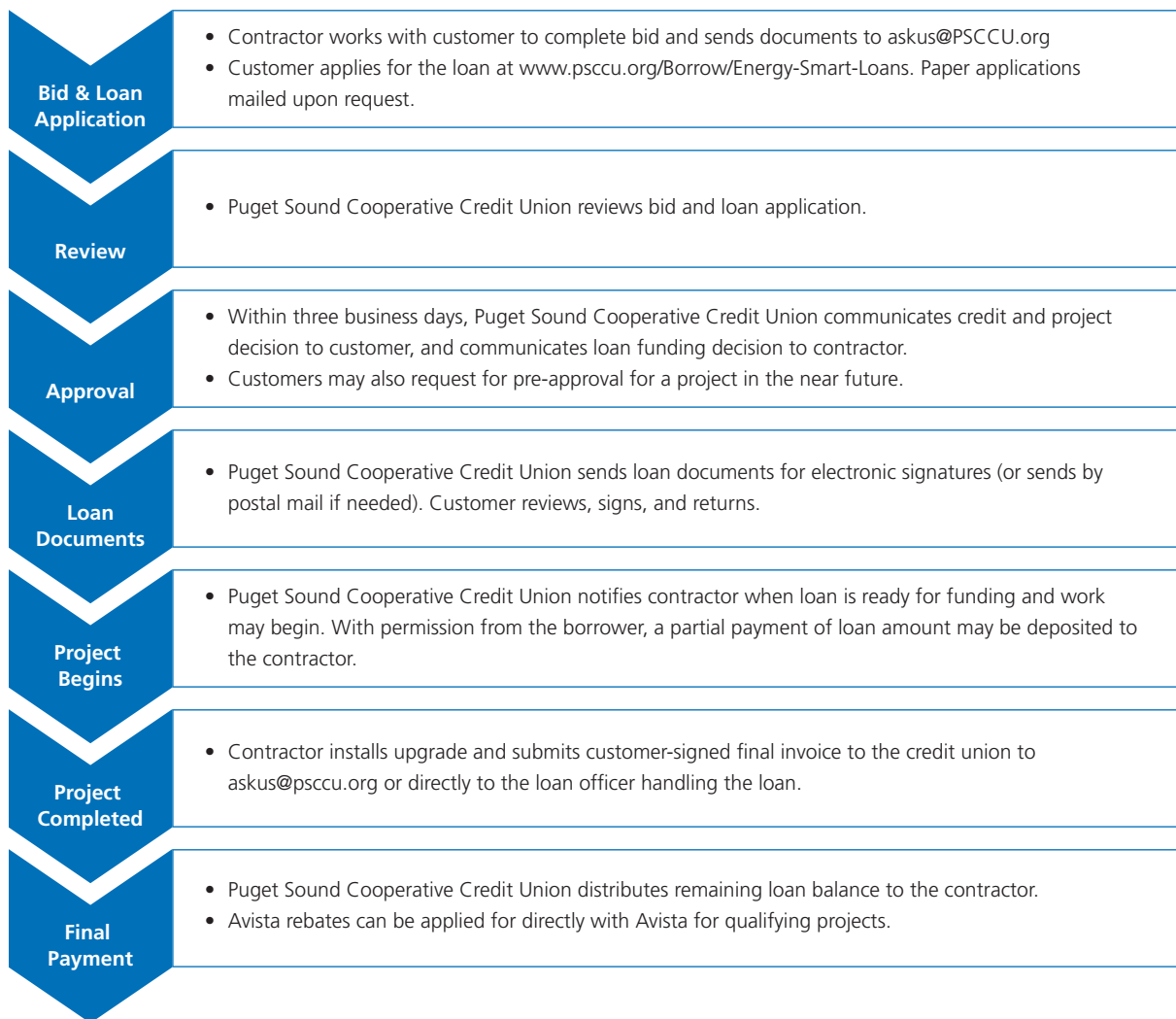
TABLE 14 – ON-BILL REPAYMENT PROGRAM RATES AND TERMS

Loan Amount	\$1,000 – \$30,000 Residential	\$5,000 – \$75,000 Small Business
Interest rate	Up to 7.50% APR	Up to 7.50% APR
Term	Up to 15 years	Up to 15 years
Recording fee	\$700 UCC filing fee*	Varies*
Example	\$15,000 loan at 7.50% APR; 180 payments at \$139.05 per month	

* Fees can be paid up front or added to the loan at the borrower's discretion.

Participation in the On-Bill Repayment Program is outlined below.

FIGURE 6 – ON-BILL REPAYMENT CUSTOMER PARTICIPATION JOURNEY



Energy-Smart Loans through Avista's On-Bill Repayment Program are intended for customers who need assistance for upfront capital for the purchase of energy efficiency equipment and related labor. This customer segment includes both income-qualified and non-income qualified residential customers. Processes to ensure income-qualified customers are directed to local Community Action Agencies (CAAs) have been implemented. Income-qualified customers may apply for an Energy-Smart Loan and participate in the OBR program for further assistance with other programs they may potentially qualify for if they choose to do so after all other options have been shared with them.

Program Implementation

In December 2023, due to rising interest rates across all PSCCU Energy-Smart Loans, Avista elected to raise the interest rate for loans on the OBR program to 7.5%. Loans have remained at that level since the interest rate increased. This rate remains competitive and is not expected to increase in 2025.

Avista recognizes the key to the program's success is Avista's trade allies, who will help promote and deliver the program. Multi-channel Avista marketing efforts also drive customers to the OBR program. The company is also considering whether to bundle this program offering with additional programs, including Home Energy Audits and the new Insulation Direct-Install Program. Participation in this program by members of Named Communities will be tracked in 2025.

Program Eligibility

Residential and small business customers in owner-occupied buildings may be eligible for OBR; funded measures must be fueled by Avista. An eligible projects list created by Avista and supported by Washington State's Clean Energy Fund program guidelines is maintained on both Avista's and PSCCU's websites; customers can refer to the list when considering this funding solution for their project.

Residential Home Energy Audit Program

Program Description

The Home Energy Audit Program is designed to educate and drive customer engagement around conservation and promote Avista's energy efficiency programs and renewable-energy options. Energy savings are captured for direct-installation measures. Additional energy savings have been observed as a result of program participants implementing recommended efficiency measures. Some of these measures qualify for Avista rebates, and savings are captured through those programs.

Key components of this program include (a) providing customers with a home assessment from a knowledgeable and qualified home inspector with energy auditor credentials, (b) direct installation measures such as pipe wrap and LEDs, (c) marketing efforts to drive customers to the program, and (d) energy efficiency education that includes increasing awareness of behavioral impacts on energy use as well as awareness of Avista's rebate programs, products, and services. The Avista website also communicates program requirements and highlights opportunities for customers. Customers participating in the program receive a comprehensive and detailed Home Energy Assessment Report that includes energy savings measures targeted to the specific home, as well as direct installation and leave-behind materials.

Program Manager

Briana Stockdale

Program Implementation

Avista saw a significant increase in demand for the Home Energy Audit program in the beginning of 2024, driven by weather impacts and marketing efforts. Demand exceeded the capacity of the auditors, often resulting in an extended wait time for customers. Avista mitigated this issue by hiring additional auditors to meet the demands of customers. Marketing to customers resumed in September and October of 2024. Avista expects to conduct around 1,500 audits in 2025. Customers participation rates for customers residing in Named Communities will be tracked in 2025.

Program Eligibility

This program is applicable to residential customers who use Avista electricity as their primary heating source.

New Residential Programs for 2025

Insulation Direct Install Program for Residential Customers

Program Description

In September 2024, the company issued an RFP seeking a qualified third-party implementer with demonstrated experience, qualifications, and an available model for an insulation direct installation program to supplement and enhance Avista's on-going customer engagement and energy efficiency programs for residential customers. For this program, residential customers are defined as customers who live in single family homes, condominiums, and multifamily properties of up to four units. Avista anticipates that implementing an Avista-specific Insulation Direct Install Program with air sealing measures will deliver energy savings and increase customer engagement through innovative marketing and delivery approaches.

The program will be available to electric service residential customers in Washington and will include an emphasis on customers in Named Communities, furthering the equitable distribution of energy and non-energy benefits.

Avista intends to select an implementor whose customer experience includes onsite audits to determine the need for insulation, as well as air sealing opportunities for walls, attic and/or floor spaces. The program implementor will then install appropriate energy-saving measures at each residence. Avista anticipates that most offerings in the program will be low- or no-cost to program participants.

Avista also anticipates that the implementor will be able to deliver sustained energy savings through innovative marketing and delivery approaches that overcome market barriers typically encountered by residential customers, especially those residing in Named Communities.

If a successful implementor is selected, Avista plans to launch the program in the first quarter of 2025.

Home Energy Reports

Program Description

Building on lessons learned from the Always-On Pilot Program from the last biennium, Avista plans to engage with Bidgely to launch a home energy reports program in the second quarter of 2025. The goal of this program is to give customers a data-driven, personalized tool to help them better understand the energy use in their homes and businesses. Avista intends to offer this program to a large group of residential customers which will include equitable representation from customers residing in Named Communities. Avista plans to run the pilot in 2025 as an information-only program, as there would be no on-site technical assistance or on-site delivery of educational programs. During this period, Avista will not assign any quantifiable energy savings values; rather, the program will initially be conducted for marketing and customer experience purposes, in accordance with the guidelines laid out in the 2024-2025 *BCP* Conditions 7(c)i. and ii.¹, which state that Avista may spend up to 10 percent of its conservation budget on programs where savings have not yet been measured, and it may include information-only projects.

Avista will work closely with its evaluator to determine whether the company can identify and evaluate quantifiable energy savings with the expectation that it evaluates savings at the end of 2026, using up to 18 months of observed data from both the control and participation groups. In accordance with *BCP* Condition 7(c)i., Avista will rely on this complete set of data, consulting with its EEAG, and gain consensus on determining whether to assign quantifiable energy savings to the program.

1) Docket No. UE-230897, Order 01, Attachment A.

Low-Income and Named Communities Portfolio Overview

Low-Income Program

Program Description

Low-income programs are offered through a collaborative effort via partnerships between Avista and eight Community Action Agencies (CAAs), including one Tribal Housing Authority, each of which holds a bi-annual contract with Avista. This funding offers significant flexibility for CAAs to deliver weatherization services tailored to the specific needs of each low-income client, using a combination of the most suitable measures for their home.

Program Manager

Steven Cutter

TABLE 15 – LOW-INCOME PROGRAM METRICS

Projected Program Metrics		
Overall kWh Savings		723,225
Incentives	\$	1,816,174
Non-Incentive Utility Costs	\$	1,247,840
Total Costs	\$	3,064,014

As partners with Avista, the CAAs qualify the customers, generate referrals (often from their bill assistance offerings), and access multiple funding sources to best meet customers' home energy needs. Each partner shares a united goal of helping customers increase energy efficiency in their homes, resulting in lower energy bills and reduced energy burden.

The agencies serving Avista's Washington service territory receive an aggregate annual funding amount of \$4.25 million. This funding covers the cost of energy efficiency work, as well as any needed health, safety, or repair improvements; agency administration, and program support, and is inclusive of both natural gas and electric weatherization programs in Washington State. The increase over the 2024 budget is intended to serve more low-income customers, explore different programming approaches, increase cost-effectiveness, and meet requirements from the Clean Energy Implementation Plan. Avista does not require agencies to serve a specific number of homes heated by electricity or natural gas. In accordance with 2024-2025 BCP Condition 9a², as well as with the general intent of the Clean Energy Transformation Act to ensure equitable distribution of energy and non-energy benefits, priority is given to homes with high energy use, high energy burden, or other eligibility characteristics (e.g., senior, disabled, Native American). While funds are allocated to specific agencies, Avista remains flexible to meet fluctuating needs within the communities served.

2) Docket No. UE-230897, Order 01, Attachment A.

The budgets listed below are annual allocations for each agency; however, they are flexible and may change, subject to Avista’s discretion. Two-year agreements with each agency began in 2024, aligning with the first year of Avista’s 2024-2025 biennium. This two-year budget timeframe allows agencies to draw from future allocations to continue serving Avista customers ahead of the new contract. Since other funding sources operate on a fiscal year, utility funding is often calculated on a calendar year and therefore utilized later in the year. This change in funding availability allows for continuous use of utility funds and a regular cadence for utility billing throughout the year, rather than concentrating the expenses after the midway point on a calendar.

Table 16 shows the 2025 budgeted annual funding allocation by agency and counties served. Please note that the contract amounts below include funding for both electric and natural gas weatherization programs.

TABLE 16 – LOW-INCOME PROGRAM FUNDING BY COMMUNITY ACTION AGENCY

Agency	County	Funding
Spokane Neighborhood Action Partners (SNAP)	Spokane	\$ 2,762,500
Rural Resources Community Action	Ferry, Lincoln, Pend Oreille, Stevens	\$ 354,166.67
Community Action Center	Whitman	\$ 297,500
Opportunities Industrialization Council	Adams, Grant	\$ 155,833.33
Spokane Indian Housing Authority	Stevens County	\$ 42,500
Community Action Council of Lewis, Mason, and Thurston Counties	Klickitat, Skamania	\$ 56,666.67
Benton Franklin County Community Action	Franklin	\$ 42,500
Community Action Partnership	Asotin	\$ 510,000
Set aside/TBD	–	\$ 28,333.33
Total		\$ 4,250,000

The agencies are authorized to allocate 30 percent of these funds for administration cost reimbursement. Avista also allows up to 30 percent of the contract to be used for health, safety, and home repairs as deemed necessary. This discretionary spending provides flexibility for the agencies to prepare homes for improvements and ensure the longevity of the installed measures.

TABLE 17 – LOW-INCOME APPROVED MEASURES AND DIRECT CUSTOMER BENEFITS

	Projected Participation		Funding	Per-Unit kWh Savings	Direct Benefit to Customer
Air Infiltration – Electric	62	Units	Fully Fund	803	\$ 1,612.90
ENERGY STAR-Rated Refrigerator	12	Units	Fully Fund	39	\$ 640.55
Windows (ENERGY STAR-Rated; u-factor .30)	65,483	Sq. Ft.	Fully Fund	6 per Sq. Ft.	\$ 20.45 per Sq. Ft.
Attic Insulation	26,385	Sq. Ft.	Fully Fund	1 per Sq. Ft.	\$ 1.76 per Sq. Ft.
Duct Insulation	17,705	Sq. Ft.	Fully Fund	3 per Sq. Ft.	\$ 3.05 per Sq. Ft.
Floor Insulation	24,209	Sq. Ft.	Fully Fund	1 per Sq. Ft.	\$ 3.03 per Sq. Ft.
Wall Insulation	10,729	Sq. Ft.	Fully Fund	2 per Sq. Ft.	\$ 2.17 per Sq. Ft.
Duct Sealing	4	Units	Fully Fund	710	\$ 654.20
LED lamps	30	Units	Fully Fund	9	\$ 1.10
Door Sweep – CFM50 reduction – Leave Behind	1	Units	Fully Fund	16	\$ 20.00
Storm Windows (Low-E Rated)	0	Sq. Ft.	Fully Fund	6 per Sq. Ft.	\$ 10.47 per Sq. Ft.
Air Source Heat Pump	41	Units	Fully Fund	878	\$ 483.28
Ductless Heat Pump (Single Head)	4	Units	Fully Fund	3,016	\$ 6,286.70
Conversion to Air Source Heat Pump	15	Units	Fully Fund	7,234	\$ 7,819.50

In the 2025 program year, many common electric efficiency improvements will continue to be fully funded. Health, safety, and repair projects will also be fully funded, although no more than 30 percent of the annual contract may be used for these projects, and they must accompany a qualifying efficiency improvement. Avista will maintain a fully funded measure for direct-install LEDs and will calculate projected participation, per-unit kWh savings, and direct customer benefit.

According to WAC 480-109-100(10)(a), measures identified through the deemed measure priority list in the Weatherization Manual are considered cost-effective. Agencies may use their health, safety, and repair allocation to cover the full cost of the rebated measure if other funding sources are not available.

Agencies are encouraged to collaborate with Avista when identifying energy efficiency opportunities that are not on either the approved or the rebate list.

At the conclusion of the 2025 program year, in accordance with *BCP* Condition 9(a)³, Avista will include in its annual and biennial reporting the contribution of low-income conservation programs towards energy burden reduction, as well as number of participants in the program. The utility continues to develop strategies to overcome barriers to participation for customers who qualify for these services.

3) Docket No. UE-230897, Order 01, Attachment A.

Low-Income Agency Workforce Development Pilot

Program Description

After interviewing CAAs across Avista's service territory in late 2023 and early 2024, Avista identified a significant issue: limited access to weatherization training locations for CAAs. Continuous weatherization training is essential for CAA staff, but the current situation required costly and time-consuming travel across Washington State to Bellingham. To address this issue, Avista launched the Low-Income Agency Workforce Development Pilot. This initiative aims to improve training access by partnering with a nonprofit training organization to bring three, four-day training sessions to eastern Washington. In 2024, these trainings included: Building Analyst Technician Training, Mobile Home Retrofit Training, Building Science Principles, Blower Door & Pressure Diagnostics, and Combustion Safety for Weatherization.

Looking ahead to 2025, Avista aims to secure four additional training sessions to be held in eastern Washington, which will be focused on Lead Training, Healthy Housing Principles, Building Analyst Technician Training, and other CAA requested training.

New Approaches to Engaging Customers in Named Communities

Program Description

Avista is committed to ensuring that customers benefit from the transition to clean energy. During the initial CEIP implementation period (2022-2025), the company has continued to pursue new and innovative ways to engage customers in Named Communities. The Named Communities Investment Fund continues to make up to \$2 million available annually for energy efficiency projects benefitting highly impacted and vulnerable populations. The NCIF strives to reduce the energy burden for customers in Named Communities; increase participation in company programs; improve health and safety benefits; and enhance reliability for these customers.

Program Manager

Ana Matthews

Community Identified Projects

Program Description

The NCIF program supports the company's public participation requirement in clean energy by using initiatives identified and prioritized by its Equity Advisory Group (EAG) as a framework for determining which community proposed projects to fund. The EAG is comprised of community members in Avista's Washington service territory. At the end of 2022, the EAG identified energy efficiency initiatives for Named Communities and prioritized the initiatives in early 2023. The following chart provides an overview of the EAG identified initiatives that serve as a framework for making NCIF awards.

TABLE 18 – EQUITY ADVISORY GROUP'S ENERGY EFFICIENCY INITIATIVES FOR NAMED COMMUNITIES

Rank	EAG Energy Efficiency Initiatives
1	Improve awareness and energy efficiency opportunities for the Spokane Tribe, residents of multifamily buildings, and residents of manufactured homes
2	Increase the tree canopy
3	Increase access to energy efficiency products and appliances
4	Increase awareness and engagement in energy efficiency programs
5	Match funds for energy efficiency grant applications to community-based organizations and tribal partners
6	Improve energy efficiency for those without stable housing

In making NCIF awards, Avista considers the EAG-identified initiatives, along with specific actions, customer benefit indicators, and equity areas featured in the company's Clean Energy Implementation Plan (CEIP). Avista continues to engage and update the EAG on the progress of NCIF initiatives. Additionally, to inform program refinements and spending under the NCIF, the company considers input from the EEAG; from customers through public participation meetings; and from community-based organizations, particularly those that serve and represent under-served groups. To evaluate all proposed projects and programs, NCIF administration and governance also includes an internal advisory group with representation from Avista's energy efficiency, regulatory, external communications, and clean energy departments.

As of October 2024, Avista has committed the majority of NCIF funds to over 20 projects, which range in scope from HVAC replacement to lighting upgrades. These projects are at facilities like low-income affordable housing complexes, community centers, and homeless shelters. In 2025, Avista will continue to deliver on the projects it has committed to during 2024, and the company will evaluate further proposals based on this established framework of community-proposed energy efficiency projects that are aligned with NCIF program goals.

Multifamily Building Upgrades in Named Communities

Program Description

A provision for Named Communities in the recently launched Multifamily Energy Excellence Program (MEEP) provides assistance for landlords with demonstrated need, as well as for HVAC and other efficiency upgrades. NCIF awards may provide partial or full funding for the owner's portion of the cost. A comprehensive overview of MEEP is located in the Energy Efficiency Portfolio Overview portion of the plan.

Connected Communities

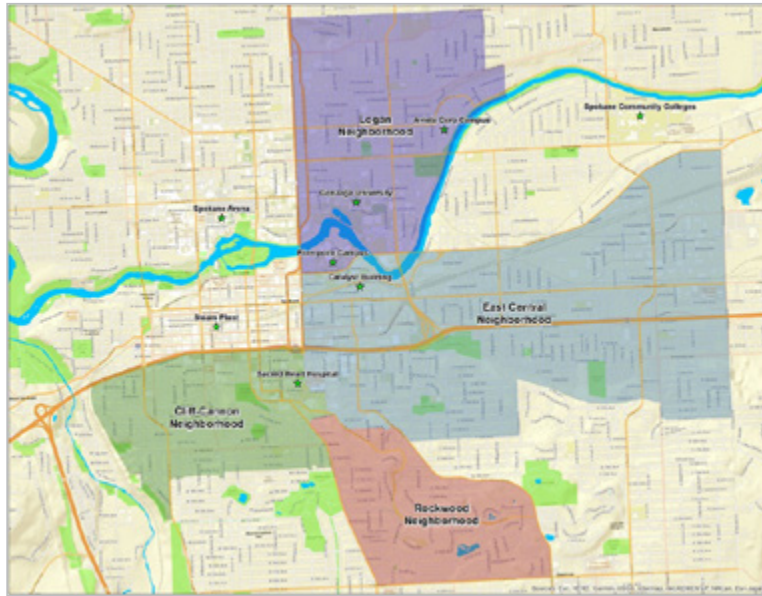
Program Description

This five-year demonstration project – funded through a grant from the Department of Energy, as well as partner contributions – is a partnership between Edo, Avista, McKinstry, Pacific Northwest National Laboratory (PNNL), and Urbanova. Participant recruitment focuses on equity across demographics and focuses on highly impacted and vulnerable populations in Avista's Named Communities, including those in the East Central, the Logan, and the Cliff-Cannon neighborhoods of Spokane, Washington.

The project explores and demonstrates clean, equitable products and solutions for customers. Its goal is to optimize grid utilization, increase resiliency, and reduce energy burden through control of HVAC systems in small and large commercial buildings and through smart thermostats and batteries in residential homes. The program aims to achieve 1.0 to 2.25 MW of flexible load, 440 to 900 MWh energy reductions annually, and 320,000 to 650,000 annual pounds of carbon dioxide equivalent emissions reductions. The project provides the ability to dispatch customer assets to improve grid utilization without compromising customer needs and comfort.

Program participants experience benefits that include reduced energy costs, optimized building performance, and direct incentives credited to their utility accounts. The project also helps the utility to lower distribution system costs and reduce energy losses while enhancing overall system reliability. All stakeholders benefit from minimized grid outages and avoid costly substation upgrades.

FIGURE 7 – CONNECTED COMMUNITIES



Avista/Spokane Tribe of Indians Energy Partnership

Program Description

In September 2024, the Spokane Tribe was awarded \$2.75 million from the Washington State Department of Commerce Tribal Clean Energy Program to construct a resiliency station in Wellpinit. The resiliency station, which will include a microgrid, is an energy delivery platform to enhance grid resiliency for Wellpinit, WA and surrounding areas. The platform will include existing and planned solar generation, as well as planned electrical storage that is interconnected with the utility grid in Wellpinit. The microgrid platform and switching devices will be configured to create points of integration with Avista's distribution management system (DMS) and supervisory control and data acquisition (SCADA). The project will focus on energy resiliency, while maximizing the value of (a) new and existing solar energy storage, (b) controllable customer loads, and (c) 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 the Equity Advisory Group regarding design considerations and outreach strategies for the duration of this project.

Total project costs for the resiliency station are expected to be around \$7 million. Avista plans to contribute funds from its NCIF to the project. The company will continue to provide technical assistance as well as construction services for the redesign and redeployment of components of the energy distribution system in Wellpinit that are required to enable the resiliency station. The Spokane Tribe also intends to leverage funding from a Department of Energy Tribal Formula Grant to fully fund the project.

The Tribe is concurrently implementing building efficiency upgrades to its administrative building, which will be funded through a Clean Energy Fund Rural Clean Energy Innovation Program grant that was awarded to the Tribe in August 2023. Avista supported the Tribe's grant application with technical support and project planning, and will provide a portion of matching funds to the project. The scope of this energy efficiency upgrade project includes replacement of all five rooftop HVAC units, a new building HVAC controls system, duct repair and air balancing, building envelope improvements and selected window replacement, and upgrades to selected lighting. The total cost of the project is projected to be \$1.1 million. Upgrades are expected to save the building approximately 340,000 kWh per year in energy use and over \$30,000 in annual energy costs. The Tribe intends to complete these upgrades by late 2025.

Commercial/Industrial Portfolio Overview

The commercial/industrial energy efficiency market is served through a combination of prescriptive and site-specific offerings, as well as through the Midstream and Clean Buildings Accelerator Programs. Any measure not offered through prescriptive or midstream channels is automatically eligible for treatment through the Site-Specific Program, subject to the criteria for participation in that program.

Unlike the Site-Specific Program, prescriptive paths do not require pre-project contracting, thus lending themselves to streamlined administrative and marketing efforts. Incentives are established for these prescriptive programs following Avista’s guidelines and standard operating procedures. Actual costs and savings are tracked, reported, and available to the third-party impact evaluator. Many, but not all, of the prescriptive measures use RTF UES.

When the prescriptive or midstream channels are not available, Avista offers commercial/industrial customers the opportunity to propose any energy efficiency project with documentable energy savings for technical review and potential incentive through the Site-Specific Program. Multifamily residential developments may also employ the Site-Specific Program when all or a large number of the residences and common areas are treated. The determination of incentive eligibility is based on projects’ individual characteristics as they apply to the company’s guidelines and standard operating procedures.

For the 2025 program year, Avista anticipates 30,730,802 kWh to be achieved through commercial/industrial programs with an expected incentive spend of \$10,285,005. Table 19 includes the estimated savings and spend by program.

TABLE 19 – COMMERCIAL/INDUSTRIAL PROGRAM OVERVIEW

Commercial/Industrial Programs	Electric Program Savings (kWh)	Expected Spend
Interior Prescriptive Lighting	2,660,043	\$ 633,485
Exterior Prescriptive Lighting	1,409,919	\$ 357,025
Direct Install Lighting	8,992,267	\$ 4,496,134
Site-Specific	17,037,979	\$ 4,577,818
Commercial Midstream	376,654	\$ 194,298
Non-Lighting Prescriptive	65,009	\$ 25,845
Building Operator Certification	188,932	\$ 400
Total Commercial/Industrial	30,730,802	\$ 10,285,005

Commercial/Industrial Marketing

Avista has a robust commercial energy efficiency marketing strategy. Historically, the company's commercial account executives were tasked with promoting programs and energy efficiency. However, since COVID, tactics have shifted to include a greater digital presence. A broad spectrum of paid tactics is now used in addition to promotion by the account executives, energy engineering, and community outreach teams. These paid tactics include digital, streaming, video sharing, and broadcast platforms. They also include emails, customer newsletters, direct mail, and print advertisements. Several commercial programs are also marketed by their third-party implementors. Commercial customers are targeted by industry type, size, geographical location, and more. Avista also uses program-specific marketing with earned media opportunities. In 2025, paid social media advertising will be added to the company's commercial energy efficiency marketing strategy. Avista launched the "Power of Change" campaign, aimed at increasing customer awareness of energy efficiency benefits. The campaign's goal is to help drive engagement and, ultimately, participation in the company's programs. It promotes approachable and seasonally relevant energy-saving tips, energy efficiency rebates, and programs. Demonstrating adjustment to changing customer preferences, this campaign humanizes energy saving and includes paid social media ads, both static and motion.

FIGURE 8 – COMMERCIAL/INDUSTRIAL "POWER OF CHANGE" DIGITAL ADVERTISING CAMPAIGN EXAMPLES



Commercial/Industrial Business Partner Program

The Business Partner Program (BPP) is an outreach effort designed to target Avista's small business customers by increasing awareness of utility programs and services that can help them manage their energy bills. Small business owners and managers are often focused on ways to save money, and they lack the time or capital to make improvements. The BPP provides a comprehensive approach by educating these typically hard-to-reach customers about their utility bills, billing options offered by Avista, and financial incentives for efficiency measures.

This high-touch initiative increases awareness about services such as billing options, electric vehicle (EV) information, loan program, and energy efficiency rebates. It also offers trade ally assistance for cost proposals. Once customers are educated about potential improvements, the challenge is to encourage them to act on these enhancements.

Commercial/Industrial Programs

Commercial/Industrial Site-Specific Program

Program Description

The Site-Specific Program provides calculated incentives to support the installation of qualifying energy efficiency equipment at commercial/industrial sites. These projects typically have a higher degree of complexity than the traditional prescriptive or midstream offerings and rely on custom calculations of savings and incentive levels. Examples of these projects include process improvements, upgrades to specialized equipment used in manufacturing, lighting installations that rely on specialized controls, and other measures designed around the customer's specific needs.

Avista's Site-Specific Program is a major component in its commercial/industrial offerings and has historically been one of the more cost-effective portions of the energy efficiency portfolio. Customers receive technical assistance and incentives in accordance with Avista's Schedule 90. The program approach strives for a flexible response to energy efficiency projects that have demonstrable kWh savings within program criteria. Most site-specific kWh savings are composed of custom lighting projects and custom HVAC, envelope, and industrial process load projects that do not fit the prescriptive path. The Site-Specific Program is available to all commercial/industrial retail electric customers, and typically brings in the largest portion of savings to the overall energy efficiency portfolio.

Program Manager

Renee Zimmerman

TABLE 20 – COMMERCIAL/INDUSTRIAL SITE-SPECIFIC PROGRAM METRICS

Projected Program Metrics		
Overall kWh Savings		17,037,979
Incentives	\$	4,577,818
Non-Incentive Utility Costs	\$	4,852,558
Total Costs	\$	9,430,376

Program Implementation

This program will offer an incentive for any qualifying electric energy-saving measure up to the incremental efficiency measure cost that has a simple payback which is less than the life of the measure being installed. Avista will make adjustments to the percentage of incremental cost paid in order to obtain the greatest energy savings at the lowest cost. A cap of 70 percent of the incremental cost and a 15-year measure simple payback based on energy cost savings is used unless a business need to increase either parameter is articulated. Site-specific program savings can be difficult to predict because of the large nature of the projects and long sales cycles. General economy shifts may also affect customer willingness to fund efficiency improvements. Increases in process and eligibility complexity and in customer costs to participate beyond the capital investment, as well as costs for post-measurement activities, are kept in mind and managed in order to continue to successfully engage customers.

Key components of the program include direct incentives to encourage customer interest, marketing efforts, account executives whose input and assistance can drive customers to the program, and ongoing work with trade allies to ensure that customer demand can be met. The Avista website and the trade ally network are used to communicate program requirements, incentives, and forms.

