

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. AVU-E-21-13
OF AVISTA CORPORATION FOR AN)
ORDER AUTHORIZING PILOT)
PROGRAMS FOR THE RESEARCH AND) ORDER NO. 35361
DEVELOPMENT OF ELECTRIC)
TRANSPORTATION)

On September 9, 2021, Avista Corporation dba Avista Utilities (“Company”) applied to the Commission seeking authorization to implement pilot electric transportation programs. Application at 11. The Company plans to offer and fund the programs under electric tariff Schedules 90 and 91. *Id.* at 1. The Company requested an effective date of November 1, 2021. *Id.*

On October 22, 2021, the Commission issued a Notice of Application, established an intervention deadline, and suspended the Company’s proposed effective date of November 1, 2021, pursuant to *Idaho Code* § 61-622(4). Order No. 35205.

Idaho Conservation League’s (“ICL”) intervened. Order No. 35227.

On December 8, 2021, the Commission issued Notice of Modified Procedure establishing deadlines for public comments and the Company’s reply. Order No. 35251. Staff and ICL filed comments to which the Company replied.

Having reviewed the record in this case, we now issue this order denying the Company’s Application to implement pilot electric transportation programs under Schedule 90 and 91.

THE APPLICATION

The Company proposes a set of electric transportation programs in Idaho, which it believes could lead to innovations and benefits in the sector. *Id.* The Company believes it is well positioned to propose initial comprehensive pilot strategies and activities for Idaho customers that build upon its experience and respond to evolving conditions in a variety of market segments and technologies. *Id.* at 3-7.

The Company’s strategy for Idaho would incorporate a regional approach as summarized in Exhibit 2—Avista Transportation Electrification Plan. *Id.* at 7.

The Company proposes two areas of electric transportation programs: (1) integrating charging, on-site generation, and battery storage; and (2) a workplace, fleet, and rural access charging infrastructure program.

The Company indicates it has received questions from commercial customers, interested in the possibility of installing charging infrastructure integrated with on-site renewable power generation and battery storage—either connected or isolated from the grid. *Id.* The Company believes that with improved technology and costs, an integrated system could prove essential to cost-effectively deploying fast-charging in more remote areas where three-phase, medium-voltage utility power is not available. *Id.* The Company mentions rest-stops along major travel corridors—I-90 from Post Falls to the Montana Border, and Highway 95 from the Canadian Border to the southern tip of its service territory—and a variety of other public and commercial locations in both urban and rural locations where charging infrastructure is strategically important but may be limited by lack of necessary electric service availability. *Id.* at 7-8. Finally, the Company believes a distribution of charging stations less reliant on the grid will benefit community resiliency during power outages, especially when a high percentage of transportation is electrified. *Id.* at 8.

For the first area of focus, the Company proposes to: (1) develop and implement a research project and report summarizing the current state of integrated charging stations; (2) develop a parametric model to identify variable cost factors and resulting charging outputs on an ongoing basis; and (3) complete a construction project design and implementation plan with estimated costs and benefits, where the implementation plan may be executed in the future, provided funding from grant and other contributing funds are obtained, or when economic thresholds are met. *Id.* The Company intends to collaborate with and solicit assistance from local research institutions and industry experts, developing knowledge and contributing to the general body of knowledge in the industry, with \$50,000 proposed annually for the research project. *Id.*

The Company's second area of focus will target workplace, fleet, and rural access charging infrastructure. *Id.* The Company asserts that this program would make it easy and less costly for commercial customers to install workplace and/or fleet charging infrastructure on their property and will help provide benefits in overcoming barriers to early adoption, enabling the Company to develop load management capabilities. *Id.* The Company plans to install low-cost and reliable charging infrastructure, with customers contributing a minimum cost share of 50% of the dedicated circuit wiring from the utility meter to the EV chargers. *Id.* at 8-9.

The Company claimed the charging infrastructure installed in rural areas designated for public use would not require a customer cost share, as the specific site hosts in rural areas may be limited in means, which would be a significant barrier to adoption. *Id.* at 9. However,

commercial customers would pay for the additional electricity supplied by their existing metered service to the EV chargers on their regular monthly bill, with options to collect user/usage fees to help offset modest electricity costs and agree to participate in load management experiments. *Id.*

Charging infrastructure will be installed at approximately 30 sites per year—20 workplace, five fleet, and five rural access locations, at an estimated cost of \$345,000. *Id.* Ongoing maintenance and load management costs are estimated to be \$15,000 per year. *Id.* The Company intends to verify that workplace charging stands out as a catalyst for EV adoption and provides grid benefits from reduced EV charging during peak hours. *Id.*

The Company proposes to fund the programs through its electric tariff Schedule 91, under the Market Transformation Program and associated Research and Development (“R&D”) outlined in tariff Schedule 90. *Id.*; *See* Order No. 32918.

