

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY'S

Report Identifying Its 2018-2019
Electric Biennial Conservation Target
Under RCW 19.285.040 and WAC 480-
109-120

DOCKET UE-171087

ORDER 02

REGARDING CONSERVATION
ACHIEVEMENT FOR THE 2018-2019
BIENNIUM

BACKGROUND

- 1 Electric utilities with 25,000 or more customers are required under the Energy Independence Act (EIA or Act) to set and meet energy conservation targets every two years.¹ The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA, which further require that each utility must file a report with the Commission a biennial conservation report regarding its progress in meeting its conservation target during the preceding two years.²
- 2 On November 1, 2017, Puget Sound Energy (PSE or Company) filed its Biennial Conservation Plan identifying a 2018-2027 10-year achievable conservation potential of 1,799,149 megawatt-hours (MWh), and a 2018-2019 biennial conservation target of 448,109 MWh.

¹ RCW 19.285.040(a) requires each electric utility to identify its 10-year achievable cost-effective conservation potential using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan. At least every two years, a utility must also review and update its assessment for the subsequent 10-year period. RCW 19.285.040(b) requires each qualifying utility to establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in RCW 19.285.040(a) and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than the qualifying utility's pro-rata share for that two-year period of its cost-effective conservation potential for the subsequent two-year period.

² WAC 480-109-120(4).

- 3 On January 12, 2018, the Commission accepted PSE’s proposed 2018-2019 biennial conservation target of 448,109 MWh, with a corresponding decoupling conservation target of 23,658 MWh, in Order 01, subject to conditions. Among other conditions, Order 01 required PSE to form a joint advisory group to engage in further discussions about whether savings generated by the Northwest Energy Efficiency Alliance (NEEA) should be included in the conservation targets moving forward.
- 4 On June 1, 2020, PSE filed its 2018-2019 Biennial Conservation Report (Biennial Conservation Report) with the Commission, 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 Biennial Conservation Report (Amended Biennial Conservation Report) after discovering an error in its original savings calculations. The amended report reduces the Company’s achieved conservation savings, as noted below in Tables 1 and 2.
- 5 In its Amended Biennial Conservation Report, PSE submits that it has achieved 546,744 MWh of conservation savings, 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 provides an account of these conservation savings.

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 Exclusions	(48,227)	(40,830)
EIA Penalty Target	448,109	448,109
Decoupling Penalty Commitment	23,658	23,658
Excess Savings	N/A	34,147

- 6 PSE submits that its Total Utility Conservation savings include savings resulting from NEEA. However, PSE excludes savings generated by NEEA in its EIA Penalty Target, pursuant to its agreements with the Commission and the Conservation Resource Advisory Group (CRAG).
- 7 On June 4, 2020, the Commission issued a Notice of Opportunity to Comment and Notice of Open Meeting regarding PSE’s Biennial Conservation Report.
- 8 On August 7, 2020, Commission staff (Staff) filed its Comments on PSE’s Biennial Conservation Report. Staff recommends that the Commission find PSE has complied

with the conditions of Order 01, WAC 480-109-120, and RCW 19.285.070. Staff recommends that the Commission find that PSE met its biennial conservation target and achieved 34,147 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets. Staff submits that all of PSE’s conservation programs remained cost-effective in 2018-2019, aside from the Low-Income program.³ Staff incorporates the results of PSE’s Amended Biennial Conservation Report, but Staff does not change its recommendation.

9 Staff notes that PSE correctly calculates its excess conservation savings in the Biennial Conservation Report. Because PSE exceeded its conservation savings targets this biennium, the 38,906 MWh earned during the earlier 2014-2015 biennium will go unused and will expire pursuant to RCW 19.285.040(1)(c)(i). Table 2 provides an account of the excess savings available to meet shortfalls in each biennium.

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	38,906	<i>expired</i>	
Earned 2016-2017	21,990	21,990	
Earned 2018-2019		34,147	34,147
Total Excess Savings	60,896	56,137	34,147

10 Staff also notes that PSE has made additional efforts to reach the manufactured home segment, as demonstrated by the Company’s report of a 199 percent increase in savings in this segment from 2018 to 2019.

11 Staff was the only party or stakeholder to submit comments on PSE’s Biennial Conservation Report or its Amended Biennial Conservation Report.

DISCUSSION

12 On or before June 1 of each year, an investor-owned utility must report its progress to the Commission in the preceding year in meeting its biennial conservation target.⁴ This

³ The Company appropriately excludes low-income conservation programs from the portfolio-level cost-effectiveness calculations pursuant to WAC 480-109-100(10).

⁴ RCW 19.285.070(2).

report must include actual electricity savings results, expenditures on conservation, and the type and amount of renewable energy credits acquired.⁵ On or before June 1 of each even-numbered year, an investor-owned utility must file a biennial conservation report with the Commission, including additional information.⁶ Excess savings from earlier biennia may be used to meet the biennial conservation target, subject to certain limitations.⁷ The Commission will then issue an order determining whether the utility has met its biennial conservation target.⁸

13 The Commission agrees with Staff's recommendation and finds that PSE has complied with its reporting and other obligations under RCW 19.285.040(1)(b), RCW 19.285.070, WAC 480-109-040(1), and Order 01 in this Docket.

14 We find that PSE has appropriate excluded savings generated by NEEA from its EIA penalty threshold. This is consistent with PSE's agreements with the Commission and with the CRAG. PSE has sufficiently complied with the conditions set forth in Order 01.

FINDINGS AND CONCLUSIONS

15 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.

16 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.

17 (3) WAC 480-109-120(4) requires electric companies to file biennial conservation reports on or before June 1 of each even-numbered year.

18 (4) WAC 480-109-120(4) requires biennial conservation reports to include certain information.

⁵ *Id.*

⁶ WAC 480-109-120(4).

⁷ RCW 19.285.040(1)(c)(i).

⁸ WAC 480-109-120(5).

- 19 (5) Staff has reviewed PSE's Biennial Conservation Report and Amended Biennial Conservation Report in Docket UE-171087.
- 20 (6) Staff recommends that the Commission find that PSE has met its biennial conservation target and achieved 34,147 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennial targets, complying with Order 01, WAC 480-109-120, and RCW 19.285.070.
- 21 (7) This matter came before the Commission at its regularly scheduled meeting on September 10, 2020.
- 22 (8) After reviewing PSE's 2018-2019 Biennial Conservation Report and Amended Biennial Conservation Report filed in Docket UE-171087, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Company's 2018-2019 Amended Biennial Conservation Report complies with the requirements of Order 01, WAC 480-109-120, and RCW 19.285.070.

ORDER

THE COMMISSION ORDERS:

- 23 (1) Puget Sound Energy's 2018-2019 Amended Biennial Conservation Report complies with the conditions of Order 01 in Docket UE-171087.
- 24 (2) Puget Sound Energy's 2018-2019 Amended Biennial Conservation Report complies with the reporting requirements of WAC 480-109-120 and RCW 19.285.070.
- 25 (3) Puget Sound Energy has applied the full amount of conservation to its 2018-2019 448,109 MWh biennial conservation target.
- 26 (4) Puget Sound Energy has applied the full amount of conservation to its 2018-2019 decoupling commitment of 23,658 MWh.
- 27 (5) Puget Sound Energy has achieved 34,147 MWh of excess conservation savings that may be used to mitigate shortfalls in the subsequent two biennia.
- 28 (6) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it.

29 (7) The Commission retains jurisdiction over the subject matter and Puget Sound
Energy to effectuate the provisions of this Order.

30 The Commissioners, having determined this Order to be consistent with the public
interest, directed the Secretary to enter this Order.

Dated at Lacey, Washington, and effective September 10, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary