

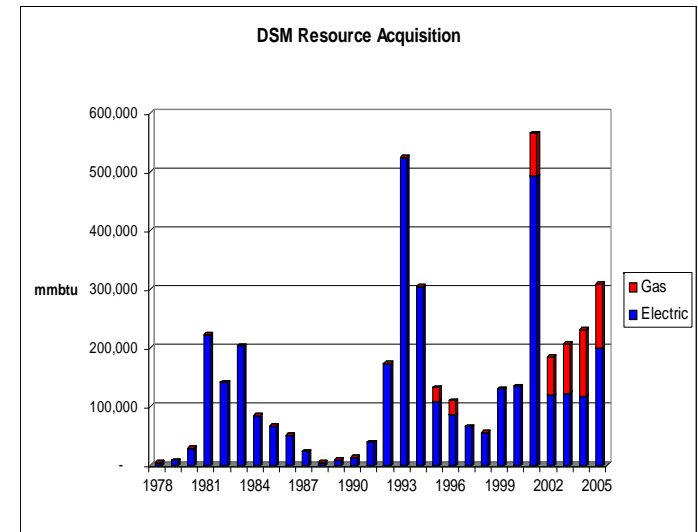


Avista DSM Overview

Energy Efficiency

The Seven Distinct Era's of Avista DSM

- 1978 to 1991 – “The Jimmy Carter Era”
- 1992-1994 – “The Energy Exchanger Era”
- 1995-2000 – “The Tariff Rider Era”
- 2001 – “Year of the Western Energy Crisis”
- 2002-2005 – “The Financial Recovery Era”
- 2006 - 2009 – “The Era of Reinventing DSM”
- 2010 and beyond – “The Era of External Interest”

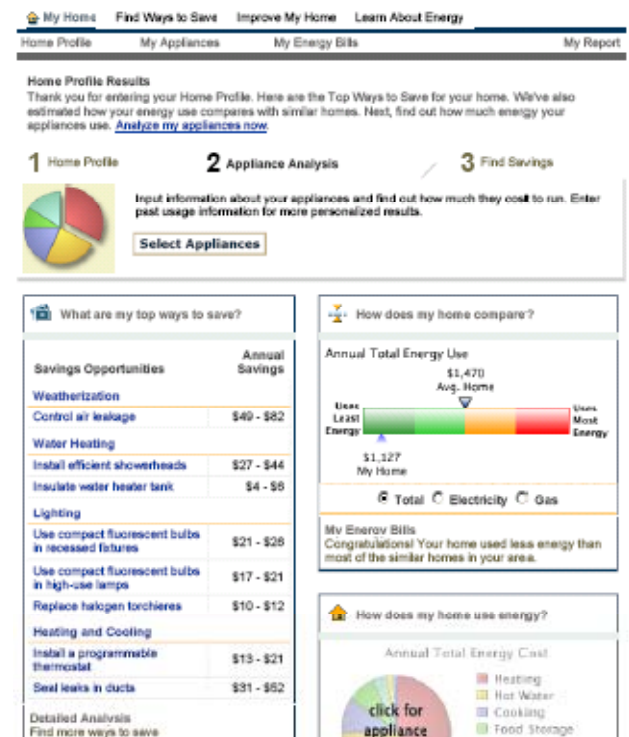


Avista's 2012 Energy Efficiency Results

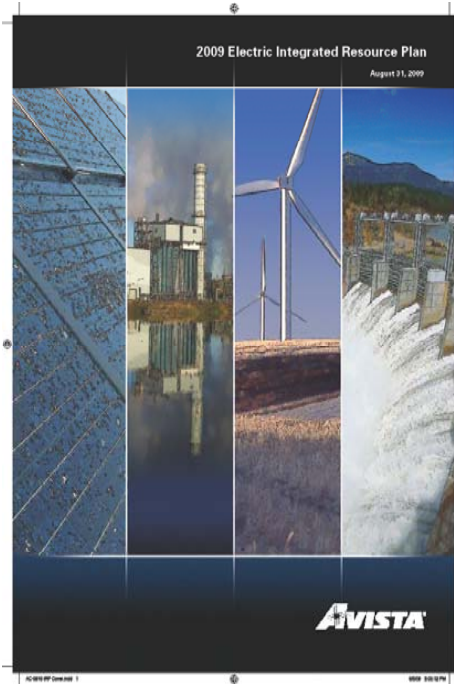
Exceeded electric IRP goal by 29% and underachieved natural gas IRP goal by 61% *

- Total electric savings over 64.4 million kilowatt hours
 - Commercial/Industrial – over 58.8 million kWh
 - Residential – over 4.5 million kWh
 - Low Income – over 1.1 million kWh
- Total natural gas savings over 1.1 million therms
 - Commercial/Industrial – over 493,000 therms
 - Residential – over 593,000 therms
 - Low Income – over 33,000 therms

* The avoided cost of natural gas declined by approximately 50% in 2012, thereby causing a suspension of natural gas offerings due to concerns about cost-effectiveness.



