

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY

Petitioner,

Seeking an Order Approving Natural Gas
Potential Conservation Assessment

DOCKET UG-230447

ORDER 01

APPROVING NATURAL GAS
CONSERVATION POTENTIAL
ASSESSMENT

BACKGROUND

- 1 RCW 80.28.380 requires gas companies to identify and acquire all conservation measures that are “available and cost effective.” Each utility must establish an acquisition target every two years. The Washington Utilities and Transportation Commission (Commission) must approve the acquisition target by order. These targets must be based on a conservation potential assessment (Conservation Potential Assessment or CPA) prepared by an independent third party and approved by the Commission. The analysis used to identify all cost-effective conservation must include the cost of greenhouse gas emissions established in RCW 80.28.395.
- 2 On June 14, 2023, Puget Sound Energy (PSE or Company) filed its 2023 Conservation Potential Assessment prepared by the Cadmus Group (Cadmus). In the CPA, Cadmus provides an analysis of the achievable technical conservation potential for PSE from 2024 to 2050. Cadmus identified 165 million therms of cumulative natural gas energy efficiency achievable technical potential during the study period (2024 to 2050).¹
- 3 PSE’s previous CPA was approved by the Commission in 2021, subject to the following condition:

The Company will file the full CPA model (confidentially where necessary) with the Commission when seeking approval of the CPA. The Company will coordinate one or more structured, technical discussions as the CPA is developed to discuss the CPA model with Commission Staff, other interested stakeholders, and the independent third party performing the CPA. The Company will work

¹ Including residential, commercial, and industrial potential; PSE 2023 CPA Report, Figure 8, page 18, Docket UG-230447.

with Staff to establish a timeline and additional supporting documentation required for Staff review.²

4 Staff believes that PSE has met the requirements of this condition and has provided the full CPA model with the Commission in this docket.

5 While Staff recommends this CPA be approved by the Commission, PSE's Customer Energy Management (CEM) team³ brought to the attention of the Conservation Resource Advisory Group (CRAG) some potential areas for improvement in the future. The CEM team noted that recently it has experienced significant difficulty getting its customers to participate in natural gas savings programs, due in part to a customer preference for decarbonization. This observation aligns with Staff's comments on PSE's 2023 Gas Integrated Resource Plan (IRP), including recommendations that the Company consider downstream and customer impacts of the Climate Commitment Act and Inflation Reduction Act, and account for gas customer attrition.⁴ Staff expects that these challenges facing the CEM team will inform the Company's next CPA to ensure that these issues are captured in time for the 2025 IRP.

6 Staff also observes that during the approval process of the 2021 gas CPAs, Staff recommended that the Commission include a condition which required gas companies to include transportation customers in future CPA analyses.⁵ The Commission ultimately decided that it did not have enough information to take action on the subject of transportation customers at that time. PSE did however direct Cadmus to evaluate potential for "small transport customers" in its 2023 CPA, reporting 2 million therms of first year savings and 26 million therms of cumulative achievable technical potential by 2050.⁶ Staff does not recommend that the Commission require the evaluation of gas

² *In the Matter of the Petition of Puget Sound Energy*, Docket UG-210461 Order 01 ¶¶ 11, 13 (October 14, 2021).

³ PSE's Customer Energy Management team is the group that runs the Company's conservation and other distributed energy resource programs.

⁴ Staff Comments on Puget Sound Energy's 2023 Gas Integrated Resource Plan, Docket UG-220242.

⁵ "Small transport customers" are described in this CPA as customers who secure their own gas supply (i.e., PSE only provides gas transport services), and emitted less than 25,000 tons of carbon emissions on average between 2015 and 2019 – a threshold that comes from Climate Commitment Act compliance requirements.

⁶ PSE 2023 CPA Report, Figure 19, page 26, Docket UG-230447.

transportation customers in future CPA filings, at this point in time, although Staff does anticipate continued discussions on this issue.

DISCUSSION

7 We approve the Company's Conservation Potential Assessment, taking effect for the
2024 - 2025 biennium.

8 We agree that PSE's CPA for the 2024 - 2025 biennium meets the requirements of the
statute and the condition in Order 01 of Docket UG-210461 and should be approved. The
CPA was prepared by an independent third party and reasonably reflects all available and
cost-effective conservation measures typically considered.

9 PSE's CPA followed Northwest Power and Conservation Council (NWPPCC)
methodology and past standard practice to identify conservation potential. With regards
to the specific cost-effectiveness test, PSE uses the TRC as a primary test with the UCT
as a secondary test. We find this approach adequate and approve the CPA but recognize
that this is a complicated issue that we are actively considering through the proceedings
in Docket UE-210804.

10 The Commission likewise approves PSE's evaluation of small transport customers as one
element of the Company's CPA pursuant to RCW 80.28.380.

FINDINGS AND CONCLUSIONS

11 (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 gas companies.

12 (2) PSE is a gas company and a public service company subject to Commission
jurisdiction.

13 (3) PSE is subject to RCW 80.28.380, which requires the Company to determine a
conservation acquisition target every two years.

14 (4) PSE's Conservation Potential Assessment was prepared by an independent third
party and followed NWPPCC methodology.

- 15 (5) PSE identifies 9 million therms of natural gas energy efficiency achievable potential for core customers in 2024, with additional savings in subsequent years.
- 16 (6) PSE identifies 2 million therms of natural gas energy efficiency achievable potential for small transportation customers in 2024, with additional savings in subsequent years.
- 17 (7) The Commission received no written comments in this docket.
- 18 (8) PSE has provided the full Conservation Potential Assessment model and supporting workpapers, per Order 01 of Docket UG-210461.
- 19 (9) This matter came before the Commission at its regularly scheduled meeting on September 14, 2023.
- 20 (10) After reviewing PSE's Conservation Potential Assessment filed on June 14, 2023, and giving due consideration to all relevant matters, the Commission finds that PSE's Conservation Potential Assessment should be approved.

ORDER

THE COMMISSION ORDERS:

- 21 (1) Puget Sound Energy's Conservation Potential Assessment filed on June 14, 2023, meets the requirements of RCW 80.28.380, and the condition set forth in paragraph 11 of Order 01 in Docket UG-210461.
- 22 (2) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.
- 23 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 14, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KATHY HUNTER
Acting Executive Director and Secretary