The Company intends these programs to be scalable given the technology and program options. Application at 10. The Company believes that the proposed programs will enable it to examine cost-effectiveness and customer adoption, while also helping it define system and infrastructure requirements, and assessing costs/benefits. *Id.* The Company is not requesting a change in the Schedule 91 funding, because the Company’s tariff Schedule 91 is “trued up” on a regular basis to match revenues with expenses. *Id.* Together, the two areas of electric transportation programs will cost an estimated \$410,000 annually. *Id.*

The Company proposes to include financial reporting in its annual Demand Side Management (“DSM”) Report due to the connection of DSM, Market Transformation, and R&D programs to Schedule 91. *Id.* The Company notes because it proposes to implement the electric transportation programs within the market transformation and R&D areas defined in Schedule 90, the reports will not be accompanied by the traditional cost-effectiveness tests. *Id.* The Company will include electric transportation activities at Energy Efficiency Advisory Group meetings and other forums, which are attended by Staff and other interested stakeholders. *Id.* at 10-11.

THE COMMENTS

Staff Comments

Staff recommended the Commission approve the Company’s proposed EV Pilot program and \$300,000 per year of R&D funds. Staff recommended funds exceeding the \$300,000 R&D cap be deferred to a regulatory asset account for recovery in a future proceeding following a prudence review. Staff also recommended the Commission require the Company to provide annual reports and a cumulative report as described above for the EV pilot program.

The three-year pilot for electric transportation programs would begin in 2022 and cost about \$410,000 annually. The EV pilot would focus on (1) integrating charging, on-site generation, and battery storage; and (2) a workplace, fleet, and rural access charging infrastructure program. Staff comments at 3.

The Company proposes to focus its charging, on-site generation, and battery storage efforts:

(1) to develop and implement a research project and report summarizing the current state of integrated stations, (2) develop a parametric model used to identify variable cost factors and resulting charging outputs on an ongoing basis, and (3) a construction project design and implementation plan with estimated costs and benefits.

Id. It is expected to cost approximately \$50,000 annually through 2023.

The charging infrastructure program would consist of about 30 charging sites per year—20 workplace, five fleet, and five rural access location—at an estimated annual cost of \$345,000, plus \$15,000 of annual maintenance and load management costs. *Id.* The total annual expenses for the charging infrastructure program would be approximately \$360,000 through 2024.

Staff discussed the Company’s proposed R&D program financials. Beginning in 2022, “the Company proposes to fund the EV pilot program under its electric tariff Schedule 91, as [it] will be provided under the Market Transformation Program and associated [R&D] outlined in tariff Schedule 90.” *Id.* at 4. Staff recommended approval of the Company’s request to fund the EV pilot program using the \$300,000 of R&D funding originally approved by Order No. 32918. For funding exceeding \$300,000, Staff recommended deferral into a regulatory asset and future recovery with prudence determined following the pilot period. Based on the Company’s estimated annual cost of \$410,000, about \$110,000 would be deferred into a regulatory asset account each year. Staff supported the Company carrying over any unused R&D funds from 2021 into 2022 to help fund the EV pilot program.

Staff did not see the Company’s proposed EV pilot program as a Market Transformation Program focused on saving energy. Staff cited the Company’s response to discovery where the Company stated, “the most impactful energy efficiency and overall cost savings are realized by the use of electricity as a transportation fuel, rather than petroleum-derived fuels such as gasoline and diesel.” *Id.* Staff argued the majority of potential energy savings are attributed to transportation by using alternative fuel sources for vehicles, meaning the major benefits of this EV pilot will not result in energy savings. Rather the intent of the Company’s

proposal, Staff presumed, is to study EV penetration and the effects of EV customers' charging habits on the Company's distribution grid. Staff believed the Company's understanding of how and when EV customers charge their vehicles by making charging stations available in unique locations will allow it to optimize its distribution system and better prepare for future EV penetration.

Staff mentioned that at the beginning of 2021, the Company's Rider balance for its electric tariff was overfunded by \$97,188 and by December 2021, the balance was underfunded by \$3,225,757. Accordingly, Staff implored the Company to monitor its rider balance, projected expenses, and projected revenue trends and if it continues to experience a downward trend in the rider balance, Staff recommended the Company adjust the Tariff rider.

Staff concluded its comments by discussing reporting requirements and the Company's plans for reporting on the EV pilot programs. Staff explained that Order No. 32918 requests "metrics and measurable targets" be included in the Company's request for approval to continue funding R&D programs. *Id.* at 6. Staff noted that the Company plans to provide financial reporting on the pilot programs, but that these reports will not include cost-effectiveness studies because the programs are R&D and market transformation. Staff recommended the Company's annual reports for the pilot programs discussed in these comments include the metrics discussed in response to Production Request No. 10¹ and the Application. For the charging infrastructure program, Staff also recommended the Company include data and metrics on average hourly energy consumption with breakdowns by charging area, the different types of chargers, different industry segments, month, and season.

For comparative analysis, Staff requested the Company identify and report the average hourly peak energy consumption and identify the highest risk hours for the Company's system broken down by month and season. All reports, parametric models, and construction project design and implementation plans should be provided to the Commission when the work for "integrated charging, on-site renewables, and battery storage research" is complete in 2023. Staff

¹ Project milestone progress to target dates, and actual to target spending will be tracked and reported annually for each of the three areas of the integrated charging, on-site renewable, and battery storage research project, along with a narrative description of the work completed and remaining to successful project completion. Metrics for the workplace, fleet, and rural access charging infrastructure program will also be reported annually, including installation site information, install costs, O&M costs, % uptime, energy consumption and customer satisfaction. Customer fuel cost savings and emissions reductions may be derived from customer information and energy consumption. A narrative will be included with the metrics information, providing more background information on program activities and insight. Response to Production Request No. 10.

recommended a cumulative report be included for the entire pilot period including all the metrics and targets when the program concludes in 2024.

ICL Comments

ICL submitted comments supporting the Company's efforts to bring EV infrastructure to its Idaho service territory, but disagreed with the proposal to pay for the pilot program under Schedule 91 because ICL believed those funds would be "better spent on energy efficiency research and programs." ICL comments at 1. According to ICL, the Company proposed "a strong initial step in implementing EV infrastructure in North Idaho and ICL looks forward to the positive impact that these projects will have on Avista customers and the environment." *Id.* at 1. ICL argued the Company "should develop an EV tariff that is funded by charging revenues and that provides a long-term dedicated source of money for EV projects." *Id.* ICL believed the Company should expand its EV pilot program by "researching the effects of EV charging on overall cost of service and adding a low-income and small business EV vehicle and charger pilot to its offerings." *Id.*

ICL's opposition to the funding mechanism for the pilot is rooted in the fact the pilot programs would not qualify as energy efficiency under the definition of energy efficiency because more energy will be consumed using the charging technology once it is installed, even if the technology is powered by renewable or stored energy. Because Schedule 91 is for energy efficiency research and implementation and the programs in the proposed pilot do not relate to energy efficiency, ICL argued the Company should not use funds from the Schedule 91 rider to pay for the pilot programs. Additionally, ICL believed even if the charger installation portion of the pilot program "fits under the 'market transformation' part of Schedule 90 . . . market transformation programs are only eligible for funding if they 'improve the adoption of electric efficiency measures that are not fully accepted in the marketplace'". *Id.* at 2.

ICL noted that Order No. 35129 directed the Company to propose an "updated R&D program that includes metrics and measurable targets" prior to spending additional R&D funds. *Id.* Nothing has been proposed or received approval for a full R&D program and the proposed R&D initiative in this case lacks measurable targets.

ICL proposed several ways the Company could use its energy efficiency rider funds on research or programs that expand options for energy efficiency. ICL discussed several measures that could be implemented to increase energy efficiency including installation of roof insulation in mobile homes, additional weatherization, or full neighborhood energy efficiency upgrades. ICL

stated R&D focusing on adapting and implementing ideas from areas outside of the Company’s service territory would be a good use of funds.

ICL offered that the Company should create a separate EV schedule like it has in Washington State. A standalone schedule would guarantee that some funds would be devoted to supporting EV charger infrastructure. ICL stated the Company “can also help ensure the long-term viability of its EV programs by cycling revenues from the charging stations back into the EV tariff.” *Id.* at 4. ICL worried that absent a standalone EV tariff, the Company could continue to claim EV chargers as “market transformation” and spend energy efficiency funds on EV chargers instead of efficiency measures. *Id.*

ICL offered that to move the pilot program forward, it does not entirely oppose funding one year of the proposal through the energy efficiency rider. ICL believed this will allow the Company to begin implementation without delay. In offering its support for this, ICL stated the Company should immediately begin “developing a new schedule for EV programs, so that future, more expensive, EV programs have available funding and Avista is not continuing energy efficiency money away from actual efficiency projects.” *Id.* at 4-5.

ICL suggested the Company research how various EV charging behaviors—including the time of day that individuals charge or the length of time that they charge—will affect cost of service across the Company’s Idaho service territory. ICL also suggested that the Company implement a low-income component to its EV program.

Company Reply Comments

The Company filed comments and agreed with Staff’s recommendations, including carrying over unused 2021 R&D funds—approximately \$113,683—to fund the pilot programs in 2022. The Company stated that with the carry over funds, the R&D budget will sufficiently fund the first-year of pilot programs. For the second and third years, the Company stated it would defer any excess expenses—approximately \$110,000 per year—into a regulatory asset account for recovery in a future proceeding.