Program Revisions

In order to meet savings goals in a difficult labor and supply chain environment, Avista has added a Contractor Incentive Program (CIP) for contractors who complete projects. This incentive will be paid directly to contractors and would be in addition to customer incentives that continue to go directly to the customer. The incentive is set at \$0.01 per kWh for completed projects.

Commercial/Industrial Pay for Performance

Program Description

The Commercial Pay for Performance Program is an incentive program that pays customers for actual energy savings at the meter. Energy savings can come from building retrofits and equipment upgrades, as well as from behavioral, operations and maintenance, and retro-commissioning activities. Savings are claimed through the Site-Specific Program; however, the payment mechanism is different than the mechanism used in the Site-Specific Program.

Program Manager

Greta Zink

Program Implementation

The Pay for Performance Program pays annual incentives for all electricity/natural gas saved, rather than separate incentives for individual measures. Qualifying customers who implement whole-building energy retrofits will receive a set incentive rate for measurable savings that are achieved over the course of three years, with incentive payments made at the end of each year. Incentives are paid at \$0.08 per kWh and \$1.25 per therm.

This program is available for any Avista commercial customer who owns or operates buildings with conditioned heated or cooled space and has consistent and measurable energy usage. In 2024, Avista updated the program to make it available for any sized building, discontinuing the requirement that it have at least 20,000 square feet. Each building must have stable energy use over the past year and be metered separately, preferably with interval meters. To be eligible for this program, savings from planned improvements must be at least 10 percent of the building's baseline kWh or therm consumption. Manufacturing/industrial processes are excluded under this program but may be eligible under the site-specific path. Customers submit a completed rebate form, and Avista establishes a usage baseline, approves the projects, and sends a contract for the project. After improvements are implemented, savings are measured against the baseline, and payments are made annually for three years if savings are met.

Commercial/Industrial Prescriptive Lighting Program

Program Description

This program is intended to prompt commercial electric customers to increase the energy efficiency of their lighting equipment through direct financial incentives. It indirectly supports the infrastructure and inventory necessary to ensure that the installation of high-efficiency equipment is a viable option for customers.

In an effort to streamline the process and make it easier for customers and vendors to participate in the program, Avista utilizes a prescriptive approach for commercial/industrial customers. This program provides for many common retrofits to receive a pre-determined incentive amount utilizing a per-unit lighting incentive calculation of approximately \$0.26 per kWh. Additionally, baseline existing wattages and replacement wattages, as well as costs per unit and customer run times – all averages from historical project data – are considered when calculating incentive amounts and energy savings.

The Prescriptive Lighting Program makes it easier for customers – particularly smaller customers and vendors – to participate in the program. The measures included in the Prescriptive Lighting Program include retrofits from fluorescent lamps and fixtures, HID, MR16, and incandescent can fixtures to more energy-efficient LED light sources and networked controls.

Program Manager

Rachelle Humphrey

TABLE 21 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE LIGHTING PROGRAM METRICS

Projected Program Metrics	Interior	Exterior
Overall kWh Savings	2,660,043	1,409,919
Incentives	\$ 633,485	\$ 357,025
Non-Incentive Utility Costs	\$ 653,954	\$ 363,475
Total Costs	\$ 1,287,439	\$ 720,498

Program Implementation

Key components of this program are direct incentives to encourage customer interest, marketing efforts to drive customers to the program, account executive outreach, and ongoing work with trade allies to ensure that customer demand can be met. Along with Avista’s current opportunities that allow trade allies to submit prescriptive lighting incentive applications directly into the iEnergy tracking and payment system, Avista has released additional functionality for customers to self-serve with an online application process.

Critical to program success is clear communication to lighting supply houses, distributors, electricians, and customers on incentive requirements and forms. The Avista website also communicates program requirements and highlights opportunities for customers. Avista’s regionally based account executives are an important part of delivering the Prescriptive Lighting Program to commercial/industrial customers. Any changes to the program typically include an advance notice of 90 days to submit required documentation under the old requirements and/or incentive levels. This usually includes, at a minimum, direct email communication to trade allies as well as forms and website updates.

Program Eligibility

This program is applicable to commercial/industrial facilities with electric service provided by Avista through rate Schedules 11 or above.

TABLE 22 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE LIGHTING PROGRAM MEASURES AND INCENTIVES

	Projected Participation		Per-Unit kWh Savings	Incentive
Interior Lighting				
T8 TLED 2'	2,000	Unit	26 \$	6.00
T8 TLED 3'	200	Unit	39 \$	10.00
T8 TLED 4'	17,500	Unit	53 \$	12.00
T8 TLED 8'	700	Unit	109 \$	25.00
T8 LED U-Bend	200	Unit	65 \$	15.00
T5 TLED 4'	50	Unit	111 \$	17.00
T5HO 4' TLED	500	Unit	115 \$	30.00
TLED to TLED (> 5W reduction)	5	Unit	22 \$	5.00
TLED to TLED (< 5W reduction)	5	Unit	15 \$	3.00
CFL to CFLED	25	Unit	76 \$	17.00
MR16 LED	5	Unit	81 \$	9.00
1x4 LED Fixture	300	Unit	122 \$	30.00
2x2 LED Fixture	500	Unit	111 \$	25.00
2x4 LED Fixture	1,500	Unit	241 \$	50.00
T8 8' LED Strip Fixture	150	Unit	291 \$	70.00
4LT5HO to LED Fixture	100	Unit	428 \$	110.00
6LT5HO to LED Fixture	150	Unit	528 \$	140.00
8LT5HO to LED Fixture	5	Unit	777 \$	200.00
175W HID to LED Fixture/Lamp	25	Unit	546 \$	140.00
250W HID to LED Fixture/Lamp	50	Unit	1,007 \$	260.00
400W HID to LED Fixture/Lamp	500	Unit	1,196 \$	310.00
1000W HID to LED Fixture/Lamp	25	Unit	3,175 \$	600.00
42W CFL to LED Fixture	250	Unit	114 \$	20.00
65W Incandescent to LED Fixture	50	Unit	171 \$	30.00
75-100W Incandescent to LED Fixture	250	Unit	184 \$	40.00
150W Incandescent to LED Fixture	25	Unit	412 \$	75.00
Occupancy Sensor Wall Switch	50	Unit	49 \$	10.00
Occupancy Sensor Ceiling/Fixture Mount	75	Unit	191 \$	30.00
Networked Lighting Controls	500	Unit	95 \$	50.00

	Projected Participation	Per-Unit kWh Savings	Incentive
Exterior Lighting			
89W HID to LED Fixture/Lamp	50 Unit	323 \$	85.00
100W HID to LED Fixture/Lamp	100 Unit	467 \$	120.00
150W HID to LED Fixture/Lamp	100 Unit	730 \$	180.00
175W HID to LED Fixture/Lamp	100 Unit	640 \$	180.00
200W HID to LED Fixture/Lamp	25 Unit	535 \$	120.00
250W HID to LED Fixture/Lamp	100 Unit	849 \$	230.00
320W HID to LED Fixture/Lamp	150 Unit	1,027 \$	280.00
400W HID to LED Fixture/Lamp	200 Unit	1,445 \$	375.00
575W HID to LED Fixture/Lamp	100 Unit	1,677 \$	400.00
750W HID to LED Fixture/Lamp	10 Unit	3,564 \$	750.00
1000W HID to LED Fixture/Lamp	40 Unit	3,627 \$	930.00
1500W HID to LED Fixture/Lamp	25 Unit	5,193 \$	1,050.00
100W New Construction Fixture	25 Unit	625 \$	170.00
140W New Construction Fixture	5 Unit	987 \$	225.00
160W New Construction Fixture	25 Unit	932 \$	250.00
T12/T8 Fluorescent to LED Lamp	10 Unit	79 \$	20.00
Sign Lighting	3,000 Unit	49 \$	13.00

TABLE 23 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE LIGHTING PROGRAM REVISIONS

	2024	2025
Interior Lighting		
T8 TLED 2'	\$ 9.00	\$ 6.00
T8 TLED 3'	\$ 11.00	\$ 10.00
T8 TLED 4'	\$ 14.00	\$ 12.00
T8 TLED 8'	\$ 27.00	\$ 25.00
T8 LED U-Bend	\$ 15.00	\$ 15.00
T5 TLED 4'	\$ 17.00	\$ 17.00
T5HO 4' TLED	\$ 35.00	\$ 30.00
TLED to TLED (> 5W reduction)	\$ 7.00	\$ 5.00
TLED to TLED (< 5W reduction)	\$ 3.00	\$ 3.00
CFL to CFLED	\$ 18.00	\$ 17.00
LED MR16	\$ 9.00	\$ 9.00
1x4 LED Fixture	\$ 40.00	\$ 30.00
2x2 LED Fixture	\$ 40.00	\$ 25.00
2x4 LED Fixture	\$ 75.00	\$ 50.00
T8 8' LED Strip Fixture	\$ 90.00	\$ 70.00
4LT5HO to LED Fixture	\$ 120.00	\$ 110.00
6LT5HO to LED Fixture	\$ 210.00	\$ 140.00
8LT5HO to LED Fixture	Site-Specific	\$ 200.00
175W HID to LED Fixture/Lamp	\$ 150.00	\$ 140.00
250W HID to LED Fixture/Lamp	\$ 300.00	\$ 260.00
400W HID to LED Fixture/Lamp	\$ 325.00	\$ 310.00
1000W HID to LED Fixture/Lamp	\$ 600.00	\$ 600.00
42W CFL to LED Fixture	\$ 20.00	\$ 20.00
65W Incandescent to LED Fixture	\$ 55.00	\$ 30.00
75-100W Incandescent to LED Fixture	\$ 40.00	\$ 40.00
150W Incandescent to LED Fixture	\$ 85.00	\$ 75.00
Occupancy Sensor Wall Switch	\$ 17.00	\$ 10.00
Occupancy Sensor Ceiling/Fixture Mount	\$ 75.00	\$ 30.00
Networked Lighting Controls	\$ 150.00	\$ 50.00

	2024		2025	
Exterior Lighting				
89W HID to LED Fixture/Lamp	\$	85.00	\$	85.00
100W HID to LED Fixture/Lamp	\$	120.00	\$	120.00
150W HID to LED Fixture/Lamp	\$	180.00	\$	180.00
175W HID to LED Fixture/Lamp	\$	180.00	\$	180.00
200W HID to LED Fixture/Lamp	\$	120.00	\$	120.00
250W HID to LED Fixture/Lamp	\$	230.00	\$	230.00
320W HID to LED Fixture/Lamp	\$	280.00	\$	280.00
400W HID to LED Fixture/Lamp	\$	375.00	\$	375.00
575W HID to LED Fixture/Lamp	\$	400.00	\$	400.00
750W HID to LED Fixture/Lamp	\$	750.00	\$	750.00
1000W HID to LED Fixture/Lamp	\$	930.00	\$	930.00
1500W HID to LED Fixture/Lamp	\$	1,300.00	\$	1,050.00
100W New Construction Fixture	\$	170.00	\$	170.00
140W New Construction Fixture	\$	225.00	\$	225.00
160W New Construction Fixture	\$	250.00	\$	250.00
T12/T8 Fluorescent to TLED	\$	20.00	\$	20.00
Sign Lighting	\$	13.00	\$	13.00
Networked Lighting Controls	\$	85.00		Site-Specific

Commercial/Industrial Direct Install Lighting Program

Program Description

In partnership with Resource Innovations, Avista is providing a Direct Install Lighting Program to supplement and enhance the ongoing customer engagement and energy efficiency efforts already in place. In contract with local electrical trade allies, customers receive installation of appropriate energy-saving lighting measures such as lamps, fixtures, and controls; a brief on-site audit identifying additional efficiency opportunities; and marketing and collateral handouts to encourage future program participation. This program allows customers who have traditionally been unable to participate in programs requiring upfront capital the opportunity to receive new lighting and lowered energy costs. The direct install methodology also boosts local markets by endorsing local businesses and trade allies and providing training and upskilling opportunities.

Program Manager

Rachelle Humphrey

TABLE 24 – COMMERCIAL/INDUSTRIAL DIRECT INSTALL LIGHTING PROGRAM METRICS

Projected Program Metrics		
Overall kWh Savings		8,992,267
Incentives	\$	4,496,134
Non-Incentive Utility Costs	\$	1,954,840
Total Costs	\$	6,450,973

Program Implementation

Avista and Resource Innovations have developed engagement procedures for the direct installation and audit approach to market and implement the Direct Install Lighting Program. The iEnergy software platform is utilized to streamline customer eligibility, maintain data integrity, and lower administrative costs. Specifically, the development of the iEnergy OnSite tool has allowed trade allies to conduct customer eligibility checks, complete surveys and enrollment, perform facility walk-through assessments, and project scope creation and costs. It also captures all applicable lighting program data, tracks equipment that is removed and installed, calculates site-specific savings based on wattage reduction and hours of operation, generates customer-facing reports, and allows for quality control reviews and inspections as required.

Program Eligibility

This program provides a valuable service to small and medium electric customers in Avista’s Washington service territory under rate Schedules 11 or 12. Resource Innovations uses ZIP codes and city identifiers to cluster eligible customers geographically and establish an efficient routing for door-to-door marketing, audits, and installations. Customers may also complete a request form on myavista.com to express interest in participating. In 2025, the company will track participation in this program for customers residing in Named Communities.

Commercial/Industrial Prescriptive Shell Program

Program Description

The Commercial Prescriptive Shell Program offers incentives to commercial customers who improve the envelopes of their existing buildings by adding insulation, which may make a business more energy-efficient and comfortable.

Program Manager

Greta Zink

TABLE 25 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE SHELL PROGRAM METRICS

Projected Program Metrics			
Overall kWh Savings			10,599
Incentives		\$	4,235
Non-Incentive Utility Costs		\$	5,353
Total Costs		\$	9,588

Program Implementation

The commercial prescriptive insulation rebate approach issues payment to the customer after the measure has been installed by a licensed contractor. Commercial customers must have an annual heating footprint for a fuel provided by Avista. Customers must submit a completed rebate form, invoices, and an insulation certificate after the installation has been completed. Avista will send an incentive check to the customer or a designee after the project is approved. Rebates will not exceed the total amount on the customer invoice. Each rebate will be qualified and processed within iEnergy with the current-year calculator. This program is promoted by trade allies, Avista account executives, the Avista website, and Avista marketing efforts. The Avista website is also used to communicate program requirements, incentives, and forms.

Effective January 1, 2025, Avista is discontinuing the measure to improve attic insulation from R11 or less to R30-R44 due to cost effectiveness concerns.

TABLE 26 – COMMERCIAL/INDUSTRIAL PRESCRIPTIVE SHELL PROGRAM MEASURES AND INCENTIVES

	Projected Participation	kWh Savings	Incentives
Less than R11 Roof Insulation (E/E) to R30+ Roof Insulation	1,203 Sq. Ft.	1.36 per Sq. Ft.	\$1.00 per Sq. Ft.
Less than R4 Wall Insulation (E/E) to R11-R18 Wall Insulation	2,148 Sq. Ft.	2.82 per Sq. Ft.	\$1.00 per Sq. Ft.
Less than R4 Wall Insulation (E/E) to R19+ Wall Insulation	707 Sq. Ft.	4.11 per Sq. Ft.	\$1.25 per Sq. Ft.

Commercial/Industrial Green Motors Program

Program Description

The goals of the Green Motors Program are to organize, identify, educate, and promote member motor service centers to commit to energy-saving shop rewind practices, continuous energy improvement, and motor-driven system efficiency.

Green Motors Practices Group (GMPG) launched the green motors initiative in 2008 to work with Northwest regional utilities and other sponsoring organizations to provide incentives, through GMPG's member motor centers, for qualifying motors meeting the organization's standards. Avista joined this effort in offering the program to electric customers who participate in the green rewind program for 15-5,000 horsepower (HP) motors. This program provides an opportunity for Avista customers to participate in a regional effort. Without it, this market is difficult for the company to reach as a local utility. Avista commercial electric customers are eligible for this program. Incentives are paid as an instant credit off the invoice at the time of the rewind. A \$1 per horsepower incentive goes to the customer; \$1 per horsepower to the service center.

Program Manager

Greta Zink

TABLE 27 – COMMERCIAL/INDUSTRIAL GREEN MOTORS PROGRAM METRICS

Projected Program Metrics		
Overall kWh Savings		14,401
Incentives	\$	2,650
Non-Incentive Utility Costs	\$	2,144
Total Costs	\$	4,794

Program Implementation

This program was administered by the GMPG until September 1, 2024. Avista is currently working to bring the program in-house and offer it the same way – as an instant credit on the invoice – by working with participating service centers. Avista is redesigning the program forms and communicating with the service centers that will continue the work started by the GMPG. To bring awareness to this energy efficiency measure, Avista will update the website and create the appropriate communication materials.

Program Measures and Incentives

Avista expects to keep the incentive for this program the same at \$1 per HP of the motor being rewound, up to \$10,000 for 5,000 HP, and take it directly off the customer bill at the service center. The \$1 per HP fee paid to the service center for participating will also continue.

TABLE 28 – COMMERCIAL/INDUSTRIAL GREEN MOTORS PROGRAM MEASURES AND INCENTIVES

	Projected Participation	Per-Unit kWh Savings	Incentive
125 HP Industrial	1 Units	1,319	\$ 250
350 HP Industrial	2 Units	3,829	\$ 700
500 HP Industrial	1 Units	5,425	\$ 1,000

* This incentive includes the \$1 per HP fee paid to the service center for participating.

Commercial/Industrial Grocer Program

Program Description

This program offers incentives to customers who increase the energy efficiency of their refrigerated cases and related grocery equipment, including improvements with lighting, anti-sweat heater controls, gaskets and strip curtains, and various motor components. Refrigeration often represents the primary electricity expense in a grocery store or supermarket. The prescriptive rebate approach issues payment to the customer after the measure has been installed. Commercial customers who use Avista fuel for the measure applied for are eligible.

Program Manager

Greta Zink

TABLE 29 – COMMERCIAL/INDUSTRIAL GROCER PROGRAM METRICS

Projected Program Metrics	
Overall kWh Savings	40,008
Incentives	\$ 18,960
Non-Incentive Utility Costs	\$ 5,514
Total Costs	\$ 24,474

Program Implementation

Customers must submit a completed rebate form and invoice after the installation has been completed. Each rebate will be qualified and processed within iEnergy with the current-year calculator. Avista will send incentive checks to customers or their designee after each project is approved. Rebates will not exceed the total amount on the customer invoice. This program is promoted by trade allies, Avista account executives, the Avista website, and Avista marketing efforts. The website is also used to communicate program requirements, incentives, and forms.

Effective January 1, 2025, Avista is discontinuing several medium temperature energy conservation measures due to cost effectiveness concerns. Strip curtains are also being removed, due to expiration of those measures in the RTF.

TABLE 30 – COMMERCIAL/INDUSTRIAL GROCER PROGRAM DISCONTINUED CONSERVATION MEASURES

Grocer Program Discontinued Measures
Medium Temp ECM replacing Shaded Pole 9W output power
Medium Temp ECM replacing Shaded Pole 10 to 15W output power
Medium Temp ECM replacing Shaded Pole 16 to 20W output power
Medium Temp ECM replacing Shaded Pole 20+W output power
Medium Temp ECM replacing Permanent Split Capacitor 9W output power
Medium Temp ECM replacing Permanent Split Capacitor 10 to 15W output power
Medium Temp ECM replacing Permanent Split Capacitor 16 to 20W output power
Medium Temp ECM replacing Permanent Split Capacitor 20+W output power
Strip Curtains for Supermarket Walk-in Cooler
Strip Curtains for Supermarket Walk-in Freezer
Strip Curtains for Convenience Store Walk-in Freezer
Strip Curtains for Restaurant Walk-in Freezer

Washington State Clean Buildings Law Support Programs

Program Description

Washington State House Bill 1257 was codified into law late in 2019. This law requires existing commercial buildings over 50,000 square feet to comply with established performance standards. Compliance requirements for commercial building owners will be phased in starting in 2026, with all commercial buildings over 50,000 square feet complying by 2028. Compliance plans must be operationalized one year prior to compliance deadlines.

In 2024, the law expanded to include buildings with 20,000 to 50,000 square feet and all multifamily residential buildings over 20,000 square feet. Buildings in this tier must benchmark and prepare compliance plans, but they are not currently required to meet performance standards. The compliance deadline for this group of buildings is July 1, 2027. Avista is considering how to best support customers in the new tier.

The law also includes provisions for incentives to early adopters whose building’s baseline energy use exceeds the performance standard target by a certain amount. Seventy-five million dollars have been designated to assist building owners in achieving compliance. Early adopter incentives will be administered by utilities.

Energy Use Intensity (EUI) metrics will be used to determine compliance with the performance standard. It has been determined that the Department of Energy’s ENERGY STAR Portfolio Manager Tool will be used to calculate the EUI.

The Department of Commerce is responsible for assuring compliance and determining early adopter incentive fund allocations. They have published recommendations for affected building owners to prepare, including benchmarking their buildings through Portfolio Manager and developing and executing an energy efficiency plan. Utilities in Washington play a vital role in working cooperatively with the Department of Commerce to execute the new law and to support building owners as they navigate the compliance process. Avista has identified the four key areas of support shown in Table 31.

TABLE 31 – COMMERCIAL/INDUSTRIAL WASHINGTON STATE CLEAN BUILDINGS ACT EARLY ADOPTER INCENTIVES

Service	Start Date	Prior Service
Pay for Performance Early Adopter Incentive	in place	Avista pays customer and then gets credit against Public Utility Tax
ENERGY STAR Portfolio Manager	in place	Current program offering since January 2009
Energy Efficiency Engineering Services	in place	Current offering in place since Avista began energy efficiency programs
Clean Buildings Accelerator Program	in place	Offered since 2022

The last of these offerings on the list, the Clean Buildings Accelerator program, is a strategic energy management program that educates customers about the law and provides the tools needed for compliance. Participants in the program learn what their building’s compliance targets are, how to use the ENERGY STAR Portfolio Manager application, how to calculate their building’s compliance metric, and how to create an Energy Management Plan and an Operations and Maintenance Program. This is done through a cohort-based approach over a four-month sprint period, one-on-one coaching, building automation review, and two quarterly elevation seminars.

The cohort model has been very popular with companies, many of which choose to include multiple employees in the learning opportunity. Three customer cohorts have fully completed the program; a fourth began in 2024 and will continue into 2025. Avista will annually review whether to continue offering the program based on customer interest, expansion of Washington State Clean Buildings law, and the activities and guidance of the Department of Commerce.

Commercial/Industrial Pilot Programs and Potential New Programs

For 2025, Avista is exploring multiple pilot programs for commercial/industrial customers. The progress of these new programs is shared regularly with the EEAG. The pilot programs listed below are in addition to pilot programs Avista is developing related to CETA, as well as those the company is developing for residential customers.

Active Energy Management Pilot

Program Description

Consistent with Avista's goals to be carbon-neutral by 2030 and carbon-free by 2045 – and also aligning with efficiency requirements on commercial buildings – the Active Energy Management (AEM) Pilot focuses on the exploration of clean energy transformation for commercial buildings. AEM can be defined in industry terms as a strategic energy management program that employs monitoring-based commissioning processes and the best fault detection and diagnostic tools.

For this pilot, Avista has partnered with Edo, a building efficiency and grid optimization business that is a joint investment between Avista Development and McKinstry. The AEM pilot uses the newly built eco-district's communication networks, cloud services, and data-mining algorithms to capture, process, and disseminate actionable information to participants in the program. The technology platform is expected to provide a framework to evaluate building performance.

The AEM pilot represents an enhanced approach to utility customer solutions. Specifically, the pilot provides high-touch energy management services and education to customers to complete the identified energy conservation measures.

Twelve customers and 14 buildings are actively engaged and participating in the program through monthly meetings and discussions about implementing energy conservation measures, which will continue until December 31, 2024.

Throughout the remainder of the program, the focus will be on meeting the following goals:

1. Achieve 4.8 million kWh of energy savings over the pilot term.
2. Acquire rich facility operating information that can inform future rate or program design, particularly focused on future load flexibility programs.
3. Increase customer satisfaction for participating building owners and operators.
4. Gain insight into customer willingness to participate in future demand flexibility programs.
5. Demonstrate non-energy benefits from program participation, including occupant comfort, reduced greenhouse gas emissions, and improved equipment life expectancy.

This pilot program will be evaluated at its conclusion to determine if the following objectives have been achieved in addition to the goals stated above:

- ◆ **Support customers in identifying and implementing operational energy efficiency opportunities and demonstrate the cost-effectiveness of those efficiency savings.** This pilot most closely resembles monitoring-based commissioning or strategic energy management programs currently deployed in other utilities, but with a slightly different approach, which aggregates data from multiple buildings.
- ◆ **Build capacity of Avista account management and energy efficiency resources.** This model is intended to support the Avista account management and energy efficiency teams in deepening their understanding of facility operations and energy efficiency opportunities through hands-on training. An outcome of this pilot will be a deeper understanding of the organizational capability of Avista to support this level of customer engagement.
- ◆ **Share facility data with relevant Avista teams for R&D purposes.** Facility operating information can be used to model new customer programs, such as time-of-use rates or Demand Response (DR) incentives. It can also replace assumed data in models and optimization tools.
- ◆ **Increase customer satisfaction and engagement.** The hands-on components of this program are designed to build trust between Avista energy efficiency team members and building operators. This relationship will increase satisfaction with Avista and engagement by building owners and operators in other Avista programs.

Hybrid Heat Pump Study

Program Description

In 2024, Avista launched a two-year study to explore the differences between cold climate heat pumps and hybrid heat pumps, with a focus on learning more about the performance of each type. For the purposes of this study, a hybrid heat pump is defined as an electric heat pump with natural gas backup heating. Avista hopes to determine the feasibility of adding these measures to the company's efficiency programs. In addition to the study's primary goals, Avista hopes to learn more about the factors that influence customers (economic, environmental, behavioral, and emotional) as they consider significant HVAC upgrades to support clean energy transition efforts. Avista is also interested in learning more about perceived home comfort for each of these systems.

Avista partnered with a local third-party HVAC contractor and a third-party evaluation, measurement, and validation (EM&V) contractor to install 12 heat pump systems (six cold-climate and six hybrid) and performance monitoring equipment in the homes of Avista customers who had existing natural gas heat and central air-conditioning. Installations of the heat pump systems and associated performance monitoring equipment were completed in the fall of 2024. Avista will collect and monitor data over two heating and two cooling seasons. In 2025, one year after data collection has started, half of the homes from each group will also receive a weatherization package to study the impacts of weatherization on heat-pump sizing. The budget for this study is \$800,000, and a final report is expected by March 1, 2027.

The phased approach aims to increase the reliability and accuracy of data for analysis. The hybrid heat pump study relies on weatherization information collected from half the homes after one year to determine the effect of weatherization on heat pump system sizing, capacity, and weather-normalized performance. It is intended to answer related questions, including:

- ◆ How does the system's performance compare before and after weatherization?
- ◆ Which should come first, weatherization of a home or sizing/installation of the system?
- ◆ After weatherization, is there a difference in performance for cold climate heat pumps versus standard heat pumps?

In addition to this study, Avista supports and is participating in a heat pump study by the Energy Trust of Oregon (ETO). As with Avista's study, the ETO study is still in process. Avista staff participated with ETO staff in a hybrid heat pump panel, organized by NEEA, regarding heat pumps at the 2024 Efficiency Exchange. This panel also included discussion on Puget Sound Energy's recent hybrid heat pump study, which Avista is tracking closely. The company also reviewed NREL's Field Validation of Air-Source Heat Pumps for Cold Climates.

Compressed Air Pilot Program

Program Description

Targeting commercial compressed-air customers, this pilot program is for compressed air leak detection. It provides incentives for the repair of leaks identified by an audit from a preliminary acoustic imaging detector, followed by a second audit that verifies the repair of those leaks. Avista commercial electric customers are eligible for the program.

The Compressed Air Leak Detection Program ended in April 2024. Partnering with a local contractor, Avista has designed this pilot program to replace the former offering. Avista's partner contractor takes the lead on recruiting customers with compressed air systems that may be leaking. After customers are recruited, an acoustic imaging scan is performed to detect leaks. If leaks are detected, either the contractor or the customer does the leak repairs, and a second scan is done to verify the work. The entire process is administered by the contractor. Avista is in the process of collecting and analyzing the data from this pilot. The company will move forward appropriately when all results are final.

Time-of-Use Rate and Peak Time Rebate Pilot Programs

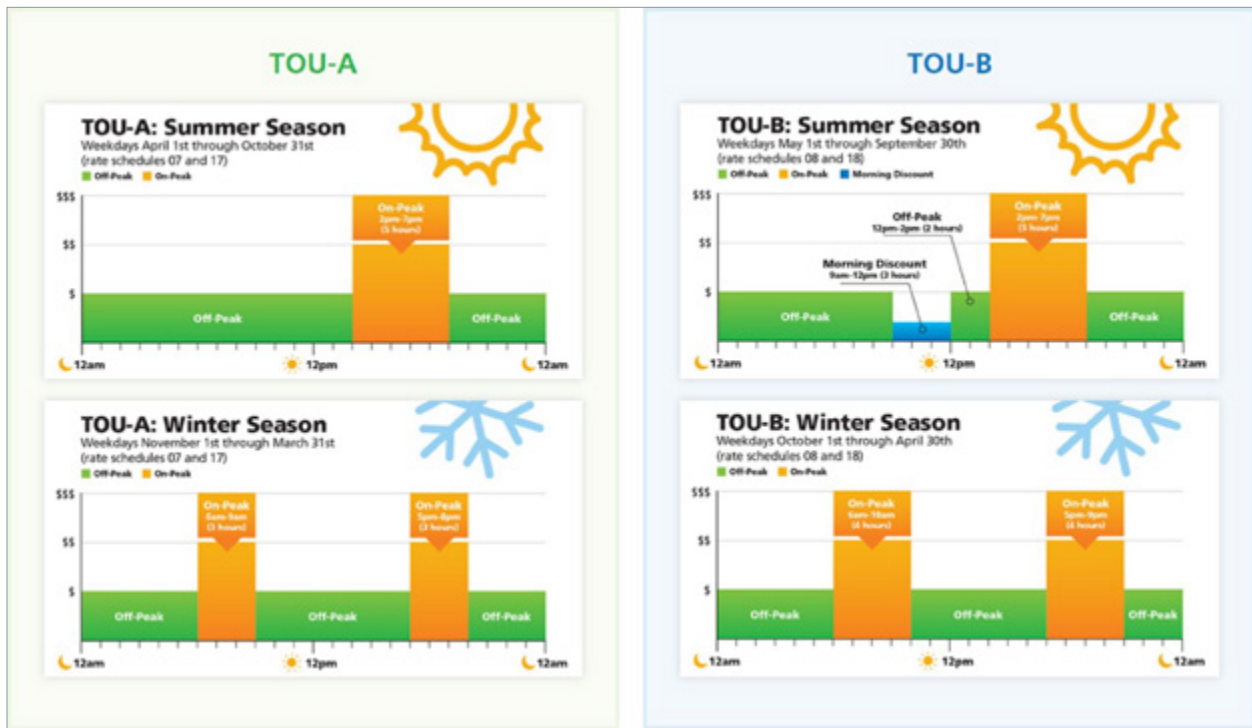
Program Description

Avista is piloting two Time-of-Use (TOU) Rate Programs and a Peak Time Rebate (PTR) Program as a result of a rate case settlement order with Washington State. These pilots, available to customers starting on June 1, 2024, will run for a period of two years. Within six months of the pilot ending, Avista will issue a progress report on the performance of the pilot program and provide recommendations on the future of the programs.

Avista residential and small business customers in Washington State can enroll or opt-in to either of the TOU Rate Programs and/or the PTR Program. Most customers sign up through Avista’s self-service channel at myavista.com, but more traditional channels involving a customer service representative are available for enrollment as well.

The TOU plan options are shown below. TOU A represents rate schedules 07 and 17, residential and small commercial. TOU B represents rate schedules 08 and 18, residential and small commercial. Both rate plans have two seasons, summer and winter, and represent different on-off peak hours of the day in each.

FIGURE 9 – TIME-OF-USE RATE PROGRAMS EXAMPLES



The PTR Program more resembles a traditional demand response program, where enrolled customers receive a notification to reduce their usage at a particular date and time for a specific duration, also known as a PTR event. Reductions are voluntary, and there is no penalty for not participating during these events. Reductions made during the PTR events are calculated by comparing usage during the event to a calculated baseline for each customer. That reduction is then paid in the form of a bill credit at \$0.40 per kWh.

REGIONAL MARKET TRANSFORMATION



REGIONAL MARKET TRANSFORMATION

Avista’s local energy efficiency portfolio seeks to influence customers to purchase cost-effective energy efficiency products and services through a combination of incentives, awareness, and addressing barriers to adoption. The local energy efficiency portfolio is intended to be permanent in nature, with the understanding that the specific programs and eligibility criteria will be revised over time in recognition of the changing marketplace, technologies, and economics. Though these efforts can, and often do, create permanent changes in how customers make energy choices, it is generally not feasible for Avista to design local programs to influence markets that are often regional or national in scale.

Market transformation consists of defined interventions occurring for a finite period of time, utilizing strategically selected approaches to influence the energy market (customer, trade allies, manufacturers or combinations thereof) followed by an exit strategy. Successful market transformations permanently change the trajectory of markets in favor of more cost-effective energy efficiency choices, well beyond the termination of the active intervention.

Electric utilities within the Northwest came together in 1997 to establish and fund a cooperative effort toward sustaining market transformation on a regional basis, with sufficient scale and diversity to deliver a portfolio capable of providing a cost-effective electric-efficiency resource.

That organization, NEEA, begins its seventh funding cycle for 2025-29. Avista has been an active participant and funder of this collaborative effort since its inception. NEEA’s successful residential lighting efforts – and many other ventures – are difficult to replicate. Nevertheless, there is little doubt that there are cost-effective opportunities that can only be achieved, or that are best achieved, through a regionally cooperative effort. Avista has a high degree of confidence that the NEEA portfolio will succeed, and that the company’s Washington customers will continue to benefit from these efforts. 2025 savings derived from NEEA programs are expected to be as follows:

TABLE 32 – NEEA 2025 EXPECTED SAVINGS BY SECTOR

Expected Savings by Sector	aMW @ Site	MWh @ Site	kWh @ Site
Residential	0.78	6,833	6,832,800
Commercial	0.16	1,402	1,401,600
Industrial	0	0	0
Total	0.94	8,234	8,234,400

For 2025, Avista’s Washington portion of the NEEA’s electric budget is expected to be approximately \$1,539,138 for core savings activities. While End-Use Load Flex Kickstart projects will continue into 2025, no additional charges will be carried into the program year (program expenses will end in December 2024).

AVISTA-SPECIFIC METHODOLOGIES AND ANALYTICAL PRACTICES



AVISTA-SPECIFIC METHODOLOGIES AND ANALYTICAL PRACTICES

Over time, Avista has evolved approaches to calculate the various metrics applied within the planning effort to meet the needs of its portfolio and regulation. Care has been taken to ensure that these approaches are consistent with the intent of the NWPCC's methodologies for the analysis of energy efficiency. Avista completes an *Annual Conservation Report (ACR)* in the spring of each year, based on a retrospective review of actual results from the prior year. This process includes the calculation of each of the four basic standard practice tests (summarized in Appendix B – Summarization of Cost Effectiveness Methodology). Since the total resource cost (TRC) test and utility cost test (UCT) are the basis for optimizing the portfolio (for reasons previously explained), the explanation of Avista's methodologies, for planning purposes, focus on these two tests.

The calculation of portfolio cost-effectiveness excludes costs that are unrelated to the local energy efficiency portfolio in that particular year. Those excluded costs, termed "supplemental" in Avista's calculations, include:

- ◆ The funding associated with regional programs (NEEA)
- ◆ The cost to perform CPA studies
- ◆ Costs related to EM&V

Individual measures are aggregated into programs composed of similar measures. At the program level, non-incentive portfolio costs are allocated based on direct assignment to the extent possible, and costs are allocated based on a program's share of portfolio-avoided cost-value acquisition when direct assignment is not possible. The result is a program-level TRC and UCT cost-effectiveness analysis that incorporates these allocated costs.

Since the costs and benefits associated with the adoption of a measure may accrue over time, it is necessary to establish a discount rate.¹ Future costs and benefits are discounted to the present value and compared for cost effectiveness purposes. Generally, energy and non-energy benefits accrue over the measure life and costs are incurred up-front.

The calculation of the TRC test benefits, to be consistent with NWPCC methodologies, includes an assessment of non-energy impacts (both benefits and costs) accruing to the customer. These impacts most frequently include maintenance cost, water, and sewer savings, and – in the case of the Low-Income Program – inclusion of the cost of providing base-case end-use equipment as part of a fully-funded measure as well as the value of health and human safety funding (on a dollar-for-dollar basis).

For the purposes of calculating TRC cost-effectiveness, any funding obtained from outside of Avista's customer population (generally through tax credits or state- or federally-administered programs) is not considered to be a TRC cost. These are regarded as imported funds and, from the perspective of Avista's customer population appropriate to the TRC test, are not costs borne by Avista customers. Co-funding of efficiency measures from state and federal programs for low-income programs applicable to a home that is also being treated with Avista funding is not incorporated within the program cost. This is consistent with permitting tax credits to offset customer incremental cost as described within the California Standard Practice Manual description of the TRC test.

1) Avista used a discount rate of 4.85% for commercial/industrial programs and 4.56% for residential programs.

Avista's energy efficiency portfolios are built from the bottom up, starting with the identification of prospective efficiency measures based on the most recent CPA and augmented with other specific opportunities as necessary. Since potential assessments are only performed every two years and the inputs are locked many months in advance of filing the *IRP* itself, there is considerable time for movement in these inputs and the development of other opportunities.

Evaluation, Measurement, and Verification

Within its energy efficiency portfolio, Avista incorporates EM&V activities to validate and report verified energy savings related to its energy efficiency measures and programs. EM&V protocols serve to represent the comprehensive analyses and assessments necessary to supply useful information to management and non-company parties that adequately identify the acquisition of energy efficiency attributable to Avista's conservation programs, as well as potential process improvements necessary to improve operations both internally and for customers. EM&V includes impact evaluation and process evaluation. Taken as a whole, EM&V is analogous with other industry standard terms such as portfolio evaluation and program evaluation.

To support planning and reporting requirements, several guiding EM&V documents are maintained and published. This includes the EM&V Framework, an annual EM&V Plan, and EM&V contributions within other energy efficiency and Avista corporate publications. Program-specific EM&V plans are created, as necessary, to inform and benefit the energy efficiency activities. These documents are reviewed and updated regularly, reflecting improvements to processes and protocols.

EM&V efforts will also be applied to evaluating emerging technologies and applications being considered for inclusion in the company's energy efficiency portfolio. In the electric portfolio, Avista may spend up to 10 percent of its conservation budget on programs whose savings impact have not yet been measured if the overall portfolio of conservation passes the applicable cost-effectiveness test. These programs may include educational, behavior change, and other types of investigatory or pilot projects. Specific activities can include product and application document reviews, development of formal evaluation plans, field studies, data collection, statistical analysis, and solicitation of user feedback.

Because of the benefits to customers and to the utility, Avista actively participates in regional energy efficiency activities. Avista has a voting role on the RTF, a critical advisory committee to the NWPCC. The RTF oversees standardization of energy savings and measurement processes for electric applications in the Pacific Northwest. This knowledge base provides energy efficiency data, metrics, non-energy benefits, and references suitable for inclusion in Avista's Technical Reference Manual (TRM) relating to acquisition planning and reporting. In addition, the company engages with other Northwest utilities and NEEA in various pilot projects or subcommittee evaluations. Portions of the energy efficiency savings acquired through NEEA's programs within the region are attributable to Avista's portfolio.

Avista's commitment to the critical role of EM&V is supported by the company's continued focus on the development of best practices for its processes and reporting. The International Performance Measurement and Verification Protocol serves as the basis of measurement and verification plans developed and applied to Avista programs. In addition, the compilation of EM&V protocols released under the U.S. Department of Energy's Uniform Methods Project will be considered and applied where applicable to support the consistency and credibility of reported results. Verification of a statistically significant number of projects is often extrapolated to perform impact analysis on complete programs, within reasonable standards of rigor and degree of conservatism. This process serves to ensure that Avista will manage its energy efficiency portfolio in a manner consistent with both utility and public interests.

For 2025, Avista will continue engagement with its third-party evaluator, ADM.

Cost-Effectiveness Metrics, Methodology, and Objectives

Avista's planning approach aims to maximize cost-effective conservation acquired by analyzing the cost-effectiveness of each segment (residential, low-income, and commercial/industrial), as well as the ways in which measures within programs contribute to the cost-effectiveness of that segment and eventually the individual portfolios. Non-energy impacts (NEIs) are a common topic of discussion in many energy-evaluation circles and Avista has made effective changes to the inclusion of NEIs (see the section on non-energy impacts on page 62). The company is appreciative of the valuable work the RTF has done to quantify NEIs for the region and where values have not been identified, Avista will look to the RTF to supplement values. The company views these efforts as an iterative process and expects that more discovery will take place in the future.

As with other utilities in the region, Avista actively participates in RTF meetings and provides measure-level data back to the RTF to further refine its estimates. The company acknowledges that it has the responsibility to use the best available data no matter the source; at times, that comes from internal estimates. Avista will continue to work with members from the RTF to identify measures or technologies that may have gaps in data and provide information where needed. These efforts further refine the RTF measures and form UES values that are more specific to Avista's service territory.

The company maintains an active involvement in the regional energy efficiency community and is committed to acknowledging and addressing new energy efficiency developments as they are presented. Avista will continue to work with interested persons as conversations around cost-effectiveness arise.

Non-Energy Impacts Study and GAP Analysis

Over the last few years, Avista engaged with DNV (formerly DNV-GL) to develop and quantify a list of NEIs for Avista's electric and natural gas programs, along with a gap analysis of areas for future NEI development. These efforts identified several NEIs for low-income, residential, and commercial/industrial customers, including those affecting participants, society, and the utility.

While basic conservation efforts consider the effect of energy efficiency measures on the utility's system by deferring capital investments, NEIs provide an opportunity to assign value to what is received by the customer, providing a link between an efficiency measure and a measurable customer benefit. As such, NEI values are included in Avista's TRC cost-effectiveness test as a benefit to the customer. Avista started utilizing NEI values in its benefits calculations for TRC and PCT cost-effectiveness tests starting with the company's *2022 Annual Conservation Report*, which was filed on June 1, 2023. Avista has incorporated updated NEI values into its TRM and continues to utilize NEI values in its cost-effectiveness calculations. NEI values are tracked on a per-measure basis and range from less than \$.01 per kWh up to \$.46 per kWh. Low-Income Program measures have the highest non-energy benefit value to customers because of the health and safety benefits provided to qualified customers at no cost.

Other categories of non-energy impact values that are quantified in Avista's NEI values include avoided illness from pollution; reductions in noise; increases in productivity; ease of selling or leasing a space based on improvements; avoided costs of insurance/fire damage; and NEIs related to energy burden reduction. Examples include reductions in bad debt write-offs; reductions in calls to the utility; reductions for utility carrying costs on arrearages; and thermal comfort and operations savings for customers. For each measure in Avista's portfolio, the NEI value for each identified category is aggregated and then matched against an NEI database to create an Avista-specific NEI value for that measure.

As new benefits are identified, Avista engages with its NEI study vendor to conduct gap analyses and add new NEI values to Avista's TRM. A gap analysis study was completed in 2023. Avista included these additional NEI values in its cost-effectiveness calculations as a portion of the 2023 report deliverable, and will continue to do so in 2024 reporting cycles and beyond.

In 2024, Avista also concluded a study on low-global warmth potential (GWP) refrigerants. This study focused specifically on non-energy impacts of mitigating high-GWP refrigerants. Significant decarbonization NEIs are anticipated. Once this work is completed, Avista will leverage those NEIs to develop additional incentives for air conditioning and refrigeration measures, as well as incentives for proper disposal of high-GWP refrigerant. These greenhouse gas reduction efforts are important elements of Avista's decarbonization plans.

Energy Efficiency at Power Production Facilities

As required by the company's *BCP* Conditions, Avista continues to review the feasibility of pursuing cost-effective conservation in the form of reductions in electric power consumption, resulting from increases in the efficiency of energy use at electric power production facilities it owns in whole or in part.² Avista meets with its generation engineering team on an annual basis to discuss potential projects that may lead to greater energy efficiency at facilities it manages or owns. While the generation team is primarily focused on providing safe and reliable power, they understand the benefit of efficiency and how those levels contribute to the regional clean energy goal. Avista will continue to work with its generation team to identify potential projects in the next biennium.

In 2025, Avista is considering replacement of the HVAC system at Cabinet Gorge Dam. Avista's energy efficiency team is providing technical assistance to the asset management team and will calculate potential energy savings from various upgrade options to help inform the team's decision. A project timeline has not yet been established.

Schedule 90 – Energy Efficiency Programs

Avista's electric energy efficiency operations are governed by Schedule 90 tariff requirements. This tariff details the eligibility and allowable funding that the company provides for energy efficiency measures. Though the tariff allows for considerable flexibility in how programs are designed and delivered – and accommodates a degree of flexibility around incentives for prescriptive programs subject to reasonable justification – there remains the occasional need to modify the tariff to meet current and future market conditions and opportunities. For 2025, Avista has not proposed any changes to the language in this schedule.

2) UE-19092 Attachment A – Condition 12a.

CONCLUSION AND CONTACT INFORMATION



CONCLUSION AND CONTACT INFORMATION

This 2025 ACP represents program efforts by Avista to achieve its expected eligible acquisition savings for the second year of the 2024-25 biennium. In addition, the plan is designed to identify various activities that promote and support energy efficiency for the transition to clean energy, for reduction of energy costs for customers, and deferral of investments in Avista's energy system. For additional supporting information, please see the following appendices:

- ◆ Appendix A – 2025 Energy Efficiency Evaluation, Measurement, and Verification Annual Plan
- ◆ Appendix B – Cost Effectiveness Methodology
- ◆ Appendix C – Electric Program Summary

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GLOSSARY OF TERMS



GLOSSARY OF TERMS

Active Energy Management (AEM): The implementation of continuous building monitoring to improve building performance in real time.

adder: An additional amount, typically a percentage, added to a quantification of conservation savings, risks, and/or benefits.

adjusted market baseline: Based on the RTF guidelines, represents a measurement between the energy efficient measure and the standard efficiency case that is characterized by current market practice or the minimum requirements of applicable codes or standards, whichever is more efficient. When applying an adjusted market baseline, no net-to-gross factor would be applied since the resultant unit energy savings amount would represent the applicable savings to the grid.

