

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Pacific Power & Light  
Company  
2018-2019 Biennial Conservation Report**

**DOCKET UE-171092**

**COMMISSION STAFF COMMENTS REGARDING  
ELECTRIC UTILITY CONSERVATION ACHIEVEMENTS UNDER THE ENERGY  
INDEPENDENCE ACT,  
RCW 19.285 and WAC 480-109  
(2018-2019 BIENNIAL CONSERVATION REPORTS)**

**August 7, 2020**

**Summary**

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Now codified in RCW 19.285 and Chapter 480-109 WAC, “qualifying” electric utilities — those with at least 25,000 customers in Washington — are mandated to set and meet energy conservation targets.<sup>1</sup> The Washington Utilities and Transportation Commission (Commission) approved the 2018-2027 achievable conservation potentials and 2018-2019 biennial conservation targets, subject to conditions, for Puget Sound Energy (PSE) in Docket UE-171087, Pacific Power and Light Company (Pacific Power) in Docket UE-171092, and for Avista Corporation (Avista) in Docket UE-171091 on January 12, 2018.

On June 1, 2020, PSE, Avista and Pacific Power timely filed their respective 2018-2019 Biennial Conservation Reports (BCRs or reports) regarding their 2018-2019 conservation targets with the commission as required by law.<sup>2</sup>

**Table 1: Summary of Reported 2018-2019 Cost-Effective Savings**

	Total Goal (MWh)	EIA Penalty Threshold (MWh)	Decoupling target (MWh)	Total Reported Savings (MWh)	Savings Applicable to Penalty Threshold (MWh)	Cost-effectiveness <sup>3</sup>	
						TRC	UCT
PSE	520,456	448,109	23,658	549,116	508,286	1.64	2.17
Avista	95,047	79,785	4,489	99,893	89,115	1.63	2.11
Pacific Power	83,484	74,293	3,975	88,464	80,604	1.12	1.14 <sup>4</sup>

**Pacific Power’s Conservation Target and Achievement**

In Order 01 in Docket UE-171092, the Commission approved Pacific Power’s 2018-2019 biennial conservation target of 74,293 MWh, with a corresponding decoupling conservation target of 3,975 MWh. During the 2018-2019 biennium, the company achieved 80,604 MWh of savings, exceeding the biennial target by 2,336 MWh. When the savings from the Northwest Energy Efficiency Alliance (NEEA) was included, the company’s total achieved conservation for 2018-2019 biennium was 88,464 MWh, as shown in Table 2.

<sup>1</sup> RCW 19.285.030(19) (definition of “qualifying utility”); RCW 19.285.040(1)(b) (requiring biennial conservation targets).

<sup>2</sup> WAC 480-109-120(4); RCW 19.285.070(1); initial orders in dockets UE-171087, UE-171091, and UE-171092.

<sup>3</sup> Low-income conservation is excluded from program-level cost-effectiveness calculations per WAC 480-109-100(10)(b). “TRC” refers to the total resource cost test, while “UCT” refers to the utility cost test.

<sup>4</sup> Portfolio level UCT for 2019 only.

**Table 2: Summary of Pacific Power’s 2018-2019 Conservation Achievement**

	<b>Target</b>	<b>Actual</b>	<b>Percentage of Target</b>
<b>Biennial Conservation<sup>5</sup> (MWh at generation)</b>	78,268	80,604	103%
<b>Total achieved savings<sup>6</sup> (MWh at generation)</b>	83,484	88,464	106%

Utilities are allowed to use conservation savings achieved in excess of their biennial target to meet shortfalls in the next two biennia. For 2020-2021 biennium, the company is eligible to use a total excess savings of 5,054 MWh, as given in Table 3.

**Table 3: Pacific Power Excess Savings Accounting**

	<b>Excess Available for 2018-2019 Shortfall (MWh)<sup>7</sup></b>	<b>Excess Available for 2020-2021 Shortfall (MWh)</b>	<b>Excess Available for 2022-2023 Shortfall (MWh)<sup>8</sup></b>
<b>2014-2015</b>	24,178 <sup>9</sup>		
<b>2016-2017</b>	2,718 <sup>10</sup>	2,718	
<b>2018-2019</b>		2,336	2,336
<b>Total Available Excess</b>	<b>26,896</b>	<b>5,054</b>	<b>2,336</b>

**Program-Level Achievements and Cost-Effectiveness**

The cost-effectiveness was determined using the total resource cost (TRC) test, which incorporates the 10 percent conservation benefit and risk adder consistent with the Northwest Power and Conservation Council’s approach. Using this test, the benefit to cost ratio for the company’s 2018-2019 Biennial Conservation achieved savings was 1.12. The low income

<sup>5</sup> The target includes the five percent decoupling commitment and does not include NEEA savings, pursuant to Order 01 in Docket UE-171092.

<sup>6</sup> Includes NEEA savings.

<sup>7</sup> Pacific Power did not need to utilize this excess savings in the 2018-2019 biennium, and will no longer carry forward 24,178 MWh achieved in the 2014-2015 biennium.

<sup>8</sup> Any unused excess savings from the 2020-2021 biennium will be available to account for a 2022-2023 shortfall, as well.

<sup>9</sup> Docket UE-132047, Order 03, p. 17 (August 15, 2016).

<sup>10</sup> Docket UE-152072, Order 02, p. 19 (August 9, 2018).

weatherization program was not included in the portfolio cost effectiveness analysis. The utility cost test (UCT) for year 2019 was 1.14.

**Table 4: Pacific Power’s 2018-2019 Conservation Achievements and Cost-Effectiveness by Program**

<b>Program</b>	<b>Estimated Savings (MWh)<sup>11</sup></b>	<b>Actual Savings (MWh)</b>	<b>Budget<sup>12</sup></b>	<b>Expenditures</b>	<b>TRC<sup>13</sup></b>
Residential					
<i>Home Energy Savings</i>	17,839	13,433	\$4,253,246	\$4,564,699	0.68
<i>Low-income</i>	335	383	\$1,502,000	\$1,459,556	1.14
<i>Home Energy Reports</i>	9,541	9,955	\$453,335	\$567,970	2.33
<b>Residential Energy Efficiency Program (Total)</b>	27,715	23,711	\$6,208,581	\$6,592,225	0.76
<b>Business Energy Efficiency Program</b>	56,674	57,433	\$12,679,251	\$10,536,069	1.10
<b>NEEA</b>	7,207	7,860	\$1,741,240	\$1,737,978	
<b>Administration/Other</b>			\$1,956,654	\$1,559,194	
<b>TOTAL</b>	91,596	89,064	\$22,585,726	\$20,425,467	1.02

The residential energy efficiency program had a shortfall of 4,044 MWh for the 2018-2019 biennial period. The shortfall occurred in the Home Energy Savings (HES) program, which has a low TRC of 0.68 for the year 2019. The HES is program to provide access to and incentives for efficient products and services installed or received by customers. The company provided an explanation for HES program shortfall in the 2018 and 2019 annual reports. The primary reasons for shortfalls were the continued decline in the lighting savings as few replacement lamps were sold and an increase in the effectiveness of the equipment used to measure savings. Moreover, in 2019, to accommodate the start-up of the new Nexant fulfillment system, fewer energy saving kits were delivered to the customers. Staff agrees with the recommendation of CADMUS that the company need to work with the implementation contractor to diversify the energy-savings opportunities in the residential energy efficiency program and to adapt the Home Energy Reports program to meet the changing needs of customers due to COVID-19.<sup>14</sup>

<sup>11</sup> Docket UE-171092, Order 01, p. 2, Table 2 (Jan. 12, 2018).

<sup>12</sup> *Id.*

<sup>13</sup> Program level TRC for 2019 only. It includes TRC + 10% adder and is referred as PTRC by the company.

<sup>14</sup> Pacific Power Washington Evaluation Report of 2018-2019 Home Energy Reports Program, prepared by CADMUS, p. 9 (May 19, 2020).

**Saving Reporting Adjustments**

For reporting in 2018-2019 biennium, the company used floating Unit Energy Savings (UES) values, which means the deemed values were updated during the biennial period where appropriate. These updated values were based on the updates by Regional Technical Forum (RTF) analysis or other sources.

**Home Energy Reports**

In 2018, the home energy reports program transitioned to a new implementation contractor, from Oracle to Bidgley. A third party impact evaluation was carried out by CADMUS. The program total savings are reported in Table 3.

**Table 5: 2018-2019 Program Total Reported and Evaluated Savings**

<b>Program Year</b>	<b>Reported Savings (MWh/Yr) [A]</b>	<b>Evaluated Savings(MWh/Yr) [B]</b>	<b>Realization Rate [B/A]</b>	<b>TRC</b>
<b>2018</b>	9,817	9,373	95%	1.61
<b>2019</b>	8,366	9,364	112%	2.25
<b>2018-2019 Program</b>	18,183	18,737	103%	1.87

**Reporting Requirements**

Pacific Power included a “2018-2019 Plan Condition Requirements and Compliance” checklist in Appendix 1 of their BCR detailing their compliance with Order 01, Attachment A and Chapter 480-109 WAC. Staff believes that Pacific Power has met all reporting requirements for this biennium.

**Summary**

Staff will review stakeholder comments and provide a recommendation at the September 10, 2020, regular open meeting, as to whether the Commission should:

1. Find that Pacific Power complied with the conditions of Order 01 in Docket UE-171092,
2. Find that Pacific Power complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070 in their biennial conservation reports, and
3. Issue an order finding that Pacific Power met their biennial conservation target and has achieved 2,336 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets.