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## Attachment 1:

# 2012-2013 WA Department of Commerce EIA Report

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*May 30, 2014*

Energy Independence Act (I-937) Conservation Report 2014

Utility	<b>Puget Sound Energy</b>
Report Date	May 30, 2014
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Summary of Achievement and Targets				
	2012-2013		2014-2015	
	Biennial		Biennial	
Target (MWh)	666,000	Target (MWh)	621,120	
Achievement (MWh)	698,137			
Difference (MWh)	32,137			

Planning			
2012 - 2013 Planning		2014 - 2015 Planning	
2012-2021 Ten Year Potential (MWh)	2012 - 2013 Target (MWh)	2014-2023 Ten Year Potential (MWh)	2014 - 2015 Target (MWh)
3,531,508	666,000	2,730,408	621,120

Please see table in "Conservation Notes" discussion.

**Achievement**

Conservation by Sector	2012 Achievement		2013 Achievement	
	MWh	Utility Expenditures (\$)	MWh	Utility Expenditures (\$)
Residential	154,840	\$40,381,507	168,684	\$50,106,708
Commercial	166,747	\$40,514,727	167,737	\$37,587,949
Industrial				
Agriculture				
Distribution Efficiency				
Production Efficiency				
NEEA	19,400	\$4,687,146	19,400	\$4,574,812
Gen & Distribution			1,329	
Conservation expenditures NOT included in sector expenditures				
Portfolio Support		\$2,593,348		\$2,585,005
Research & Compliance		\$2,945,796		\$3,296,502
<b>Total</b>	<b>340,987</b>	<b>\$91,122,524</b>	<b>357,150</b>	<b>\$98,150,976</b>

*Note: Expenditure amounts do not include any customer or other non-utility costs.*

**Description of Methodology:**

Excerpted from PSE's 2012-2013 Biennial Conservation Filing Exhibit "Ten-year Potential & Two-year Target". The complete document is available on the state of Washington Utilities and Transportation Commission website, under Docket No. UE-111881:

The ten-year cumulative conservation potential consists of the optimized level of energy use and distribution system conservation potential selected by PSE's resource portfolio model for the 2011 Integrated Resource Plan (IRP). The combined total of 2011 IRP potential plus production facility efficiency represents the total amount of conservation that is technically available, cost-effective, and achievable in the long run, based on the best information and analysis available.

The methodology used to determine these potentials was consistent with that used by the Council to develop the 6<sup>th</sup> Northwest Power Plan. The conservation potential was built with a bottom-up approach, using individual energy-efficient technologies applied to appropriate end uses and building types to determine technical, economic, achievable potential.

RCW 19.285.040 requires that, once the ten-year conservation potential has been developed, utilities shall set a biennial electric conservation acquisition target which is no lower than the utility's two-year pro rata share of its ten-year potential. The WAC rule for setting the biennial target defines "pro rata" simply as "the calculation used to establish a minimum level for a conservation target" (WAC 480-109-007 (14)) and requires that the utility must document how the ten-year cumulative conservation potential was prorated (WAC 480-109-010 (2)).

The conservation potential in PSE's 2011 IRP assumes that all retrofit end use energy efficiency and fuel conversion potential is accelerated into a ten year period, while other types of conservation or demand-side resources are ramped in more gradually over time over natural measure life cycles or customer growth rates. This is consistent with previous IRPs and is intended as a general planning assumption to demonstrate that there is value to acquiring these resources as quickly as realistically possible, but that they cannot be acquired immediately.

The conservation potential includes electricity savings from all possible sources: utility programs, codes and standards, market transformation, and adoption of conservation measures outside of any programs or code requirements. Some conservation potential is therefore outside of PSE's control and ability to measure. It is also not possible for a conservation potential assessment to fully capture all the market feasibility and uncertainty factors that can affect real-world program design and implementation.

**Conservation Notes:**

- 1) PSE exceeded its biennial electric target by +32,141 MWh while prudently managing ratepayer funding.
- 2) PSE does not track conservation achievement and expenditures by industrial or agricultural sectors.
- 3) The total savings figure indicated represents total electric savings reported by PSE in each of its Annual Reports, with adjustments of:
  - a) -4,243 Megawatt-hours, resulting from findings in the 2012-2013 Biennial Electric Conservation Achievement Report:
    - i) -187 MWh: Heat Pump Sizing and Lockout Controls
    - ii) -2,255 MWh: Indoor LED Fixtures
    - iii) -1,801 MWh: Outdoor LED Fixtures
  - b) + n,nnn MWh, resulting from adjustments for Home Energy Reports 2012 and 2013 impact evaluations, indicating under reporting of savings:
    - i) 2012: under-reported by
    - ii) 2013: under-reported by

4) 2014-2015 overall conservation target includes several elements. This table was included in PSE's 2014-2015 Biennial Conservation Plan:

2014-2015 Electric Portfolio Savings					
	Description	MWh	aMW	Comment	Calculation
a	Total Biennial Potential	551,880	63.0	IRP guidance (no behavior savings)	Figure 5, Exhibit i
b	Plus legacy HER	6,420	0.7	15,000 residential HER customers	line <i>l</i> of Exhibit 1
c	Total "base" savings	558,300	63.7		
d	Less NEEA	72,530	-8.3	NEEA's adjusted TRS	
<b>e</b>	<b>Total Biennial EIA Target</b>	<b>485,770</b>	<b>55.5</b>	<b>Penalty: \$50/MWh shortfall</b>	<b>c - d ("base" - NEEA)</b>
f	Decoupling Commitment (5% add)	27,920	3.2	5% of "base" savings	c * 0.05 ("base" * 5%)
<b>g</b>	<b>Total savings subject to decoupling penalty</b>	<b>513,260</b>	<b>58.6</b>	<b>Penalty: \$50/MWh shortfall</b>	<b>e + f (EIA target + D.C.)</b>
h	Individual Energy Reports (IER)	35,330	4.0	New Residential + Small Business	line <i>ab</i> of Exhibit 1
<b>i</b>	<b>2014-2015 Portfolio Total</b>	<b>621,120</b>	<b>70.9</b>	<b>Biennial budget is built to achieve this</b>	<b>c + f + h ("base" + D.C. + IER)</b>

D.C. = Decoupling Commitment  
 EIA = Energy Independence Act; referencing RCM 19.285, or "I-937".  
 HER = Residential Home Energy Reports  
 IER = Individual Energy Reports  
 IRP = Integrated Resource Plan  
 NEEA = Northwest Energy Efficiency Alliance  
 TRS = Total Regional Savings