In response to ICL’s comments, the Company agreed that any long-term EV programs should be addressed “in a new tariff with funding addressed via a tariff rider, other cost recovery mechanism, or general rate case.” Company Reply at 1. The Company maintained that funding the pilot program through R&D from the energy efficiency rider makes the most sense. For research, the Company planned to study how EV charging behaviors affect demand and usage, along with the cost of service across its Idaho service territory. Regarding ICL’s recommendation to include

a low-income component, the Company offered that it planned to install up to five chargers per year in rural locations, which it believed tend be lower income areas. Due to the limited budget of the pilot program, the Company was not able to include additional low-income elements. The Company acknowledged the need to include additional low-income components as part of a larger program, and stated it planned to work with ICL and Staff to develop ideas and strategies for targeting this customer segment.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company and the issues in this case under Title 61 of the Idaho Code and the Commission’s Rules of Procedure, IDAPA 31.01.01.000, et seq. The Company is an electric utility subject to the Commission’s regulation. *Idaho Code* §§ 61-119 and -129. The Company’s rates, charges, classifications, and contracts for electric service in the State of Idaho are subject to the Commission’s jurisdiction. The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and -503.

Pursuant to this authority, we have reviewed the record, including the Company’s Application, the Parties’ comments, and the Company’s reply comments. We appreciate the Company’s proposal to study and offer electric transportation programs in its Idaho service territory, but do not agree that funding these programs under Schedule 91 R&D is appropriate. We therefore deny the Company’s Application.

Schedule 91 funds Schedule 90 Electric Energy Efficiency Programs. Schedule 90 was designed to promote the adoption of energy efficiency measures. To the extent that the measures are not ripe for the market, Schedule 90 permits market transformation ventures. Market transformation “will be considered eligible for funding to the extent that they improve the adoption of electric energy efficiency measures that are not fully accepted in the marketplace.” Schedule 90 Measures. In reviewing the Company’s Application, we fail to see how the proposed programs promote energy efficiency measures. The real-world impacts of the Company’s proposal potentially increase energy demand in the long run.

If the Company does desire to place EV charging infrastructure in its service territory, it might consider applying for funding available through the Idaho Office of Mineral and Energy Resources (“OEMR”). OEMR has funds from the Volkswagen Settlement that were set aside to

assist states in lowering NOx emissions through the deployment of electric vehicle supply equipment (“EVSE”).² When the EVSE funds were made available, the OEMR had approximately \$2.8 million available to issue grants for the ESVE program. To the extent funds are available, this could help the Company install EV equipment.

In Order No. 35129 we directed “the Company may continue with its R&D programs that it has already committed to fund but before committing to future R&D programs the Company shall propose and seek approval of an updated R&D program that includes metrics and measurable targets.” Order No. 35129 at 7. We find the Company’s Application lacks metrics and measurable targets and does not meet the requirements of Order No. 35129. The Application does not seek approval of an updated R&D program, it simply seeks to redirect funding to deploy EV infrastructure that was collected for traditional energy efficiency R&D under Schedules 90 and 91. The research proposed by the Company does not appear novel as it has likely been done by other utilities and research labs across the Country. While we do recognize the importance of understanding the impact greater EV adoption will have on the Company’s Idaho load, we believe using energy efficiency funding is inappropriate.

We are also concerned that the Company cited rest stops along federal highways as ideal locations for its proposed infrastructure. While this is the natural location to locate EV chargers, 23 U.S. Code § 111 prohibits most commercial activities at rest stops, which currently includes EV chargers. With this in mind, private industry is the best solution to develop the EV charging network. Private industry can respond to the demands of the market and install infrastructure where EV drivers want them.

For the reasons described above we are denying the Company’s Application. As stated above, we believe the market is better equipped to provide charging stations where needed and wanted by EV consumers. If the Company does enter the EV market in this manner, it would be more appropriate if the Company proposed a stand-alone schedule to focus on EV R&D and deployment of EV infrastructure. This would allow the Company to operate proactively in the EV space without seeking to manipulate a Schedule designed to promote and deploy energy efficiency measures.

² The application for EVSE funding can be found at: <https://www2.deq.idaho.gov/admin/LEIA/api/document/download/10591>

ORDER

IT IS HEREBY ORDERED that the Company's Application is denied for the reasons described above.

IT IS FURTHER ORDERED before committing to future R&D programs under Schedule 90 the Company shall propose and seek approval of an updated R&D program that includes metrics and measurable targets.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of March 2022.



ERIC ANDERSON, PRESIDENT

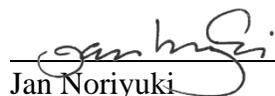


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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