



Puget Sound Energy  
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PSE.com

October 29, 2021

UE-210822

***Via Web Portal***

Ms. Amanda Maxwell, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

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COMMISSION

**RE: PSE’s Biennial Conservation Plan for 2022-2023  
Dockets UE-21\_\_\_\_ and UG-21\_\_\_\_**

Dear Ms. Maxwell:

Pursuant to WAC 480-109-120(1) Puget Sound Energy (“PSE or Company”) submits this 2022-2023 Biennial Conservation Plan (“BCP or Plan”). The Plan is also consistent with RCW 19.285.040(1)(b), which indicates that every two years, PSE must establish its biennial electric target. In addition to identifying and presenting its biennial electric conservation target, PSE also included its two-year natural gas conservation goal, consistent with RCW 80.28.380, which indicates that every two years, PSE must establish its biennial natural gas target.

**Savings Targets**

The Plan presents detailed information on programs and customer offerings that PSE plans to implement to achieve a 2022-2023 Total Utility Electric Conservation Goal of 536,717 Megawatt hours (MWh) or 61.3 average megawatts (aMW), and Total Utility Natural Gas Conservation Goal of 9.79 million therms. PSE requests that the Commission approve its electric Energy Independence Act (EIA) Penalty Threshold of 469,182 MWh, or 53.6 aMW. PSE’s proposed Natural Gas Penalty Threshold for the next biennium is 9.26 million therms. The difference in the Total Utility Conservation Goal totals and Penalty Threshold values is accounted for in exclusions agreed to between the Company and its Conservation Resource Advisory Group (CRAG) and Commission Staff.

PSE calculated the above-noted savings targets based on data from its 2021 Integrated Resource Plan (IRP) filed in Dockets UE-200304 and UG-200305.

## **Savings Targets Development**

### Electric

The 2022-2023 Plan discusses savings target factors considered and presented to PSE's CRAG. The key savings baseline is PSE's 2021 IRP Total Biennial Potential, establishing PSE's 2-year pro-rata share of its 10-year electric conservation potential of 497,564 MWh. This is consistent with WAC 480-109-100(3)(b). PSE subtracted projected savings provided by the Northwest Energy Efficiency Alliance (NEEA) of 28,382 MWh to arrive at the EIA Penalty Threshold of 469,182, consistent with the Commission's standard practice. PSE multiplied the Conservation Potential Assessment (CPA) Pro-Rata Share by 5 percent to determine the Decoupling Threshold of 24,878 MWh.

To calculate the Total Electric Utility Conservation Goal, PSE added: projected savings from its Retail Wheeling customers and Special Contract customers that participate in its Large Power User/Self-Directed (Schedule 258) program;<sup>1</sup> the electric decoupling commitment savings; and pilots with uncertain savings. This brought the Total Electric Utility Conservation Goal to 536,717 MWh.

### Natural Gas

Similar to the adjustments made to its electric target, PSE worked with the CRAG to establish the indicated natural gas 2022-2023 savings target. Consistent with the requirement in RCW 80.28.380, PSE sought and received approval by the Commission of its Natural Gas CPA on October 14, 2021, which is reflected in Order 01, Docket UG-210461. As PSE projects that there will not be NEEA natural gas savings attributable to the PSE service territory for the coming biennium, PSE's Natural Gas Penalty Threshold will be the same as its CPA First Two Years: 9.26 million therms. PSE multiplied the natural gas CPA First Two Years by 5 percent to calculate the natural gas Decoupling Threshold of 463,147 therms.

To calculate the Total Natural Gas Utility Conservation Goal, PSE added Pilots with Uncertain Savings of 65,250 therms to its CPA First Two Years. This addition brought the Total Natural Gas Utility Conservation Goal to 9.79 million therms.

## **Budgets**

PSE's 2022-2023 electric budget of \$240.11 million reflects forecasted expenditures needed to achieve the Total Utility Conservation Goal of 536,717 MWh. Please note that amount includes \$5.24 million allocated to electric programs in Other Customer Programs (for the upcoming

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<sup>1</sup> During the IRP development, PSE determined that Retail Wheeling customers (commonly referred to as "449 Customers") were omitted from the 2021 CPA.

biennium, Net Metering and Targeted Demand Response Pilot comprise this Sector) that are excluded from cost-effectiveness calculations.

PSE plans expenditures of \$48.52 million to achieve the 2022-2023 Total Natural Gas Utility Conservation Goal of 9.79 million therms. Please note that amount includes \$260,000 allocated to Other Customer Programs (for the upcoming biennium, Targeted Demand Response Pilot makes up this sector) that is excluded from cost-effectiveness calculations. PSE and the CRAG applied the same target-setting methodology of excluding pilot savings to develop its Natural Gas Penalty Target.

### **Cost-Effectiveness**

The portfolio of electric conservation is calculated to achieve a Total Resource Cost (TRC) benefit-to-cost ratio of 1.72. PSE's natural gas portfolio cost-effectiveness estimates indicate that the Company will achieve a natural gas TRC of 1.33. PSE provides a complete discussion of its cost-effectiveness calculation methodology in Exhibit 2, Supplement 1 of the 2022-2023 BCP filing.

### **Compliance**

The Plan represents compliance with several requirements, including, but not limited to these highlights:

(WAC 480-109)

- Part 100(1)(b): Types of conservation,
- Part 100(3): Biennial Conservation Target,
- Part 100(5): Energy savings values based on RTF or generally accepted methods,
- Part 110(3): Advance notification of filings.

(2010 Settlement Agreement, UE-100177)

- *F(11): Program Budget*

(2019 Order 01, Appendix A, UE-190905)

- (3)(c) – *Consult with CRAG on identifying achievable potential,*
- (3)(e) – *BCP deliverable dates*
- (4) – *Annual Budgets and Energy Savings*
- (5) – *Program Details*
- (7) – *Program Design Principles*

(RCW 80.28.380)

- *Natural Gas Conservation Targets*

## **2022-2023 BCP Organization**

The 2022-2023 BCP consists of many documents, which are presented as Exhibits and organized for reference. Below is an outline of the six Exhibits and five Supplements that provide the 2022-2023 Plan detailed information required, consistent with key requirements outlined in WAC 480-109-120(1), and Attachment A of Order 01 in Docket UE-190905:

- Exhibit i: Ten-year Conservation Potential and Two-year Conservation Targets
- Exhibit 1: Savings and Budgets
- Exhibit 2: Program Cost Effectiveness Estimates
  - *Supplement 1: Cost Effectiveness Overview*
  - *Supplement 2: Non-Energy Impacts Summary*
  - *Supplement 3: Non-Energy Impacts Report*
- Exhibit 3: Program Details
  - *Supplement 1: RFP Framework*
- Exhibit 5: Northwest Energy Efficiency Alliance (NEEA) Plan
  - *Supplement 1: NEEA Savings Calculations*
- Exhibit 6: Evaluation Plan
  - *Supplement 1: EM&V Framework*

## **BCP Development Deliverables**

The Company and the CRAG met six times throughout 2021 to collaborate and discuss plans for energy efficiency programs, establish and agree upon targets and budgets, and agree on a course of action for 2022-2023. PSE also conducted an energy efficiency public participation meeting during 2021. In accordance with WAC 480-109-110(3)(c) and (3)(e), PSE provided CRAG members the following elements of the Plan in preparation for this filing:

- June 2: Review 2021 IRP guidance for 2022-2023 pro-rata share.
- July 28: Ten-year Conservation Potential and Two-year Conservation Target for 2022-2023.
- August 25: Draft budget details and draft program details.
- September 29: Draft tariff schedule revisions.

PSE provided an electronic copy of the complete Plan, including all Exhibits, to the CRAG on October 1, consistent with WAC 480-109-110(3). PSE sent some revisions to its filing to the CRAG on October 12, and it met with the CRAG on October 20 to review those changes. CRAG members will also receive the electronic version of the final, filed package concurrent with this filing. Revisions to conservation tariff sheets are included in a separate filing, concurrent with the BCP filing. Tariff revisions clarify terminology, update budgets and provide Plan effective dates.

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The revisions to the BCP filing mentioned above were due to necessary adjustments to make the IRP CPA output align with methods used for Energy Efficiency tracking and measurements, as well as to address an identified data correction and a recognized data omission. To make the IRP CPA output align with Energy Efficiency tracking and measurements, the CPA needed to be converted from a savings perspective at the generator to one at the customer meter. Additionally, to convert from IRP CPA savings metrics to Energy Efficiency metrics, adjustments were made to remove intra year ramping and report savings in annual blocks. The Electric Target was also updated to include Bundle 11 energy savings due to a transmission rates and pricing error identified after the final IRP was filed. The final adjustment was to include the potential for distribution efficiency, which had not been included in the draft BCP filing. How the BCP Targets are formulated is further discussed in Exhibit i.

### **BCP Publication**

Exhibits 1 through 3 will be posted on the PSE website ([www.PSE.com](http://www.PSE.com)) within 30 days of Commission approval. Due to the size of the file, the posted Exhibit 1 will be limited to the 2022-2023 portfolio view only. Exhibits 2 and 3 will replace documents currently posted, which will then be added to the website's historical archive. Tariff sheet revisions will not be posted alongside the other Exhibits, as tariff sheets are posted in a separate section of the website at <https://pse.com/aboutpse/Rates/Pages/default.aspx>.

Please contact Gilbert Archuleta at (425) 457-5648 for questions about this submittal. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

*/s/ Jon Piliaris*

Jon Piliaris  
Director, Regulatory Affairs  
Puget Sound Energy  
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cc: Lisa Gafken, Public Counsel  
Sheree Carson, Perkins Coie

#### Attachments:

NEW-PSE-BCP-2022-2023-BCP-Overview  
NEW-PSE-BCP-2022-2023-Exh-1-Svgs-Budgets  
NEW-PSE-BCP-2022-2023-Exh -2-Cost-Effectiveness  
NEW-PSE-BCP-2022-2023-Exh-2-Suppl-1-Cost-Effectiveness-Overview

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NEW-PSE-BCP-2022-2023-Exh-2-Suppl-2-NEIs-Overview

NEW-PSE-BCP-2022-2023-Exh-2-Suppl-3-NEIs-Rpt

NEW-PSE-BCP-2022-2023-Exh-3-Program-Details

NEW-PSE-BCP-2022-2023-Exh-3-Suppl-1-RFP-Framework

NEW-PSE-BCP-2022-2023-Exh-5-NEEA-2022-2023-Planned-Activities-Rpt

NEW-PSE-BCP-2022-2023-Exh-5-Suppl-1-2022-2023 NEEA-Svgs-Targets

NEW-PSE-BCP-2022-2023-Exh-6-Evaluation-Plan

NEW-PSE-BCP-2022-2023-Exh-6-Suppl-1-EM&V-Framework

NEW-PSE-2022-2023-BCP-Exh-i-10-year-potential-2-year-target-Methodology