From Planning to Customer Programs



2013 Washington / Idaho DSM Business Plan
A Working Document to Plan and Guide our 2013 Strategy and Operations

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Avista External Energy Efficiency Board
People from various state commissions, nonprofit organizations, energy efficiency organizations, energy councils, and some large customers.



**Total Company Planning
with >3000 DSM measures
considered**

**From Planning
to Tariffs and
Programs**

**>30 Programs
and >300 measures
offered**



Incentives/Rebates Paid in 2012



- Nearly \$19.6 million paid to Avista customers.
 - \$13.8 million to non-residential customers
 - Over 5,500 completed projects received an incentive
 - \$3.1 million to residential customers
 - More than 14,000 residential incentives paid
 - \$2.7 million to low income customers
 - More than 1,400 low income rebates paid



What We Do

Deep and broad energy efficiency programs with strong messaging for all customers.

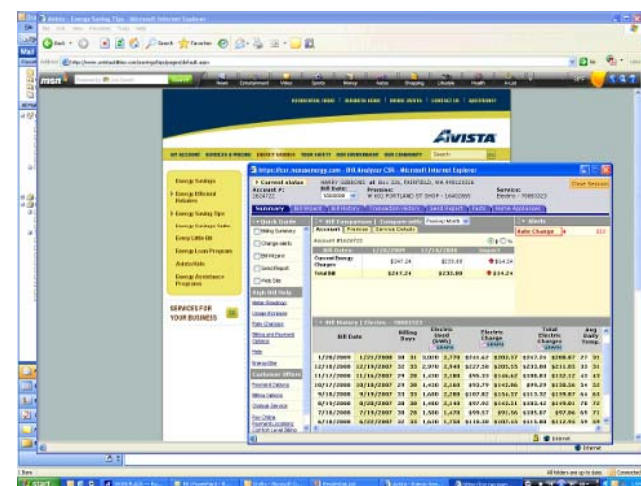
We provide:

- Financial rebates for most C&I (electric and natural gas) savings measures with a payback over one year
- Rebates for weatherization and efficient appliances as well as low-cost/no-cost tips
- Renewable options



Why We Do It

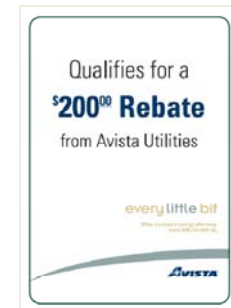
- Acquire lower cost resources to benefit all customers (IRP implementation)
- Customer assistance
 - Reduction in participating customers' bills
 - Allows customers to have some control in a higher energy cost environment
- Regulatory obligation and sensibility
- Reduced pressure on, or alternatives for, the capital budget
- Carbon reduction and environmental focus



How We Do It

- **Pursue the Best Delivery Mechanisms for the Targeted Market**

- Standard Offers (“Prescriptive”) for residential & small commercial customers
- Custom (“Site Specific”) for C&I customers
- Low Income through community action agencies
- Regional through the NW Energy Efficiency Alliance
- Special projects—RFPs, Pilot Programs, etc.
- Promotion of Codes and Standards



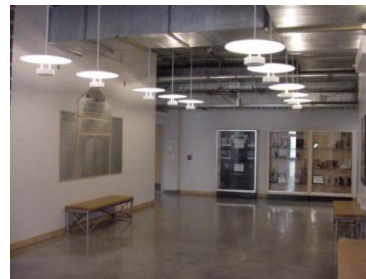
Residential Prescriptive (Standard Offer) Programs

Delivery Mechanisms

- Standard Offers (“Prescriptive”)
- Custom (“Site Specific”)
- Low Income
- Regional
- Special projects

- Ceiling, Attic, Wall Insulation
- Space & Water Heat Conversion
- High Efficiency Windows
- Second Refrigerator Recycling
- Fireplace Damper
- Multi-family Housing Conversion

- High Efficiency Tank Water Heater
- High Efficiency Tankless Water Heater
- High Efficiency Furnace/Boiler
- High Efficiency Variable Speed Motor
- High Efficiency Heat Pumps
- High Efficiency Replacement Air Cond.



Low Income

Delivery Mechanisms

- Standard Offers (“Prescriptive”)
- Custom (“Site Specific”)
- **Low Income**
- Regional
- Special projects



Avista contracts with six local Community Action Partnerships to deliver programs and funding to increase the efficiency and reduce energy usage for limited income customers.

Low Income funding approximately \$2.813 million in 2012 (Idaho at \$774k and Washington at \$2.039 million)

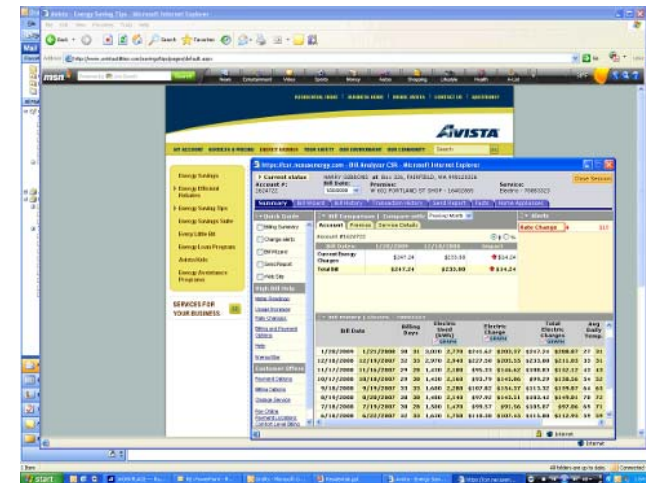


C/I Energy Efficiency Site Specific

- Custom Projects
- Technical Assistance
- Free Energy Audits
and Analysis
- Design Review
- Cash Incentives

Delivery Mechanisms

- Standard Offers (“Prescriptive”)
- Custom (“Site Specific”)
- Low Income
- Regional
- Special projects



C/I Prescriptive (Standard Offer) Programs



- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">➤ Lighting➤ Food Service Equipment➤ PC Network Controls➤ Premium Efficiency Motors➤ Demand Controlled Ventilation➤ Natural Gas HVAC | <ul style="list-style-type: none">➤ Refrigerated Warehouse➤ Electric to Gas Water Heater Conversions➤ Variable Frequency Drives➤ Commercial Clothes Washers➤ Customer Retro-Commissioning |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



Regional

- Avista is one of fourteen funding utilities of the Northwest Energy Efficiency Alliance (NEEA).
- Based in Portland, NEEA pursues market transformation efforts to encourage adoption of energy-saving technologies and services.
- Initiatives include promotion of high-efficiency appliances and lighting in retail outlets.
- Historically, over 20% of Avista's kilowatt hour savings come from NEEA programs, which have been among our lowest cost acquisition programs.

Delivery Mechanisms

- Standard Offers ("Prescriptive")
- Custom ("Site Specific")
- Low Income
- **Regional**
- Special projects



Messaging and Outreach: Every Little Bit

Market research found that Avista's customers believed they "were already efficiency, that energy efficiency is too expensive, and it doesn't make much difference."

In response, the EveryLittleBit campaign was launched with website, broadcast and print media, and collateral materials in a multi-channel, multi-year approach.

every little bit



Messaging and Outreach: Online Resources

every little bit

HOME AVISTA ENERGY EFFICIENCY RENEWABLE ENERGY CONTACT US

Energy Efficiency Programs and Rebates

We offer a variety of programs, rebates, and other incentives. Choose your service area below and make a bit of difference today.

- Washington - Idaho
- Oregon

Click for Energy Efficiency Rebates

Don't cry. Recycling an old fridge or your CFLs sends them to a better place.

Keep Cozy Stay warm and safe as things get cooler with Winter Weather Tips

Reduce Your Use Use our online home energy analyzer and learn what you can do to be more efficient.

Northwest HVAC/R Association
Registered Dealer Network 2008

WASHINGTON/IDAHO

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SPOKANE COUNTY		
A & M Quality Heating, Inc.	Spokane 509-828-1189	Multisun Heating & A/C
A. J. Heating & A/C	Spokane 509-828-4223	K7H of Spokane, Inc.
Airco Air Systems	Spokane Valley 509-921-3895	McClary Heating & A/C, LLC
Air Control Heating & A/C	Spokane 509-258-8818	Mason, Inc.
Air Design Heating & A/C	Spokane 509-427-4238	Nova Heating & A/C Company
Aire Serv Heat & A/C	Spokane 509-624-5777	R & R Heating & A/C, Inc.
All City Heating	Spokane 509-496-7228	Richard's Refrigeration Wg. & A/C
Anderson's Sheet Metal, Wg. & A/C	Spokane Valley 509-928-0960	Ron Munis & Sunley, A/C, Englehart, Inc.
Andrews Mechanical, Inc.	Spokane 509-489-9989	Spykawa Fireplace & Patio
Auda-Rain, Inc.	Spokane 509-928-5483	Starn Heating
Banner Fuel	Spokane 509-526-1711	The Barton Boys, Inc.
Emerald Heating & A/C	Spokane 509-828-3532	
Fabru's Truss Shop	Spokane 509-828-9811	
Holiday Heating & A/C	Spokane 509-828-5717	