Advanced Metering Infrastructure (AMI): Systems that measure, collect and analyze energy usage, from advanced devices such as electricity meters, natural gas meters and/or water meters through various communication media on request or on a predetermined schedule.

advisory group: Avista's group of external interested persons and efficiency program experts who advise on the company's planned energy efficiency activities, as well as activities under consideration.

Air-Conditioning, Heating, and Refrigeration Institute (AHRI): The trade association representing manufacturers of HVAC and water heating equipment within the global industry.

aMW: The amount of energy that would be generated by one megawatt of capacity operating continuously for one full year. Equals 8,760 MWhs of energy.

American National Standards Institute (ANSI): A source for information on national, regional, and international standards and conformity assessment issues.

American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE): Devoted to the advancement of indoor-environment-control technology in the heating, ventilation, and air conditioning (HVAC) industry, ASHRAE's mission is "to advance technology to serve humanity and promote a sustainable world."

Annual Conservation Plan (ACP): An Avista-prepared resource document that outlines Avista's conservation offerings, its approach to energy efficiency, and details on verifying and reporting savings.

Annual Conservation Report (ACR): An Avista-prepared resource document that summarizes its annual energy efficiency achievements.

Annual Fuel Utilization Efficiency (AFUE): A measurement on how efficient an appliance is in converting the energy in its fuel to heat over the course of a typical year.

avoided cost: An investment guideline, describing the value of conservation and generation resource investments in terms of the cost of more expensive resources that would otherwise have to be acquired.

baseline: Conditions, including energy consumption, which would have occurred without implementation of the subject energy efficiency activity. Baseline conditions are sometimes referred to as “business-as-usual” conditions.

baseline efficiency: The energy use of the baseline equipment, process, or practice that is being replaced by a more efficient approach to providing the same energy service. It is used to determine the energy savings obtained by the more efficient approach.

baseline period: The period of time selected as representative of facility operations before the energy efficiency activity takes place.

Biennial Conservation Plan (BCP): An Avista-prepared resource document that outlines Avista’s conservation offerings, its approach to energy efficiency, and details on verifying and reporting savings for a two-year period.

Building Owners & Managers Association (BOMA): An international federation of U.S. local associations and global affiliates that represents the owners, managers, service providers, and other property professionals of all commercial building types.

Business Partner Program (BPP): An outreach effort designed to raise awareness of utility programs and services that can assist small business customers in managing their energy bills.

British Thermal Unit (Btu): The amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit (3,413 Btu are equal to one kilowatt-hour).

busbar: The physical electrical connection between the generator and transmission system. Load on the system is typically measured at busbar.

capacity: The maximum power that a machine or system can produce or carry under specified conditions. The capacity of generating equipment is generally expressed in kilowatts or megawatts. In terms of transmission lines, capacity refers to the maximum load a line is capable of carrying under specified conditions.

Clean Energy Implementation Plan (CEIP): Introduced within a subsection of the Clean Energy Transformation Act, a CEIP must describe the utility’s plan for making progress toward meeting the clean energy transformation standards while it continues to pursue all cost-effective, reliable, and feasible conservation and efficiency resources.

Clean Energy Transformation Act (CETA): Signed into law in 2019, the Clean Energy Transformation Act requires electric utilities to supply their Washington customers with 100 percent renewable or non-emitting electricity with no provision for offsets.

Community Action Partnership (CAP): General term for Community Action Programs, Community Action Agencies, and Community Action Centers that provide services such as low-income weatherization through federal and state agencies and other funding sources (e.g. utility constitutions).

Community Energy Efficiency Program (CEEP): Created by the Washington State Legislature in 2009, CEEP encourages homeowners and small businesses across the state to make energy efficiency retrofits and upgrades.

conservation: According to the Northwest Power Act, any reduction in electric power consumption as a result of increases in the efficiency of energy use, production or distribution.

Conservation Potential Assessment (CPA): An analysis of the amount of conservation available in a defined area. Provides savings amounts associated with energy efficiency measures to input into the company's Integrated Resource Planning (IRP) process.

cooling degree days: A measure of how hot the temperature was on a given day or during a period of days. Cooling degree days per day are calculated by subtracting from a fixed temperature the average temperature over the day. Historically, the fixed temperature has been set at 65 degrees Fahrenheit, the outdoor temperature above which cooling is typically needed. As an example, a day with a mean temperature of 80°F has 15 cooling degree days. If the next day has a mean temperature of 83°F, it has 18 cooling degree days.

cost-effective: According to the Northwest Power Act, a cost-effective measure or resource must be forecast to be reliable and available within the time it is needed, and to meet or reduce electrical power demand of consumers at an estimated incremental system cost no greater than that of the least-costly, similarly reliable and available alternative or combination of alternatives.

Customer Benefit Indicator (CBI): An attribute, either quantitative or qualitative, of a resource or related distribution investment associated with customer benefits.

customer/customer classes: A category, or categories, of customers defined by provisions found in tariff(s) published by the entity providing service, approved by the PUC. Examples of customer classes are residential, commercial, industrial, agricultural, local distribution company, core and non-core.

decoupling: In conventional utility regulation, utilities make money based on how much energy they sell. A utility's rates are set based largely on an estimation of costs of providing service over a certain set time period, with an allowed profit margin, divided by a forecasted amount of unit sales over the same time period. If the actual sales turn out to be as forecasted, the utility will recover all of its fixed costs and its set profit margin. If the actual sales exceed the forecast, the utility will earn extra profit.

deemed savings: Primarily referenced as unit energy savings, an estimate of an energy savings for a single unit of an installed energy efficiency measure that (a) has been developed from data sources and analytical methods that are widely considered acceptable for the measure and purpose, and (b) is applicable to the situation being evaluated.

demand: The load that is drawn from the source of supply over a specified interval of time (in kilowatts, kilovolt-amperes, or amperes). Also, the rate at which natural gas is delivered to or by a system, part of a system or piece of equipment, expressed in cubic feet, therms, Btu or multiples thereof, for a designated period of time such as during a 24-hour day.

Demand Response (DR): A voluntary and temporary change in consumers' use of electricity when the power system is stressed.

Demand Side Management (DSM): The process of helping customers use energy more efficiently. Used interchangeably with Energy Efficiency and Conservation, although conservation technically means using less while DSM and energy efficiency means using less while still having the same useful output of function.

Direct Load Control (DLC): The means by which a utility can signal a customer's appliance to stop operations in order to reduce the demand for electricity. Such rationing generally involves a financial incentive for the affected customer.

discount rate: The rate used in a formula to convert future costs or benefits to their present value.

distribution: The transfer of electricity from the transmission network to the consumer. Distribution systems generally include the equipment to transfer power from the substation to the customer's meter.

Distributed Generation (DG): An approach that employs a variety of small-scale technologies to both produce and store electricity close to the end users of power.

Effective Useful Life (EUL): Sometimes referred to as measure life and often used to describe persistence. EUL is an estimate of the duration of savings from a measure.

end-use: A term referring to the final use of energy; it often refers to the specific energy services (for example, space heating), or the type of energy-consuming equipment (for example, motors).

energy assistance advisory group: An ongoing energy assistance program advisory group to monitor and explore ways to improve Avista's Low-Income Rate Assistance Program (LIRAP).

Energy Efficiency Advisory Group (EEAG): A group which advises investor-owned utilities on the development of integrated resource plans and conservation programs.

energy efficiency measure: Refers to either an individual project conducted or technology implemented to reduce the consumption of energy at the same or an improved level of service. Often referred to as simply a "measure."

Energy Independence Act (EIA): Requires electric utilities serving at least 25,000 retail customers to use renewable energy and energy conservation.

Energy Use Intensity (EUI): A metric – energy per square foot per year – that expresses a building’s energy use as a function of its size or other characteristics.

evaluation: The performance of a wide range of assessment studies and activities aimed at determining the effects of a program (and/or portfolio) and understanding or documenting program performance, program or program-related markets and market operations, program-induced changes in energy efficiency markets, levels of demand or energy savings, or program cost-effectiveness. Market assessment, monitoring and evaluation, and verification are aspects of evaluation.

Evaluation, Measurement, and Verification (EM&V): Catch-all term for evaluation activities at the measure, project, program and/or portfolio level; can include impact, process, market and/or planning activities. EM&V is distinguishable from Measurement and Verification (M&V) defined later.

ex-ante savings estimate: Forecasted savings value used for program planning or savings estimates for a measure; Latin for “beforehand.”

ex-post evaluated estimated savings: Savings estimates reported by an independent, third-party evaluator after the energy impact evaluation has been completed. If only the term “ex-post savings” is used, it will be assumed that it is referring to the ex-post evaluation estimate, the most common usage; from Latin for “from something done afterward.”

external evaluators (AKA third party evaluators): Independent professional efficiency person or entity retained to conduct EM&V activities. Consideration will be made for those who are Certified Measurement and Verification Professionals (CMVPs) through the Association of Energy Engineers (AEE) and the Efficiency Evaluation Organization (EVO).

free rider: A common term in the energy efficiency industry meaning a program participant who would have installed the efficient product or changed a behavior regardless of any program incentive or education received. Free riders can be total, partial, or deferred.

generation: The act or process of producing electricity from other forms of energy.

Green Motors Practices Group (GMPG): A nonprofit corporation governed by electric motor service center executives and advisors whose goal is the continual improvement of the electric motor repair industry.

gross savings: The change in energy consumption and/or demand that results from energy efficiency programs, codes and standards, and naturally occurring adoption which have a long-lasting savings effect, regardless of why they were enacted.

heating degree days: A measure of the amount of heat needed in a building over a fixed period of time, usually a year. Heating degree days per day are calculated by subtracting from a fixed temperature the average temperature over the day. Historically, the fixed temperature has been set at 65 degrees Fahrenheit, the outdoor temperature below which heat was typically needed. As an example, a day with an average temperature of 45 degrees Fahrenheit would have 20 heating degree days, assuming a base of 65 degrees Fahrenheit.

Heating Seasonal Performance Factor (HSPF): Defined as the ratio of heat output over the heating season to the amount of electricity used in air source or ductless heat pump equipment.

Heating, Ventilation, and Air Conditioning (HVAC): Sometimes referred to as climate control, the HVAC is particularly important in the design of medium to large industrial and office buildings where humidity and temperature must all be closely regulated whilst maintaining safe and healthy conditions within.

highly impacted community: designated by the Washington Department of Health, any census tract with an overall ranking of 9 or 10 on the Environmental Health Disparities map, or any census tract with tribal lands.

impact evaluation: Determination of the program-specific, directly or indirectly induced changes (e.g., energy and/or demand usage) attributable to an energy efficiency program.

implementer: Avista employees whose responsibilities are directly related to operations and administration of energy efficiency programs and activities, and who may have energy savings targets as part of their employee goals or incentives.

incremental cost: The difference between the cost of baseline equipment or services and the cost of alternative energy-efficient equipment or services.

Integrated Resource Plan (IRP): An IRP is a comprehensive evaluation of future electric or natural gas resource plans. The IRP must evaluate the full range of resource alternatives to provide adequate and reliable service to a customer's needs at the lowest possible risk-adjusted system cost. These plans are filed with the state public utility commissions on a periodic basis.

Integrated Resource Plan Technical Advisory Committee (IRP TAC): Advisory committee for the IRP process that includes internal and external participants.

International Performance Measurement and Verification Protocol (IPMVP): A guidance document with a framework and definitions describing the four M&V approaches; a product of the Energy Valuation Organization (www.evo-world.org).

Investor-Owned Utility (IOU): A utility that is organized under state law as a corporation to provide electric power service and earn a profit for its stockholders.

Kilowatt (kW): The electrical unit of power that equals 1,000 watts.

Kilowatt-hour (kWh): A basic unit of electrical energy that equals one kilowatt of power applied for one hour.

Kilo British Thermal Unit (kBtu): Btu, which stands for British thermal units, measures heat energy. Each Btu equals the amount of heat needed to raise one pound of water one degree Fahrenheit; the prefix kilo- stands for 1,000, which means that a kBtu equals 1,000 Btu.

Levelized Cost of Energy (LCOE): The present value of a resource's cost (including capital, financing, and operating costs) converted into a stream of equal annual payments. This stream of payments can be converted to a unit cost of energy by dividing them by the number of kilowatt-hours produced or saved by the resource in associated years. By leveling costs, resources with different lifetimes and generating capabilities can be compared.

line losses: The amount of electricity lost or assumed lost when transmitting over transmission or distribution lines. This is the difference between the quantity of electricity generated and the quantity delivered at some point in the electric system.

Low-Income Home Energy Assistance Program (LIHEAP): Federal energy assistance program, available to qualifying households based on income, usually distributed by community action agencies or partnerships.

Low-Income Rate Assistance Program (LIRAP): LIRAP provides funding (collected from Avista's tariff rider) to CAP agencies for distribution to Avista customers who are least able to afford their utility bill.

market effect evaluation: An evaluation of the change in the structure or functioning of a market, or the behavior of participants in a market, that results from one or more program efforts. Typically, the resultant market or behavior change leads to an increase in the adoption of energy-efficient products, services, or practices.

measure (also Energy Efficiency Measure or "EEM"): Installation of a single piece of equipment, subsystem or system, or single modification of equipment, subsystem, system, or operation at an end-use energy consumer facility, for the purpose of reducing energy and/or demand (and, hence, energy and/or demand costs) at a comparable level of service.

measure life: See Effective Useful Life (EUL).

Measurement and Verification (M&V): A subset of program impact evaluation that is associated with the documentation of energy savings at individual sites or projects, using one or more methods that can involve measurements, engineering calculations, statistical analyses, and/or computer simulation modeling. M&V approaches are defined in the International Performance Measurement and Verification Protocol (IPMVP available at www.evo-world.org).

Megawatt (MW): The electrical unit of power that equals one million watts or one thousand kilowatts.

Megawatt-hour (MWh): A basic unit of electrical energy that equals one megawatt of power applied for one hour.

Named Community: Represents areas within Avista's service territory that are considered to be a highly impacted community or vulnerable population.

net savings: The change in energy consumption and/or demand that is attributable to an energy efficiency program. This change in energy use and/or demand may include, implicitly or explicitly, consideration of factors such as free drivers, non-net participants (free riders), participant and non-participant spillover, and induced market effects. These factors may be considered in how a baseline is defined and/or in adjustments to gross savings values.

Non-Energy Benefit/Non-Energy Impact (NEB/NEI): The quantifiable non-energy impacts associated with program implementation or participation; also referred to as non-energy benefits (NEBs) or co-benefits. Examples of NEIs include water savings, non-energy consumables and other quantifiable effects. The value is most often positive, but may also be negative (e.g., the cost of additional maintenance associated with a sophisticated, energy-efficient control system).

Northwest Energy Efficiency Alliance (NEEA): A nonprofit organization that works to accelerate energy efficiency in the Pacific Northwest through the adoption of energy-efficient products, services, and practices.

Northwest Power and Conservation Council (NWPCC): An organization that develops and maintains both a regional power plan and a fish and wildlife program to balance the environment and energy needs of the Pacific Northwest.

Outside Air Temperature (OAT): Refers to the temperature of the air around an object, but unaffected by the object.

On-Bill Repayment (OBR): A financing option in which a utility or private lender supplies capital to a customer to fund energy efficiency, renewable energy, or other generation projects. It is repaid through regular payments on an existing utility bill.

portfolio: Collection of all programs conducted by an organization. In the case of Avista, portfolio includes electric and natural gas programs in all customer segments. Portfolio can also be used to refer to a collection of similar programs addressing the market. In this sense of the definition, Avista has an electric portfolio and a natural gas portfolio with programs addressing the various customer segments.

prescriptive: A prescriptive program is a standard offer for incentives for the installation of an energy efficiency measure. Prescriptive programs are generally applied when the measures are employed in relatively similar applications.

process evaluation: A systematic assessment of an energy efficiency program or program component for the purposes of documenting operations at the time of the examination, and identifying and recommending improvements to increase the program's efficiency or effectiveness for acquiring energy resources while maintaining high levels of participant satisfaction.

program: An activity, strategy or course of action undertaken by an implementer. Each program is defined by a unique combination of program strategy, market segment, marketing approach and energy efficiency measure(s) included. Examples are a program to install energy-efficient lighting in commercial buildings and residential weatherization programs.

project: An activity or course of action involving one or multiple energy efficiency measures at a single facility or site.

Regional Technical Forum of the Northwest Power and Conservation Council (RTF): A technical advisory committee to the Northwest Power and Conservation Council established in 1999 to develop standards to verify and evaluate energy efficiency savings.

realization rate: Ratio of ex-ante reported savings to ex-post evaluated estimated savings. When realization rates are reported, they are labeled to indicate whether they refer to comparisons of (1) ex-ante gross reported savings to ex-post gross evaluated savings, or (2) ex-ante net reported savings to ex-post net evaluated savings.

reliability: When used in energy efficiency evaluation, the quality of a measurement process that would produce similar results on (a) repeated observations of the same condition or event, or (b) multiple observations of the same condition or event by different observers. Reliability refers to the likelihood that the observations can be replicated.

reported savings: Savings estimates reported by Avista for an annual (calendar) period. These savings will be based on best available information.

Request for Proposal (RFP): Business document that announces and provides details about a project, as well as solicits bids from potential contractors.

retrofit: To modify an existing generating plant, structure, or process. The modifications are done to improve energy efficiency, reduce environmental impacts, or to otherwise improve the facility.

rigor: The level of expected confidence and precision. The higher the level of rigor, the more confident one is that the results of the evaluation are both accurate and precise, i.e., reliable.

R-value or R-factor (resistance transfer factor): Measures how well a barrier, such as insulation, resists the conductive flow of heat.

Schedules 90 and 190: Rate schedules that show energy efficiency programs.

Schedules 91 and 191: Rate schedules that are used to fund energy efficiency programs.

sector(s): The economy is divided into four sectors for energy planning. These are the residential, commercial (e.g., retail stores, office and institutional buildings), industrial, and agriculture (e.g. dairy farms, irrigation) sectors.

Site-Specific (SS): A commercial/industrial program offering individualized calculations for incentives upon any electric or natural gas efficiency measure not incorporated into a prescriptive program.

simple payback: The time required before savings from a particular investment offset costs, calculated by investment cost divided by value of savings (in dollars). For example, an investment costing \$100 and resulting in a savings of \$25 each year would be said to have a simple payback of four years. Simple paybacks do not account for future cost escalation, nor other investment opportunities.

spillover: Reductions in energy consumption and/or demand caused by the presence of an energy efficiency program, beyond the program-related gross savings of the participants and without direct financial or technical assistance from the program. There can be participant and/or nonparticipant spillover (sometimes referred to as “free drivers”). Participant spillover is the additional energy savings that occur as a result of the program’s influence when a program participant independently installs incremental energy efficiency measures or applies energy-saving practices after having participated in the energy efficiency program. Non-participant spillover refers to energy savings that occur when a program non-participant installs energy efficiency measures or applies energy savings practices as a result of a program’s influence.

Technical Reference Manual (TRM): An Avista-prepared resource document that contains Avista’s (ex-ante) savings estimates, assumptions, sources for those assumptions, guidelines, and relevant supporting documentation for its natural gas and electricity energy efficiency prescriptive measures. This is populated and vetted by the RTF and third-party evaluators.

Total Resource Cost (TRC): A cost-effectiveness test that assesses the impacts of a portfolio of energy efficiency initiatives regardless of who pays the costs or who receives the benefits. The test compares the present value of costs of efficiency for all members of society (including all costs to participants and program administrators) compared to the present value of all quantifiable benefits, including avoided energy supply and demand costs and non-energy impacts.

transmission: The act or process of long-distance transport of electric energy, generally accomplished by elevating the electric current to high voltages. In the Pacific Northwest, Bonneville operates a majority of the high-voltage, long-distance transmission lines.

Uniform Energy Factor (UEF): A measurement of how efficiently a water heater utilizes its fuel.

Unit Energy Savings (UES): Defines the savings value for an energy efficiency measure.

U-value or U-factor: The measure of a material’s ability to conduct heat, numerically equal to 1 divided by the R-value of the material. Used to measure the rate of heat transfer in windows. The lower the U-factor, the better the window insulates.

uncertainty: The range or interval of doubt surrounding a measured or calculated value within which the true value is expected to fall within some degree of confidence.

Utility Cost Test (UCT): One of the four standard practice tests commonly used to evaluate the cost-effectiveness of DSM programs. The UCT evaluates the cost-effectiveness based upon a program’s ability to minimize overall utility costs. The primary benefit is the avoided cost of energy in comparison to the incentive and non-incentive utility costs.

Variable Frequency Drive (VFD): A type of motor drive used in electro-mechanical drive systems to control AC motor speed and torque by varying motor input frequency and voltage.

verification: An assessment that the program or project has been implemented per the program design. For example, the objectives of measure installation verification are to confirm (a) the installation rate, (b) that the installation meets reasonable quality standards, and (c) that the measures are operating correctly and have the potential to generate the predicted savings. Verification activities are generally conducted during on-site surveys of a sample of projects. Project site inspections, participant phone and mail surveys, and/or implementer and consumer documentation review are typical activities associated with verification. Verification may include one-time or multiple activities over the estimated life of the measures. It may include review of commissioning or retro-commissioning documentation. Verification can also include review and confirmation of evaluation methods used, samples drawn, and calculations used to estimate program savings. Project verification may be performed by the implementation team, but program verification is a function of the third party evaluator.

vulnerable population: Communities that experience a disproportionate cumulative risk from environmental burdens.

Washington Utilities and Transportation Commission (WUTC): A three-member Commission appointed by the governor and confirmed by the state senate, whose mission is to protect the people of Washington by ensuring that investor-owned utility and transportation services are safe, available, reliable, and fairly priced.

weather normalized: This is an adjustment that is made to actual energy usage, stream-flows, etc., which would have happened if “normal” weather conditions would have taken place.

Weighted Average Cost of Capital (WACC): A calculation of a firm’s cost of capital in which each category of capital is proportionately weighted. All sources of capital, including common stock, preferred stock, bonds, and any other long-term debt, are included in a WACC calculation.

8,760: Total number of hours in a year.



APPENDIX A – 2025 ENERGY EFFICIENCY EVALUATION, MEASUREMENT, AND VERIFICATION ANNUAL PLAN

Background

Avista's 2025 *Energy Efficiency Evaluation, Measurement, and Verification (EM&V) Annual Plan*, in combination with the *Avista EM&V Framework*, is intended to identify the evaluation, measurement, and verification activities planned to be performed in 2025 in order to adequately inform and assess energy efficiency programs provided by Avista for its customers in Washington and Idaho. This evaluation effort is made not only to verify savings estimates of the program, but also to enhance program design and improve the marketing and delivery of future programs.

Overview

Avista's 2025 *EM&V Annual Plan* will identify evaluation activities intended to assess the 2025 Energy Efficiency Portfolio. The scope of this plan will be consistent with prior evaluation plans as presented to Avista's Energy Efficiency Advisory Group (EEAG). A comprehensive EM&V overview and definitions are included in *Avista's EM&V Framework*, a companion document to this plan.

A key consideration integrated into this plan is the role of the independent third-party evaluator, which will perform the majority of evaluation planning, tasks, analysis, and external reporting as coordinated by Avista energy efficiency staff.

The following details the key aspects of this plan:

- ◆ Avista continues to pursue a portfolio approach for impact analysis, ensuring a comprehensive annual review of all programs – to the degree necessary – based on the magnitude both of savings and uncertainty of the related unit energy savings (UES) values, and of claimed energy efficiency acquisition relative to the portfolio.
- ◆ Inherent in the impact analysis, a locked UES list identifying a significant number of UES values is available to use through verification rather than fundamental impact analysis; however, this list of UES is reevaluated as part of the company's normal and recurring savings value analysis. Measures will also be updated to reflect the best science from other sources as well, primarily the Regional Technical Forum (RTF).
- ◆ Portfolio impact evaluations will be conducted for all electric and natural gas programs in Washington and Idaho. For programs with a majority of savings or particular aspects of interest, such as a high level of uncertainty, detailed impact evaluations using protocols from the Uniform Methods Project, International Performance Measurement and Verification Protocol (IPMVP), and other industry-standard techniques for determining program-level impacts will be used. Billing analyses will be incorporated as appropriate.
- ◆ Electric energy efficiency acquisition achieved during 2025 will contribute to the biennial savings acquisition for EIA compliance, which will complete its eighth biennium at the end of 2025.¹
- ◆ A final evaluation of the electric programs deployed during 2025 will be initiated prior to the end of 2025 in order to meet the June 1, 2026, filing deadline in Washington.

1) Washington Initiative 937 was approved by voters on November 7, 2006. Codified as RCW 19.285 and WAC 480-109, the energy efficiency aspects of this law became effective on January 1, 2010.

- ◆ The evaluation will provide energy efficiency acquisition results with 90 percent precision with a 10 percent confidence interval. Discrete measures may be represented by reduced precision and wider confidence – such as 80 percent with a 20 percent confidence interval – but must support the required portfolio criteria of 90 percent/10 percent.
- ◆ This planning document will not be construed as pre-approval by the Washington or Idaho Commissions.
- ◆ Evaluation resources will be identified through the development of the 2025 evaluation work plan in conjunction with the independent, third-party evaluator. Primary segments will include:
 - *Residential* – The impact analysis will consider the portfolio of measures provided to residential customers during the program year. Evaluation effort will be focused on measures that contribute significant portfolio savings and allow consolidation and grouping of similar measures to facilitate the evaluation.
 - *Low-Income and Named Communities* – For the impact analysis, billing analysis on the census of measures, including conversions, will be conducted. In addition, a comparison group, possibly consisting of Low-Income Home Energy Assistance Program (LIHEAP) or Low-Income Rate Assistance Program (LIRAP) participants, may be incorporated into the analysis if possible.
 - *Commercial/Industrial* – Interviews of Avista staff and third-party implementers will be conducted, along with customer surveys, tracking databases, marketing materials, and quality assurance documents.
 - *Midstream* – A methodology to evaluate midstream program savings will be developed by the selected EM&V firm.
- ◆ A process evaluation report will be delivered as part of the 2025 Energy Efficiency Annual Conservation Report, which addresses program considerations for that program year.

Summary of Individual Evaluations

Provided below is a summary of each of the external evaluation activities anticipated to occur for the 2025 portfolio. All savings estimates, calculations, assumptions, and recommendations will be the work product of the independent evaluator in conjunction with the respective portfolio impact, process, or market evaluation component. The final evaluation plans will also be included in this plan as an appendix as they become available.

2024-25 Electric and Natural Gas Portfolio Impact Evaluation

Based on the evaluator's work plan, performance data and supporting information may be derived from primary consumption data collected in the field, site audits, phone surveys, billing analysis, and other methods identified to effectively quantify the energy performance of the energy efficiency measure.

Similar to prior evaluations, billing analyses are to be conducted to identify the electric and natural gas impacts of the Low-Income program based on a census of program participants to estimate savings by state, fuel type, and overall program levels. For this evaluation cycle, savings estimates will be evaluated through a combined approach of billing and engineering analysis, as well as developing net savings estimates by measuring the effects of a comparison group.

If possible, a low-income comparison group study may be used to evaluate this specific program activity. There are two feasible approaches for selecting this comparison group. One method would be to identify nonparticipants from data on Avista customers that receive energy assistance payments such as LIHEAP or LIRAP who have not participated in the Low-Income Program. A second method would be to consider using future program participants. The best approach will be identified as the timeline and available data are considered.

Additional participant phone surveys may be conducted to provide a better understanding of certain topics, such as primary and secondary heating sources, equipment functionality prior to replacement, customer behaviors and take-back effects, participant non-energy benefits, and other building or equipment characteristics.

For commercial/industrial, site and metering visits on prescriptive and site-specific projects will support project verification and gather necessary data to validate energy savings and engineering calculations. Sample sizes for each type of fuel will be based on the combined two-year (2024-25) anticipated project count. Prior evaluations may inform sampling rates to effectively reduce the sample size in measure categories with less uncertainty, and increase the sampling for those measures with greater variation.

2025 Portfolio Process Evaluation

To identify program changes and areas of interest, brief interviews will be employed to gather relevant information. Key participants in the interview process will include Avista staff and, as appropriate, third-party implementation staff and trade allies.

The independent third-party evaluator will review communication and participant materials for critical program documents that have new or updated materials, including program tracking databases and marketing and trade ally materials. The program materials will be evaluated against industry best practices for their adequacy, clarity, and effectiveness. Where appropriate, feedback will be provided to support the development of new or the enhancement of existing program materials.

Participant and nonparticipant surveys will be conducted in 2025 for both residential and commercial/industrial segments and be used to assess differences in customer experiences, effectiveness of programs, and materials available for customers and trade allies. Participant and nonparticipant surveys will focus on the decisions, attitudes, barriers, and behaviors regarding Avista's programs and efficient equipment/measure installations as well as supplement past spillover research.

Third-Party Vendor Evaluation Plan

As part of contractual requirements, the vendor will provide an overall detailed evaluation plan for 2024-25 that includes details on methodology, approach, and deliverables, as well as anticipated costs.

APPENDIX B – COST-EFFECTIVENESS METHODOLOGY

The cost-effectiveness evaluation of Avista's energy efficiency programs has been standardized to a significant degree in order to provide for greater transparency and understanding of the metrics. Avista has brought these standardized² approaches into the evaluation of the cost-effectiveness of its portfolio through a series of specific interpretations, approaches, and policies. The summarization of these key guidelines provides a greater insight into the evaluation and how to interpret the results.

The cost-effectiveness of energy efficiency programs can be viewed from a variety of perspectives, each of which leads to a specific standardized cost-effectiveness test. The below outlines and describes the various perspectives.

1. **Total Resource Cost:** The perspective of the entire customer class of a particular utility. This includes not only what they individually and directly pay for efficiency (through the incremental cost associated with higher efficiency options) but also the utility costs that they will indirectly bear through their utility bill. When looking at the full customer population, incentives are considered to be a transfer between ratepayers and not a cost for the overall ratepayer class. This perspective is represented in the total resource cost (TRC) test. Avista has included a 10 percent conservation credit to the TRC calculation adding a benefit to the overall cost effectiveness.
2. **Utility Cost Test:** If the objective is to minimize the utility bill – without regard to costs borne by the customer outside of that which is paid through the utility bill – then cost-effectiveness simply comes down to a comparison of reduced utility avoided cost and the full cost (incentive and non-incentive cost) of delivering the utility program. This is the utility cost test (UCT), also known as the program administrator cost test (PAC).
3. **Participant Cost Test:** A participating customer's view of cost-effectiveness is focused upon reduced energy cost (at the customer's retail rate). Avista also includes the value of any non-energy benefits that they may receive. Incentives received by the customer offset the incremental cost associated with the efficiency measure. This is the participant cost test (PCT). Since participation within utility programs is voluntary, it could be asserted that well-informed participating customers are performing their own cost-effectiveness test based on their own circumstances and voluntarily participate only to the extent that it is beneficial for them to do so.
4. **Ratepayer Impact Measure:** Non-participating customers are affected by a utility program solely through the impact on their retail rate. Their usage, since they are non-participants, is unaffected by the program. The impact of energy efficiency programs on the utility rate imposed upon these non-participating customers is the result of the reduced utility energy costs, diminished utility revenues, and the cost associated with the utility program. Since utility retail energy rates exceed the avoided cost under almost all scenarios (peak end-use load and a few other exceptions apply), the non-participant rarely benefits. This is the rate impact measure (RIM), also known as the non-participant test.

2) California Standard Practice Manual: Economic Analysis of Demand Side Program and Projects

Per Docket UE-210826, the commission currently uses a modified TRC test, consistent with the council, as its primary cost-effectiveness test. Rate Schedule 90, "Electric Energy Efficiency Programs," also requires Avista to maintain a TRC cost-effectiveness of 1.0 or higher at the portfolio level (excluding low-income programs, which can be paid up to 100 percent of project cost). Avista therefore considers the modified TRC to be its primary cost-effectiveness test, and relies primarily on this test when evaluating existing and potential measures and programs, as well as when evaluating cost-effectiveness at the portfolio level. This modified TRC test includes all quantifiable non-energy impacts, a risk adder, and a 10 percent conservation benefit adder. All cost-effectiveness calculations assume a net-to-gross ratio of 1.0, consistent with the council's methodology.

The following table summarizes Avista's approach to calculating the four basic cost-effectiveness tests. The categorization and nomenclature provide clarity regarding each cost and benefit component. Although the TRC test is considered to be the primary test, Avista also provides Utility Cost Test ratios, in compliance with BCP condition 8b (Docket UE-210826), as well as the Participant Cost Test and the Ratepayer Impact test. The two latter tests provide insights into cost impacts for program participants as well as for ratepayers, which are important considerations for Avista's program designs and evaluations. Please note that some of the values within the table below represent negative values.

TABLE 2 – SUMMARIZATION OF STANDARD PRACTICE TEST BENEFITS AND COSTS

	TRC	UCT	PCT	RIM
Benefit Components				
Avoided Cost of Utility Energy	\$	\$		\$
Value of Non-Utility Energy Savings	\$		\$	
Non-Energy Impacts	\$		\$	
Reduced Retail Cost of Energy			\$	
Cost Components				
Customer Incremental Cost	\$		\$	
Utility Incentive Cost		\$	(\$)	\$
Utility Non-Incentive Cost	\$	\$		\$
Imported Funds (tax credits, federal funding, etc)	(\$)		(\$)	
Reduced Retail Revenues				\$

A summary of some of the approaches by which Avista measures these values and how they are applied within Avista's evaluation of cost-effectiveness is contained below.

Avoided cost of utility energy: The avoided cost of electricity and natural gas is based on the results of the most recent *Integrated Resource Plan (IRP)* to include the valuation of several avoided costs that are somewhat unique to energy efficiency (e.g., distribution losses, the monetary cost of carbon, etc.). The cost of electric transmission and distribution (T&D) capacity benefits was adjusted to align with the seventh power plan, and a \$26.90 per kW-yr for 20-year levelized cost was used to bring electricity into the Avista balancing area from the mid-C market.

The electric *IRP* provides 20 years of mid-C prices for every hour of the year (8,760 hours) and system capacity benefits for generation and T&D. Different measures have different distribution of their savings of the year, so to properly value the commodity portion for individual measures the 175,200 market prices (8,760 x 20) are multiplied by the individual load shapes yielding 23 different end-use commodity-avoided costs.

To calculate the capacity value, an average of the percentage of savings on January weekdays between 7:00-12:00 and 18:00-23:00 was used to estimate the peak coincidence to be multiplied by that year's generation, transmission, and distribution capacity benefits.

The commodity and capacity benefits are summed for each year and the combined avoided costs are increased to account for avoided line loss rates.

The avoided cost of the natural gas *IRP* produces an annual and winter avoided therm value which an avoided delivery charge is added (represented by the demand portion of Schedule 150) to each.

The application of the avoided cost of energy-to-energy efficiency measures includes all interactive impacts upon the fuel specific to the measure (e.g., interactive impacts upon electric consumption by electric programs) as well as cross-fuel (e.g., interactive impacts upon natural gas usage as a result of an electric program).

Value of non-utility energy: For forms of energy not provided by the utility – such as propane or wood fuel – and for which there is no *IRP* valuation of the avoided cost, all savings are valued based on the customer's retail cost of energy.

Non-energy impacts: Impacts of efficiency measures unrelated to energy usage are incorporated into the appropriate standard practice tests to the extent that they can be reasonably quantified and externally represented to a rational but critical audience. Avista sources its NEIs from regional and national studies, and NEI values are applied with adjustment factors for the company's service territory. NEI values currently range from \$0.08-\$0.00002/kWh.

When Avista pays the full cost of a measure within the low-income portfolio, and includes that full cost as a customer incremental cost, the value of the baseline measure is included as a non-energy benefit as a representation of the end-use service beyond the energy efficiency impact. Those impacts that have been determined to be unquantifiable within reasonable standards of rigor consist of both benefits and costs. For example, Avista has not been able to quantify the value of comfort, preventing the company from valuing the benefit of draft reduction from efficient windows, or the increased productivity due to lighting upgrades.

Reduced retail cost of energy: For the participant test, it is the participating customer's reduced retail cost of energy, and not the utility avoided cost of energy, that is relevant to that perspective.

Customer incremental cost: This represents the additional cost of an efficient measure or behavior above the baseline alternative. To the maximum extent possible the determination of customer incremental cost is based on alternatives that are identical in all aspects other than efficiency. When a clear comparison isn't feasible, an individualized adjustment is made to the extent possible.

Utility incentive cost: Direct financial incentives, or the utility cost of physical products or services distributed to individual customers, are transfer payments between participating and non-participating customers. The provision of program delivery services is not a transfer cost and is not incorporated into the definition of the utility incentive cost.

Utility non-incentive cost: These costs consist of all utility costs that are outside of the previously defined incentive costs. It typically consists of costs associated with the administration of the program such as labor, EM&V, training, outreach, marketing, pilot programs, conservation potential assessments, organizational memberships, etc.

Imported funds: Avista includes the value of imported funds (generally tax credits or governmental co-funding of programs) to be a reduction in the customer incremental cost of the measure for purposes of calculating the TRC test and the participant test. These funds are acquired from entities outside the ratepayer population or the individual participant.

The alternative approach to treating imported funds as an offset to the customer incremental cost is to consider these funds to be a benefit. For the purposes of Avista's cost-effectiveness objective (maximize residual net TRC benefit), there would be no mathematical difference between these two approaches.

Reduced retail revenues: For the purposes of the RIM test, the loss of retail revenue is a cost to the non-participating customer.

The means by which Avista's energy efficiency portfolio is defined for the purposes of evaluation and cost allocation is also an important part of the company's methodology. The various definitions used for the different levels of aggregation are explained below, followed by an explanation of how these are applied in the allocation of costs.

Sub-Measure: A sub-measure is a component of a measure that cannot be coherently offered without aggregating it with other sub-measures. For example, an efficient three-pan fryer couldn't be offered as part of a sensible customer-facing program if the program did not also include two-pan and four-pan fryers. Avista may offer sub-measures that fail cost-effectiveness criteria if the overall measure is cost-effective. This is the only area where Avista permits the bundling of technologies for the purposes of testing offerings against the cost-effectiveness screen. There are relatively few sub-measures meeting the criteria specified above within the portfolio.

Measure: Measures are standalone energy efficiency options. Consequently, measures are generally expected to pass cost-effectiveness requirements barring justifiable exceptions. Exceptions include, but are not necessarily limited to, measures with market transformation value not incorporated into the assessment of the individual measure, significant non-energy benefits that cannot be quantified with reasonable rigor, and cooperative participation in larger regional programs.

Program: Programs consist of one or more related measures. The relation among the measures may be based on technology (e.g., an aggregation of efficient lighting technologies) or market segment (e.g., aggregation of efficient food service measures). The aggregation is generally performed to improve the marketability and/or management of the component measures.

Portfolio: Portfolios are composed of aggregations of programs. The aggregating factor will vary based on the definition of the portfolio. The following portfolios are frequently defined in the course of Avista’s energy efficiency reporting and management:

- *Customer segment portfolio* – An aggregation of programs within a customer segment (e.g., low-income, residential, commercial/industrial).
- *Fuel portfolio* – Aggregating electric or natural gas energy efficiency programs.
- *Regular vs. low-income portfolios* – Separating income-qualified measures delivered through CAP agencies from the remainder of the portfolio.
- *Jurisdictional portfolio* – Aggregating programs within either the Washington or Idaho jurisdiction.
- *Local or regional portfolio* – Aggregating all elements of the local energy efficiency portfolio vs. the regional market transformation portfolio.
- *Fuel/Jurisdictional portfolio* – Aggregating all programs within a given fuel and jurisdiction (Washington electric, Washington natural gas, Idaho electric, or the currently suspended Idaho natural gas portfolio).

Overall portfolio: Aggregating all aspects of the Washington and Idaho, electric and natural gas energy efficiency portfolio.

Methodology for Allocation of Energy Efficiency Costs

The Avista methodology for cost allocation builds from the measure or sub-measure analysis to the program and ultimately portfolio analysis. At each level of aggregation, those costs that are incremental at that stage are incorporated into the cost-effectiveness analysis. Incremental customer cost and benefits are fully incorporated into measure-level analysis. Utility costs (both labor and non-labor) are currently fully incorporated within the program level of aggregation based on previous advisory group discussions regarding the company’s ability to expand or contract the portfolio to meet acquisition target. Cost allocations are made based on the expected adjusted Btu acquisition of the program, with adjustments by the relative avoided cost of electricity and natural gas (e.g., a kWh is a highly processed Btu compared with an equivalent natural gas).

Generally little of the non-incentive utility cost (labor and non-labor) is allocated at the measure level, with the exception of programs delivered through a third-party contractor where those costs are truly incremental. Other non-incentive utility costs are allocated at the program level in the belief that the addition or elimination of programs would lead to a change in the scale of the overall portfolio, and that, therefore, these costs are incremental at the program level.

It should be noted that costs not associated with the delivery of local energy efficiency programs within the planned year are excluded from the cost-effectiveness calculations. These are termed “supplemental costs,” and consist of:

- ◆ The funding associated with regional programs (NEEA)
- ◆ Cost to perform conservation potential assessment studies (CPA)
- ◆ Evaluation, Measurement, and Verification engagements (EM&V)
- ◆ Funding of low-income educational outreach programs in Idaho
- ◆ Idaho research funding and similar expenses unrelated to the planned local portfolio

Unit Energy Savings

The quantification of energy savings applicable toward achieving Washington EIA acquisition targets has been an ongoing topic of discussion since the effective date of the requirement. The company plan will create an annual locked Unit Energy Savings (UES) associated with the Technical Reference Manual (TRM) that will be updated on an annual basis. The savings will primarily be derived from the Regional Technical Forum (RTF) or previous impact evaluations.

For planning purposes, the business plan has applied the same assumptions regarding UES to the Idaho portfolio as the best current estimate of savings. However, the retrospective *Annual Conservation Report* may displace these assumptions with the results of actual impact evaluations when available and appropriate.

Analytical Methodology Applicable to Low-Income Programs

Avista has developed several analytical methodologies specific to the evaluation needs of the low-income portfolio. These include the (1) accommodation of incentive levels equal to the entire cost of the measure, including the cost of the baseline measure, and (2) the treatment and quantification of the considerable non-energy benefits incorporated within the low-income portfolio. Beyond these two rather significant analytical issues, the treatment of the low-income portfolio is similar to that applied to the other portfolios.

Except for the Low-Income Program, as well as for certain programs and services offered through the Named Communities Investment Fund to bring equitable benefits to members of Named Communities, Avista does not typically fully fund the customer incremental cost, and even less frequently the full installed cost of an end-use service. For low-income programs delivered with Avista funding in partnership with Community Action Agencies (CAAs), as well as through programs that serve Named Communities, the participating customer may receive full funding of the end-use service. There is a need to appropriately represent this expenditure within the overall energy efficiency expenditure budget, but at the same time it is necessary to recognize that only a portion of this expenditure is dedicated toward energy efficiency. The company does so by recognizing the full expenditure as a cost, but also recognizing that there is a non-energy benefit associated with the provision of base-case end-use services. The full cost less this non-energy benefit is equal to the amount invested in energy efficiency. Thus the assessment of the cost-effectiveness of the energy efficiency investment is appropriately based upon the value of the energy savings of the efficient measure in comparison to this incremental cost. In situations where a measure might be found cost-effective under one fuel, it will be reimbursed at the full cost for both fuels.

Avista has also defined the expenditure of non-energy health and safety funds as a non-energy benefit (on a dollar-for-dollar basis). This quantification is based on the individual assessment of each of these expenditures by the CAA prior to the improvements being made. This approval process provides reasonable evidence that the improvements are worth, at a minimum, the amount that has been expended upon them through CAA funds.

As a consequence of these two assumptions, the low-income portfolio accrues considerable non-energy benefits, as do programs designed to serve Named Communities.

For low-income programs, the administrative reimbursement permitted to the CAA is considered to be a component of the measure cost. This amount reimburses the CAA for back-office costs that would, in a typical trade ally bid, be incorporated into the project invoice. For 2025, the admin reimbursement is 30 percent for Washington and 15 percent for Idaho.

APPENDIX C – ELECTRIC PROGRAM SUMMARY

Program	MWh Savings	Estimated Budget
Low-Income Programs		
Low-Income Programs	723,225	\$ 2,593,892.99
Named Communities Investment Fund	–	\$ 2,000,000.00
Total Low-Income Programs	723,225	\$ 4,593,892.99
Residential Programs		
Residential Prescriptive	57,126	\$ 92,242.00
Midstream	5,677,082	\$ 1,102,619.83
ENERGY STAR Homes	105,027	\$ 38,000.00
MEEP	103,651	\$ 26,949.23
Multi-Family Weatherization	38,332	\$ 28,879.17
Appliances	213,849	\$ 106,050.00
Total Residential Programs	6,195,067	\$ 1,394,740.23
Commercial/Industrial Programs		
Building Operator Certification	188,932	\$ 400.00
Direct Install Lighting	8,992,267	\$ 4,496,133.50
Exterior Lighting	1,409,919	\$ 357,025.00
Green Motors	14,402	\$ 2,650.00
Grocer	40,008	\$ 18,960.00
Interior Lighting	2,660,043	\$ 633,485.00
Midstream	376,654	\$ 194,298.26
Prescriptive	10,599	\$ 4,234.75
Site-Specific	17,037,979	\$ 4,577,818.06
Total Commercial/Industrial Programs	30,730,802	\$ 10,285,004.57
Other Program and Administrative		
NEEA	8,234,400	\$ 1,539,138.00
CPA, EM&V	–	\$ 704,899.06
Third Party Implementation	–	\$ 2,867,916.00
Labor, Marketing, General Implementation	–	\$ 4,125,981.60
Pilot Programs	–	\$ 1,122,266.50
Total Other Program and Administrative	8,234,400	\$ 10,360,201.16
Total Electric Budget	45,883,494	\$ 26,633,838.95

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