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August 3, 2018

VIA UTC WEB PORTAL

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: Puget Sound Energy 2016-17 Biennial Conservation Report,
Dockets UE-152058 and UG-152075

Dear Mr. Johnson:

Public Counsel respectfully submits comments in response to Puget Sound Energy's (PSE or Company) Biennial Conservation Report for the 2016-17 program years. Upon review, Public Counsel agrees that the company has met and exceeded its biennial electric and gas conservation targets. Our comments do not address the overall results. Rather, Public Counsel addresses the Company's Distribution Efficiency efforts, as highlighted in Staff's comments on the Biennial Conservation Report. Public Counsel urges further discussion of Distribution Efficiency through Conservation Voltage Reduction (CVR) in the Conservation Resource Advisory Group (CRAG).

1. Distribution Efficiency

Public Counsel's Recommendation

Public Counsel recommends discussing PSE's CVR programs in the advisory group. Discussion in this forum can explore the administration of the program, which is intended to achieve cost-effective Distribution Efficiency in accordance with the Energy Independence Act and associated rules.

The Energy Independence Act (EIA) requires electric utilities to "pursue all available conservation that is cost-effective, reliable, and feasible,"¹ in accordance to the process established in WAC 480-109-100. Companies should pursue distribution efficiency, in addition to other types of efficiency.² Utilities pursue distribution efficiency up to the meter, which can include substation upgrades to reduce on-site energy consumption as well as creating efficiencies

¹ WAC 480-109-100(1); RCW 19.285.040.

² WAC 480-109-100(1)(b)(v).



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in distributing energy from the substation to the customer.³ CVR is one way to create efficiency in energy distribution from substations to customers.

In commenting on PSE's Biennial Conservation Report, Staff notes that the current CVR programs are proceeding at "an unacceptable rate" and are "inconsistent with EIA requirements" to pursue all cost-effective conservation. At this stage, it is premature to definitively declare whether or not PSE has failed to meet EIA requirements. The Commission established a clear protocol to address questions of this nature:

Should a stakeholder believe a utility is deficient in meeting the requirements of WAC 480-109-100(1), it is appropriate for that stakeholder to raise the issue with the advisory group. Failing resolution through the advisory group process, a stakeholder may raise the issue with the Commission during our review of the plans or reports in 480-109-120.⁴

Stakeholders should first address this issue in the CRAG, rather than through the Biennial Conservation Report process. If the CRAG is unable to resolve the issue, then it can be addressed as the Commission reviews conservation plans or reports.

Until the CRAG discusses PSE's distribution programs, Public Counsel does not offer an opinion as to whether the Company is in compliance with the EIA. Not only is the CRAG the appropriate venue to discuss this issue with the Company and other stakeholders, Public Counsel also does not have all of the information necessary to make such an assessment. Allowing the Company to present their approach to the CRAG and offer a justification for that approach will provide necessary details to assess EIA compliance and give the Company an opportunity to make adjustments, if needed. If stakeholders are not satisfied with the progress made during CRAG discussions, then it is appropriate to raise the issue while reviewing conservation plans or reports.

WAC 480-109-100 will guide the discussion in the CRAG. The rule provides a clear process for developing and implementing conservation programs. Companies must "develop programs" to acquire "all cost-effective, reliable, and feasible" conservation.⁵ However, if "no cost-effective, reliable and feasible conservation is available from one of the types of conservation," including distribution efficiency, the "utility is not obligated to acquire such a resource."⁶ As conservation resources are identified, the Company must continue to implement programs and update programs as new technologies or resources become available or feasible.⁷ Staying within these guidelines ensures that (a) Companies do not forego cost-effective, feasible conservation programs and (b) that ratepayers do not bear the cost for programs that are not cost-effective or feasible for implementation.

³ Puget Sound Energy 2017 Annual Report of Energy Conservation Accomplishments, Vol. 1 at 161 (Apr. 2, 2018).

⁴ *In re: Amending, Adopting, and Repealing Rules in WAC 480-109 Relating to the Energy Independence Act*, Docket UE-131723, Adoption Order, ¶ 32 (Mar. 12, 2015).

⁵ WAC 480-109-100(1)(a)(ii).

⁶ *Id.*

⁷ WAC 480-109-100(1)(a)(iv).

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If you have any questions about this filing or the above comments, please contact Corey Dahl at (206) 464-6380 or via email at CoreyD@ATG.WA.GOV. Alternatively, you may contact me at (206) 464-6595 or via email at Lisa.Gafken@ATG.WA.GOV.

Sincerely,



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