

Agenda Date: December 8, 2016  
Item Number: A1

**Docket: UE-152058**  
**Company: Puget Sound Energy**

Staff: Deborah Reynolds, Assistant Director of Conservation and Energy Planning

### **Recommendation**

Issue an order in Docket UE-152058 granting the petition of Puget Sound Energy and confirming that the 38,906 megawatt-hours of excess conservation achieved in the 2014-2015 biennium are eligible for application to the decoupling portion of the 2016-2017 conservation target. This in no way relieves the company of its obligation to actively pursue its 2016-2017 conservation target.

### **Background**

On October 24, 2016, Puget Sound Energy (PSE or company) filed its petition “Seeking Authorization to Apply Excess Conservation Savings to Future Decoupling Conservation Target Shortfall” with the Washington Utilities and Transportation Commission (commission) under Docket UE-152058, the docket of the company’s current biennial conservation plan.

In Docket UE-132043, the commission found that PSE had “achieved 38,906 MWh of excess conservation during the 2014-2015 biennium.”<sup>1</sup> In that docket, commission staff (staff) recommended that PSE file a petition with the commission to address the question of “whether excess savings should be allowed to make up for a future shortfall in PSE’s decoupling commitment.”<sup>2, 3</sup>

### **Petition and Responses**

PSE asks that the commission allow it to use the recently-determined excess conservation toward a possible future shortfall related to its decoupling commitment. PSE explains “it is reasonable that the commission-approved decoupling conservation target should be considered as an equivalent of the EIA target for purposes of applying excess conservation savings to future

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<sup>1</sup> *In the Matter of Puget Sound Energy's 2014-2015 Biennial Conservation Target Under RCW 19.285.040*, Docket UE-132043, Order 05, ¶ 19 (August 15, 2016).

<sup>2</sup> *Ibid*, ¶ 4.

<sup>3</sup> *In the Matter of the Petition of Puget Sound Energy and NW Energy Coalition For an Order Authorizing PSE to Implement Electric and Natural Gas Decoupling Mechanisms and to Record Accounting Entries Associated with the Mechanisms*, Dockets UE-121697 and UG-121705 (consolidated), Order 16, Granting Joint Motion for Ministerial Amendment, ¶ 3 (Oct. 14, 2016). In this order, the commission designated the docket of the company’s biennial conservation plan as the appropriate docket in which to address issues related to the company’s decoupling conservation commitments, including any filings about the use of excess conservation towards compliance with a decoupling conservation commitment.

biennia.”<sup>4</sup> PSE will use its “building the electric target” spreadsheet as the basis for future biennial reporting, which was already approved by the commission.<sup>5</sup>

PSE properly addresses the concern that allowing it to apply excess electric savings to potential decoupling commitment shortfalls may result in the scaling back of conservation efforts. PSE notes that there are “substantial checks and balances in the existing laws, rules and programs to prevent any scaling back,” reiterating commission oversight and the involvement of its Conservation Resource Advisory Group (CRAG) in the company’s target-setting.<sup>6</sup>

PSE proposes calculating excess electric savings, going forward, using “its existing conservation calculation methodology, which PSE’s CRAG has become familiar with over the past several years.”<sup>7</sup> PSE recognizes that the conservation calculation methodology is part of the biennial conservation plan, which is approved by the commission every two years.<sup>8</sup> PSE notes its commitment to continue excluding savings from both target-setting and achievement.<sup>9</sup>

### **Northwest Energy Coalition’s Response**

The Northwest Energy Coalition (NWECC) filed a response opposing the company’s petition on November 9, 2016. NWECC reasons that there is no current need to grant PSE permission: PSE is not in danger of missing its additional decoupling obligation; PSE has exceeded its biennial EIA conservation targets for the last three biennia; and, PSE has also exceeded its decoupling conservation commitments for the last three biennia. NWECC argues that the commission’s rule does not explicitly mention decoupling so it does not apply. NWECC urges the commission to defer action until “PSE actually fails, despite best efforts, to meet the decoupling related additional conservation requirement.”<sup>10</sup>

### **Public Counsel’s Response**

Public Counsel filed a response to the company’s petition on November 14, 2016. Public Counsel does not oppose PSE’s request to allow excess electric conservation savings to be used to meet a shortfall of the decoupling conservation commitment, and supports using the methodology for calculating the amount of excess electric conservation savings, going forward, that PSE outlined in its petition.<sup>11</sup>

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<sup>4</sup> PSE Petition, ¶ 20.

<sup>5</sup> PSE Petition, ¶ 12. *In the Matter of Puget Sound Energy’s Report Identifying Its 2016-2025 Ten-Year Achievable Electric Conservation Potential and Its 2016-2017 Electric Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010*, Docket UE-152058, Order 01, ¶ 19 (Dec. 17, 2015).

<sup>6</sup> PSE Petition, ¶ 31.

<sup>7</sup> PSE Petition, ¶ 11.

<sup>8</sup> PSE Petition, ¶ 12.

<sup>9</sup> PSE Petition, ¶ 14.

<sup>10</sup> NWECC Response, p. 1.

<sup>11</sup> Public Counsel Response, ¶¶ 5, 11.

Public Counsel is sensitive to the potential that granting PSE's request could weaken the company's decoupling conservation commitment, but notes that the EIA's amendment "recognizes early acquisition of conservation savings."<sup>12</sup> Regarding the calculation methodology, Public Counsel points out that the commission has accepted this methodology in its specification of the savings amount.

Public Counsel notes that there are a number of related, important issues that will be dealt with in the company's next general rate case, and that the company's decoupling conservation commitment target is one of those things that "will be reviewed and considered in the evaluation of the decoupling mechanisms."<sup>13</sup>

### **Staff's Response**

Staff filed its answer supporting the company's petition on November 14, 2016. Staff believes that allowing the company to use excess electric conservation from a qualifying biennium towards a future shortfall of its decoupling conservation commitment is consistent with the update to the EIA. Granting the company's petition should encourage the company to undertake greater, immediate conservation efforts because the company will be able to use this immediate action towards any potential future shortfall of the decoupling conservation commitment. Lastly, there are sufficient safeguards in the various processes to protect against miscalculations, double-counting, and any scaling back of conservation efforts.

Regarding methodology, staff does not believe that the petition requests or requires approval of any particular methodology for calculating excess conservation savings going forward. The specific methodology outlined in the petition was previously approved in this docket within the company's 2016-2017 Biennial Conservation Plan.<sup>14</sup> The approval of a specific methodology will continue to be appropriately addressed through the process for biennial conservation plan approval.

### **Conclusion**

Issue an order in Docket UE-152058 granting the petition of Puget Sound Energy and confirming that the 38,906 megawatt-hours of excess conservation achieved in the 2014-2015 biennium are eligible for application to the decoupling portion of the 2016-2017 conservation target. This in no way relieves the company of its obligation to actively pursue its 2016-2017 conservation target.

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<sup>12</sup> Public Counsel Response, ¶¶ 6-7.

<sup>13</sup> Public Counsel Response, ¶¶ 11-12; *see also* Public Counsel Response, ¶¶ 8-10.

<sup>14</sup> PSE Petition, ¶ 12.