

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER AND LIGHT
COMPANY

Report Identifying Its 2018-2019
Electric Biennial Conservation Target
Under RCW 19.285.040 and WAC 480-
109-120

DOCKET UE-171092

ORDER 02

REGARDING CONSERVATION
ACHIEVEMENT FOR THE 2018-2019
BIENNIUM

BACKGROUND

- 1 Electric utilities with 25,000 or more customers are required under the Energy Independence Act (EIA or Act) to set and meet energy conservation targets every two years.¹ The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA, which further require that each utility must file a report with the Commission a biennial conservation report regarding its progress in meeting its conservation target during the preceding two years.²
- 2 On November 1, 2017, Pacific Power and Light Company (Pacific Power or Company) filed its Biennial Conservation Plan identifying a 2018-2027 10-year achievable conservation potential of 394,473 megawatt-hours (MWh), and a 2018-2019 biennial conservation target of 74,293 MWh.

¹ RCW 19.285.040(a) requires each electric utility to identify its 10-year achievable cost-effective conservation potential using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan. At least every two years, a utility must also review and update its assessment for the subsequent 10-year period. RCW 19.285.040(b) requires each qualifying utility to establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in RCW 19.285.040(a) and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than the qualifying utility's pro-rata share for that two-year period of its cost-effective conservation potential for the subsequent two-year period.

² WAC 480-109-120(4).

- 3 On January 12, 2018, the Commission accepted Pacific Power’s proposed 2018-2019 biennial conservation target of 74,293 MWh, with a corresponding decoupling conservation target of 3,975 MWh, in Order 01, subject to conditions.
- 4 On June 1, 2020, Pacific Power filed its 2018-2019 Biennial Conservation Report (Biennial Conservation Report) with the Commission, as required by Order 01 in this docket, RCW 19.285.070(1), and WAC 480-109-120(4).
- 5 In its Biennial Conservation Report, Pacific Power submits that it has achieved 80,604 MWh of conservation savings, exceeding its Energy Independence Act (EIA) penalty target of 78,268 MWh. Pacific Power claims 2,336 MWh of excess savings, which may be used to satisfy future conservation targets.
- 6 On June 4, 2020, the Commission issued a Notice of Opportunity to Comment and Notice of Open Meeting regarding Pacific Power’s Biennial Conservation Report.

On August 6, 2020, Staff filed its Comments on Pacific Power’s Biennial Conservation Report. Staff recommends that the Commission find Pacific Power has complied with the conditions of Order 01, WAC 480-109-120, and RCW 19.285.070. Staff recommends that the Commission find that Pacific Power met its biennial conservation target and achieved 2,336 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets. Staff submits that all of Pacific Power’s conservation programs remained cost-effective in 2018-2019, aside from the Low-Income program.³ Staff provides a summary of these conservation savings in the following table:

Table 1. Pacific Power’s 2018-2019 Actual Savings Compared to Expected Savings (in MWh)

	Target	Actual
Biennial Conservation (MWh at generation)	78,268	80,604
Total Savings ⁴	83,484	88,464

³ The Company appropriately excludes low-income conservation programs from the portfolio-level cost-effectiveness calculations pursuant to WAC 480-109-100(10).

⁴ “Total Savings” includes savings generated by the Northwest Energy Efficiency Alliance (NEEA).

7 Staff notes that Pacific Power achieved sufficient savings in the 2018-2019 biennium and does not need to use any excess savings from previous biennia to meet its 2018-2019 conservation target.

8 Staff agrees with Pacific Power’s calculation of excess available savings. Table 2 provides an account of the excess savings available to meet shortfalls in each biennium.

Table 2: Accounting of Pacific Power’s Available Excess Savings

Biennium	Excess Available for 2018-2019 Shortfall (MWh)	Excess Available for 2020-2021 Shortfall (MWh)	Excess Available for 2022-2023 Shortfall (MWh)
Earned 2014-2015	24,178		
Earned 2016-2017	2,718	2,718	
Earned 2018-2019		2,336	2,336
Total Available Excess	26,896	5,054	2,336

9 Staff highlights the fact that Pacific Power’s residential energy efficiency program had a shortfall of 4,044 MWh for the 2018-2019 biennial period. The primary reasons for the shortfall were a decline in lighting savings as few replacement lamps were sold and an increase in the effectiveness of the equipment used to measure savings. Staff recommends that Pacific Power work with an implementation contractor to diversify 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.

DISCUSSION

10 On or before June 1st of each year, an investor-owned utility must report its progress to the Commission in the preceding year in meeting its biennial conservation target.⁵ This report must include actual electricity savings results, expenditures on conservation, and the type and amount of renewable energy credits acquired.⁶ On or before June 1st of each even-numbered year, an investor-owned utility must file a biennial conservation report

⁵ RCW 19.285.070(2).

⁶ *Id.*

with the Commission, including additional information.⁷ Excess savings from earlier biennia may be used to meet the biennial conservation target, subject to certain limitations.⁸ The Commission will then issue an order determining whether the utility has met its biennial conservation target.⁹

11 The Commission agrees with Staff's recommendation and finds that Pacific Power has complied with its reporting and other obligations under RCW 19.285.040(1)(b), RCW 19.285.070, WAC 480-109-040(1), and Order 01 in this Docket.

FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 13 (2) Pacific Power is an electric company and a public service company subject to Commission jurisdiction.
- 14 (3) WAC 480-109-120(4) requires electric companies to file biennial conservation reports on or before June 1st of each even-numbered year.
- 15 (4) WAC 480-109-120(4) requires biennial conservation reports to include certain information.
- 16 (5) Staff has reviewed Pacific Power's Biennial Conservation Report in Docket UE-171092.
- 17 (6) Staff recommends that the Commission find that Pacific Power has met its biennial conservation target and achieved 2,336 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets, complying with Order 01, WAC 480-109-120, and RCW 19.285.070.

⁷ WAC 480-109-120(4).

⁸ RCW 19.285.040(1)(c)(i).

⁹ WAC 480-109-120(5).

- 18 (7) This matter came before the Commission at its regularly scheduled meeting on September 10, 2020.
- 19 (8) After reviewing Pacific Power's 2018-2019 Biennial Conservation Report filed in Docket UE-171091, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Company's 2018-2019 Biennial Conservation Report complies with the requirements of Order 01, WAC 480-109-120, and RCW 19.285.070.

ORDER

THE COMMISSION ORDERS:

- 20 (1) Pacific Power and Light Company's 2018-2019 Biennial Conservation Report complies with the conditions of Order 01 in Docket UE-171092.
- 21 (2) Pacific Power and Light Company's 2018-2019 Biennial Conservation Report complies with the reporting requirements of WAC 480-109-120 and RCW 19.285.070.
- 22 (3) Pacific Power and Light Company has applied the full amount of conservation to its 2018-2019 78,268 MWh biennial conservation target.
- 23 (4) Pacific Power and Light Company has applied the full amount of conservation to its 2018-2019 decoupling commitment of 3,975 MWh.
- 24 (5) Pacific Power and Light Company has achieved 2,336 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennia.
- 25 (6) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it.
- 26 (7) The Commission retains jurisdiction over the subject matter and Pacific Power and Light Company to effectuate the provisions of this Order.

- 27 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

Dated at Lacey, Washington, and effective September 10, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary