

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Puget Sound Energy
2018-2019 Biennial Conservation Report**

DOCKET UE-171087

**COMMISSION STAFF COMMENTS REGARDING
ELECTRIC UTILITY CONSERVATION ACHIEVEMENTS UNDER THE ENERGY
INDEPENDENCE ACT,
RCW 19.285 and WAC 480-109
(2018-2019 BIENNIAL CONSERVATION REPORTS)**

August 7, 2020

Summary

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Now codified in RCW 19.285 and Chapter 480-109 WAC, “qualifying” electric utilities — those with at least 25,000 customers in Washington — are mandated to set and meet energy conservation targets.¹ The Washington Utilities and Transportation Commission (Commission) approved the 2018-2027 achievable conservation potentials and 2018-2019 biennial conservation targets, subject to conditions, for Puget Sound Energy (PSE) in Docket UE-171087, Pacific Power and Light Company (Pacific Power) in Docket UE-171092, and for Avista Corporation (Avista) in Docket UE-171091 on January 12, 2018.

On June 1, 2020, PSE, Avista, and Pacific Power timely filed their respective Biennial Conservation Reports (BCRs or Reports), regarding their 2018-2019 conservation targets with the Commission as required by law.²

Table 1: Summary of Reported 2018-2019 Cost-Effective Savings

	Total Goal (MWh)	EIA Penalty Threshold (MWh)	Decoupling target (MWh)	Total Reported Savings (MWh)	Savings Applicable to Penalty Threshold (MWh)	Cost-effectiveness ³	
						TRC	UCT
PSE	520,456	448,109	23,658	549,116	508,286	1.64	2.17
Avista	95,047	79,785	4,489	99,893	89,115	1.63	2.11
Pacific Power	83,484	74,293	3,975	88,464	80,604	1.12	1.14 ⁴

PSE’s Conservation Target and Achievement

In Order 01 in Docket UE-171087, the Commission established Puget Sound Energy’s (PSE) 2018-2019 EIA penalty biennial conservation target at 448,109 megawatt hours (MWh), with a corresponding decoupling conservation target of 23,658 MWh. PSE reports that it exceeded these targets in the biennium, as illustrated in Table 2 below. When including savings from decoupling, the Northwest Energy Efficiency Alliance (NEEA), and the company’s large power

¹ RCW 19.285.030(19) (definition of “qualifying utility”); RCW 19.285.040(1)(b) (requiring biennial conservation targets).

² RCW 19.285.070; WAC 480-109-120; initial orders in Dockets UE-171087, UE-171091, and UE-171092.

³ Low-income conservation is excluded from program-level cost-effectiveness calculations per WAC 480-109-100(10)(b). “TRC” refers to the total resource cost test, while “UCT” refers to the utility cost test.

⁴ Portfolio level UCT for 2019 only.

user customers, PSE's total conservation achievement in the 2018-2019 biennium was 549,116 MWh.

Table 2: Summary of PSE's 2018-2019 Conservation Achievement

	Target⁵	Actual	Percentage of Target
Savings (MWh)	471,767	508,286	108%
Savings (aMW)	53.9	58.0	

Program-Level Achievements and Cost-Effectiveness

Table 3 below displays PSE's 2018-2019 program-level conservation achievements and cost-effectiveness. Cost-effectiveness is measured using the Total Resource Cost (TRC) test, which includes a 10% conservation credit adder and quantifiable non-energy benefits (NEBs). Apart from the Low-Income program, all programs remained cost-effective in the 2018-2019 biennium.

⁵ Includes EIA penalty target and decoupling commitment savings.

Table 3: PSE’s 2018-2019 Conservation Achievements and Cost-Effectiveness by Program

Program	Anticipated Savings (MWh)⁶	Actual Savings (MWh)	Budget (millions)⁷	Expenditures (millions)	TRC
Residential Energy Management⁸	223,667	250,216	\$68.8	\$58.7	1.83
Low-Income⁹	4,132	4,550	\$8.0	\$11.8	0.57
Business Energy Management	262,623	262,699	\$72.7	\$63.4	1.81
Pilots	4,480	0	\$0.4	\$0.0	0
Regional Programs	26,554	31,651	\$10.4	\$8.1	1.17
Portfolio Support	N/A	N/A	\$13.2	\$13.2	N/A
Research & Compliance	N/A	N/A	\$7.1	\$6.3	N/A
Other Electric Programs¹⁰	N/A	N/A	\$2.2	\$2.8	N/A
TOTAL	520,456	549,116	\$182.9	\$164.4	1.64

Excess Savings Accounting

RCW 19.285.040(1)(c)(i) allows utilities to use excess savings from each biennium to meet up to 20 percent of the conservation targets in each of the following two biennia. PSE correctly calculated its excess conservation savings for the 2018-2019 biennium. As demonstrated in Table 3 below, the company has 36,518 MWh of excess savings from the 2018-2019 biennium available to use in the 2020-2021 and 2022-2023 biennia. When combined with excess savings from the 2016-2017 biennium, PSE has 58,508 MWh of excess savings available in the 2020-2021 biennium. Since it has excess savings in the 2018-2019 biennium, it does not need to use

⁶ From PSE’s “2018-2019 Biennial Conservation Plan,” Exhibit 1.

⁷ *Ibid.*

⁸ Excluding low-income conservation.

⁹ Low-income conservation is excluded from program-level cost-effectiveness calculations per WAC 480-109-100(10)(b).

¹⁰ “Other Electric Programs” represents the company’s net metering program, which is partially funded through the conservation cost rider but is not part of the conservation program and is not included in cost-effectiveness calculations.

any of the 60,896 MWh of excess savings from previous biennia to meet its 2018-2019 conservation target.

Table 4: PSE Excess Savings Accounting

	Excess Available for 2018-2019 Shortfall (MWh)¹¹	Excess Available for 2020-2021 Shortfall (MWh)	Excess Available for 2022-2023 Shortfall (MWh)¹²
2014-2015	38,906		
2016-2017	21,990	21,990	
2018-2019		36,518	36,518
Total Available Excess	60,896	58,508	36,518

Manufactured Home Conservation

Throughout the biennium, PSE made additional efforts to reach the manufactured home segment, which the Northwest Power and Conservation Council notes may be a potential hard-to-reach market.¹³ The company reports a 199 percent increase in savings in this sector from 2018 to 2019, the result of a more focused approach, increased incentives, and targeted program offerings. The company also contracted with Cadmus to complete a manufactured home market study in mid-2019, which should help its efforts in the sector going forward. Staff encourages the company to continue innovating to reach customers in this sector.

Summary

Staff will review stakeholder comments and provide a recommendation at the September 10, 2020, regular open meeting, as to whether the Commission should:

1. Find that PSE complied with the conditions of Order 01 in Docket UE-171087,
2. Find that PSE complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070 in the biennial conservation report, and
3. Issue an order finding that PSE met their biennial conservation target and has achieved 36,518 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets.

¹¹ PSE did not need to utilize this excess savings in the 2018-2019 biennium, and will no longer carry forward the 38,906 MWh achieved in the 2014-2015 biennium.

¹² Any excess savings from the 2020-2021 biennium will be available to account for a 2022-2023 shortfall, as well.

¹³ Northwest Power and Conservation Council, “Seventh Northwest Conservation and Electric Power Plan” p. 4-10 (Feb. 25, 2016).