(continued on back)

WASHINGTON/IDAHO

Northwest HVAC/R Association
Registered Dealer Network 2008

www.nwhvac.org

To learn more about the Registered Dealer Network of the Northwest HVAC/R Association, call 1-800-461-8878.

AVISTA

- www.everylittlebit.com
- www.avistautilities.com
- Energy Saving Tips
- House of Rebates
- Efficiency Ave
- Downloadable Forms
- Energy Audit
- Bill Analyzer
- You can also call us
 - 800-227-9187

AVISTA

Messaging and Outreach: Low-Cost and No-Cost Options

every little bit

Explore more.

What are they up to?
Explore below for energy-saving tips.

Unplug It

Just because it's off or you're not using it, whatever's plugged in could still be drawing energy. This is especially true with chargers. So when you're finished with it, free it from the wall. As for other things, if you don't use it much – unplug it.

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Energy Saving Tips

- How to program your thermostat
- Recommended tstat settings
- Learn about phantom plug-loads
- Infiltration tips – stopping the air leaks
- Case studies



Messaging and Outreach: Events



Delivery Mechanisms

- **Standard Offers (“Prescriptive”)**
- Custom (“Site Specific”)
- Low Income
- Regional
- **Special projects**

Reached over 4,000 individuals in 2012:

Avista workshops

Energy fairs

Outreach activities

Promotion of rebates

Information on low/no cost tips



Demand Response Pilots

Delivery Mechanisms

- Standard Offers (“Prescriptive”)
- Custom (“Site Specific”)
- Low Income
- Regional
- **Special projects**



Direct Load Control Switches

Water Heating, Central Air Conditioning, Heat Pump, Pumps (Spa/Pool)

Direct Load Control Thermostats

Central Air-Conditioning, Heat-Pump, Electric Forced Air Heat

In-home Display units

Does real time energy usage feedback have an impact?



Retail Renewable Programs



every little bit

HOME AVISTA ENERGY EFFICIENCY RENEWABLE ENERGY CONTACT US

What We're Doing

- Avista's Commitment
- What is Renewable Energy?
- Greenhouse Gas Reduction
- Renewable Energy Testing Site
- Our Recycling Program
- Our Community Garden

What You Can Do

- Your Commitment
- Purchase Renewable Energy Through Avista
- Offset Your Carbon Footprint
- Generate Your Own Renewable Energy

What is Renewable Energy?

Avista supports the use of renewable resources and has long shown leadership in energy production from renewables. Currently, there are five main types of renewable energy. Here's how they work:

Wind Wind power is the world's fastest growing renewable energy resource. Wind spins the turbine blades to generate emission-free electricity.

Hydroelectric Hydropower is clean, efficient, and reliable. Dams guide water to drive turbines and a generator to create electricity. About half of Avista's power is generated from hydro.

Geothermal This technology produces electricity from hydrothermal resources. There are two types of geothermal, steam and binary. Steam uses very hot water resources while binary utilizes lower temperature resources with a heat exchanger.

Biomass Byproducts are converted into biogas through the natural process of anaerobic digestion. The gas is then burned to create electricity. Byproducts, like wood waste at Avista's Kettle Falls, Washington, facility, may also be burned directly to generate steam to produce electricity. Biomass generation emissions are significantly lower than fossil fuel-generated forms of energy.

Solar Energy from the sun is captured and converted to electricity with photovoltaic cells. This inexhaustible source of energy does not produce carbon dioxide emissions but remains a more expensive form of renewable energy.

To learn more about renewable energy, visit the links below:

- National Renewable Energy Laboratory
- DOE's Energy Efficiency and Renewable Energy Site

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Buck a Block

Renewable
Generation
Incentive

Net Metering

Interconnection
Standards



Stakeholder Involvement

External Energy Efficiency Board
(Advisory Group)

Non-binding oversight, technical
advisory committee

Meets several times each year
(in person and webinars)

Regular reporting

Periodic Newsletters

