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June 30, 2014

SENT VIA UTC WEB PORTAL

Steven V. King
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, Report concerning its progress in meeting its conservation target during the preceding biennium
Docket UE-111881

Dear Mr. King:

Enclosed please find an original copy of the Comments of Public Counsel for filing in the above-entitled docket.

Sincerely,

for 

Stefanie Johnson
Regulatory Analyst
Public Counsel Section
(206) 3040

SJ:cjb

cc: Juliana Williams, UTC Staff (E-mail)
Eric Englert, PSE (E-mail)

Enclosure

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

Puget Sound Energy, Report concerning its progress in meeting its conservation target during the preceding biennium

DOCKET UE-111881

COMMENTS OF PUBLIC COUNSEL

JUNE 30, 2014

I. INTRODUCTION

1. Pursuant to the Commission's June 6, 2014, Notice of Opportunity to File Written Comments (Notice), Public Counsel respectfully submits these comments in advance of the Commission's July 25 Open Meeting. These comments address Puget Sound Energy's (PSE or Company) Biennial Conservation Report (BCR) required under RCW 19.285.070(1) concerning the achievement of its 2012-2013 biennial conservation target and other regulatory requirements.
2. Public Counsel's comments provide a brief overview of PSE's reported results from the 2012-2013 biennium, as well as discussion of several items of interest included in the 2012-2013 Biennial Electric Conservation Achievement Review (BECAR) Final Report.¹
3. It is noteworthy that because PSE provided a considerable amount of information regarding the progress of its programs to the Conservation Resource Advisory Group (CRAG) throughout the biennium, as well as a draft of the BCR earlier this spring, stakeholders were able

¹ Docket UE-111881, PSE's Biennial Conservation Report (BCR), May 29, 2014, Attachment 5, PSE Biennial Electric Conservation Achievement Review (BECAR).

to resolve nearly all areas of dispute in advance of filing the BCR on May 29, 2014.² Public Counsel commends PSE for this approach. These actions significantly reduce the number of items that require discussion or Commission intervention at this late stage in the process, and also increase transparency, build trust between the Company and the CRAG, and help to instill confidence in the veracity of PSE's programs and claimed savings. Because of the advance work done by PSE, Public Counsel's comments here are relatively concise.

II. BIENNIAL RESULTS

A. Biennial Target and Reported Conservation Achievement.

4. PSE's 2012-2013 biennial target was approved in June 2012 at 666,000 MWh.³ PSE's 2012-2013 Biennial Conservation Report states that the Company exceeded this target by 4.8 percent, with a total of 698,137 MWh savings for the two-year period.⁴ The reported savings

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² One outlying issue remains, related to the Company's decoupling commitment, as discussed below.

³ Docket UE-111881, Order 01, *Order Approving Puget Sound Energy's 2012-2021 Achievable Conservation Potential And 2012-2013 Conservation Target Subject To Conditions*, June 14, 2012.

⁴ Puget Sound Energy's 2012-2013 Biennial Conservation Report (BCR), p. 5.

are allocated across the Company's programs as follows:⁵

Table 1: PSE 2012-2013 Conservation Achievement

Sector	MWh	% of Total Savings
Residential	323,524	46.3%
Business	334,484	47.9%
NEEA ⁶	38,800	5.6%
Generation, Transmission & Distribution	1,329	0.2%
TOTAL	698,137	100.0%

5. These reported savings incorporate several changes, as recommended by SBW Consulting Inc. (SBW) in the 2012-2013 BECAR and by DNV•GL Home Energy Reports Evaluation. PSE provides additional details related to these adjustments in the BCR and its attachments.⁷
6. Based on our involvement with the review of PSE's programs in the CRAG, including discussions regarding the contents of the BCR prior to filing, as well as our review of the BCR and its attachments, Public Counsel does not recommend any additional changes to PSE's reported savings.

⁵ BCR, Attachment 1: 2012-2013 WA Department of Commerce EIA Report.

⁶ For the 2012-2013 biennium, stakeholders and PSE agreed to a methodology of counting NEEA savings toward PSE's target that limited both the amount included in PSE's target and claimable savings to 75 percent of what NEEA estimated would be attributable to PSE for the biennium, regardless of NEEA's actual achievement (this methodology had been in place since PSE's Electric Conservation Incentive Mechanism, developed in Docket UE-060266). On May 14, 2014, NEEA reported to PSE that it had achieved 123,254 MWh of savings.

⁷ In summary, SBW recommended a reduction of 4,243 MWh to the total reported savings, related to UES adjustments for a heat pump measure, and two LED fixture measures. (BCR, p. 6) DNV•GL recommended an increase of 1,501 MWh. Home Energy Reports if evaluated each year for verified savings from the previous program year, because, as explained by PSE, "it is necessary to apply the result of that evaluation to the year in which the savings occurred on an ex-post basis, rather than on a going forward basis, as is standard practice for evaluations." (BCR, p. 11)

B. Reported Expenditures and Portfolio Cost-Effectiveness.

7. PSE spent \$189.3M on its conservation programs in the 2012-2013 biennium, bringing the total cost of the programs in at 99.8 percent of the original budget of \$189.7M.⁸ The table below provides additional detail of the costs associated with the different sectors and administrative functions.⁹

Table 2: PSE 2012-2013 Conservation Expenditures

Sector	Dollars	% of Total Costs
Residential	\$90,488,215	47.8%
Business	\$78,102,676	41.3%
NEEA	\$9,261,958	4.9%
Generation, Transmission & Distribution	-	-
Portfolio Support	\$5,178,353	2.7%
Research & Compliance	\$6,242,298	3.3%
TOTAL	\$189,273,500	100.0%

8. PSE reports that the Company achieved a Total Resource Cost (TRC) ratio of 1.84 for its portfolio.¹⁰

C. Decoupling Commitment.

9. In Docket UE-121697, PSE committed to exceed its biennial conservation target by 5 percent in association with the Company's decoupling mechanism. Prior to the filing of the BCR, PSE and the CRAG engaged in discussions relating to the application of this commitment to the 2012-2013 biennium, however, stakeholders were unable to reach consensus on an

⁸ BCR, p. 1.

⁹ BCR, Attachment 1: 2012-2013 WA Department of Commerce EIA Report.

interpretation. On June 27, PSE filed a Petition for Declaratory Order, requesting Commission guidance on this issue. In light of the pending petition, at this time, Public Counsel will reserve any comments in this docket, and will instead provide comments in response to PSE's motion.

D. Compliance.

10. PSE reports that it met all the statutory and regulatory requirements, as well as the conditions imposed by the Commission in various orders.¹¹ PSE provided updates of its progress throughout the biennium, including in the conservation annual reports, the Annual Conservation Plan, and at each CRAG meeting. Public Counsel is satisfied that PSE has met all of the regulatory requirements applicable in this docket.

III. THIRD PARTY REVIEW

A. Overview.

11. SBW conducted a review of the PSE portfolio, "to assess the extent to which the electric energy savings that PSE reported for [its] electric conservation portfolio in the 2012-2013 biennium were achieved."¹² This review sought to (1) determine the veracity of PSE's reported savings, (2) audit PSE's cost-effectiveness calculations and results, and (3) develop suggestions on how to improve savings estimates in future biennia.¹³ PSE has a large and complex portfolio of programs, thus, Public Counsel believes that this type third-party review of the Company's calculations, policies, and practices remains an important component of the EIA-related review of savings. This review, in conjunction with PSE's best practices, quality controls, and

¹⁰ BCR, p. 5.

¹¹ See, Docket UE-100177, Order 05, 2010 Electric Settlement Agreement, Sections A-J, and Docket UE-111881, Order 01. PSE provides an overview of these requirements in its BCR, p. 14-18, and Attachment 4: 2012-2013 Condition Compliance Checklist (Exhibit No. 9).

¹² BECAR, p. 2.

“continuous improvement” efforts, provides confidence that PSE’s ratepayer-funded conservation program is delivering benefits. Public Counsel looks forward to discussions in the CRAG reviewing the BECAR and possible incorporations into the 2014-2015 biennium.

B. Corrections.

12. As mentioned above, SBW recommended corrections for the PSE-deemed Unit Energy Savings (UES) values of three residential measures. PSE agreed to the corrections, and revised its reported savings accordingly.¹⁴ Despite these corrections, the review found that PSE’s “portfolio savings claim is well-documented and carefully verified.”¹⁵ In total, the BECAR provides a useful overview of PSE’s evaluation and verification practices, and has provided value to this process.

C. Direct Assessment of Residential Lighting Savings.

13. PSE’s residential lighting program cost \$30.1M in the 2012-2013 biennium, or roughly 16 percent of the cost of the total electric portfolio. Additionally, approximately 27 percent of PSE’s total reported savings (190,238 MWh) are related to the company’s residential lighting program. Despite the scale of the budget and savings for this program, it has not recently undergone a thorough impact evaluation. Thus, the CRAG highlighted it as an important area for review in the BECAR.

¹³ BECAR, p. 2.

¹⁴ These were the only recommended corrections included in the BECAR. It is worth noting the filed version of this document includes a clear example of how PSE’s approach of resolving conflicts, and providing the CRAG draft documents in advance of filing can eliminate the need for a later update or discussion in front of the Commission. In a draft of the BECAR, SBW raised concerns about the PSE-deemed UES value used for LEDs. When PSE provided the CRAG with a draft of the BECAR in April, it also facilitated discussion of this issue with its stakeholders. In the end, SBW, PSE, and the CRAG were able to resolve the issue.

¹⁵ BECAR, p. ES-5.

14. SBW's findings raise interesting questions about whether the RTF UES value adequately captures all savings. PSE's upstream residential lighting program assumes that all CFLs and LEDs distributed are purchased by residential customers. However, as SBW points out, because non-residential customers are not limited from participation in this program, some of these bulbs are not installed in residential settings. Due to the difference between hours of operation for bulbs placed in a home versus the hours of operation in a non-residential setting, this distinction could have an impact on actual savings achieved by each lamp. When spread across the large numbers of lamps distributed through this program, this change alone could significantly increase savings attributed to this program.

15. As a part of its review, SBW conducted phone interviews with participating lighting retailers, in an effort to develop an estimate of the percentages of lamps sold to business customers. While Public Counsel does not believe that the outcome of the phone survey alone requires a change to this UES value, we do believe that these initial findings warrant additional research. Considering the changes to the lighting market, and increased adoption of CFLs, in addition to improved EISA standards, it may be a good time to pursue a wider evaluation of the retail lighting programs.

III. CONCLUSION

16. Public Counsel believes that PSE met its 2012-2013 biennial target and has satisfied all related regulatory requirements. We will attend the Commission's July 25, 2014, Open Meeting to provide additional comments as necessary.