

Agenda Date: September 10, 2020

Item Numbers: E1 and E2

Dockets: UE-171087 and UG-171088

Company: Puget Sound Energy

Staff: Andrew Rector, Regulatory Analyst

Recommendation

Issue an order in Docket UE-171087 finding that Puget Sound Energy has:

- (1) Complied with the conditions of Order 01 in Docket UE-171087,
- (2) Complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070 in the biennial conservation report,
- (3) Applied the full amount of conservation to its 2018-2019 448,109 megawatt hour (MWh) biennial conservation target,
- (4) Applied the full amount of conservation savings to its 2018-2019 23,658 MWh decoupling commitment, and
- (5) Achieved 34,147 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennia.

Take no action in Docket UG-171088, thus acknowledging the company's compliance with the settlement agreement in Docket UG-011571.

Discussion

On June 1, 2020, Puget Sound Energy (PSE or company) filed its "2018-2019 Biennial Conservation Report" (BCR or report) with the Washington Utilities and Transportation Commission (commission) under Dockets UE-171087 and UG-171088, as required by Order 01 in this docket, RCW 19.285.070(1), and WAC 480-109-120(4). On September 3, 2020, PSE filed an amended report after discovering an error in its original savings calculations. The amended report reduces the company's achieved conservation savings, but does not impact Commission staff's (staff) recommendation.

Electric Conservation Target and Achievement

The report indicated that the company had achieved 546,744 megawatt-hours (MWh) of conservation savings, far exceeding its Energy Independence Act (EIA) penalty target of 448,109 MWh. PSE also reported that it had met all the reporting requirements of Order 01 over the course of the biennium. Table 1 displays the company's savings compared to expected savings as described in its biennial conservation plan.

PSE had no need to use excess savings so the 38,906 MWh earned during the 2014-2015 biennium will go unused and will no longer be available. Table 2 provides an account of the excess savings available to meet shortfalls in each biennium.

Table 1. PSE 2018-2019 Actual Savings Compared to Expected Savings (in MWh)

	Expected MWh savings	Actual MWh savings
Total Utility Conservation	520,456	546,744
Less Exclusions¹	(48,227)	(40,830)
EIA Penalty Target	448,109	448,109
Decoupling Penalty Commitment²	23,658	23,658
Excess Savings	N/A	34,147

Table 2: Accounting of PSE’s Available Excess Savings

Biennium	Available MWh 2018-2019	Available MWh 2020-2021	Available MWh 2022-2023
Earned 2014-2015 ³	38,906	<i>expired</i>	
Earned 2016-2017 ⁴	21,990	21,990	
Earned 2018-2019		34,147	34,147
Total Excess Savings	60,896	56,137	34,147

As described in staff’s comments in this docket,⁵ the company’s conservation portfolio had a total resource cost (TRC) test cost-effectiveness ratio of 1.6, and a utility cost test (UCT) cost-effectiveness ratio of 2.2, indicating that the portfolio was cost-effective. Staff’s comments also indicated that PSE had complied with the reporting requirements of WAC 480-109-120 and RCW 19.285.070 in the BCR.

Natural Gas Conservation Achievement In addition to describing its electric conservation achievements, the report also described the company’s natural gas conservation achievements.⁶ The report demonstrates that PSE achieved 3.2 million therms of conservation in 2019,⁷ surpassing its goal of 3.1 million therms by about 2.6 percent. The company spent \$17.8 million to obtain these savings, which is about 11.6 percent higher than its budget of \$15.9 million. The gas program’s TRC ratio was 1.5, and its UCT ratio was 1.6, indicating the gas portfolio was also cost-effective.

¹ Exclusions remove savings from NEEA, pilots, and retail wheeling customers.

² Dockets UE-121697 and UG-121705, Order 07.

³ Docket UE-132043, Order 05 (August 12, 2016)

⁴ Docket UE-152058, Order 05 (August 9, 2018)

⁵ 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).”

⁶ Docket UG-171088 is the companion staff investigation into natural gas achievement for PSE.

⁷ Gas utilities report their conservation savings annually rather than biannually as required of electric utilities in the EIA.

Stakeholder Comments

Staff filed comments in the docket on August 6, 2020. No other stakeholders filed comments in the docket.

Conclusion

In its review, staff concluded that the company has met its reporting requirements, complied with the commission's target-setting order and associated conditions in these dockets, and exceeded its biennial targets. Therefore, staff recommends that the commission issue an order in Docket UE-171087 and take no action in Docket UG-171088, as described in the recommendation section above.