BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND ENERGY, Respondent.	DOCKET UE-220066 and UG-220067 (*consolidated*)
In the Matter of the Petition of PUGET SOUND ENERGY For an Order Authorizing Deferred Accounting Treatment for Puget Sound Energy's Share of Costs Associated with the Tacoma LNG Facility	DOCKET UG-210918

EXHIBIT BTC-3

BRADLEY T. CEBULKO

ON BEHALF OF THE ENERGY PROJECT

The Energy Project Data Request No. 119
Performance Incentive Mechanisms

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Dockets UE-220066 & UG-220067
Puget Sound Energy
2022 General Rate Case

PUBLIC COUNSEL DATA REQUEST NO. 119:

RE: Performance Measures and Incentive Mechanisms:

For each of the two proposed PIMS (peak load management and electric vehicle chargers), please provide the maximum possible incentive payment that could accrue to PSE in each year of the Multiyear Rate Plan. Please provide all supporting assumptions and calculations with your response.

Response:

Please see the Prefiled Direct Testimony of Mark N. Lowry, Exh. MNL-1T starting at page 28 for a discussion of the full range of the potential incentive payments for each of Puget Sound Energy's ("PSE") proposed PIMs.

Demand Response Performance Incentive Mechanism ("PIM")

Related to the maximum possible incentive payment that could accrue to PSE in each year of the multiyear rate plan for the demand response PIM, PSE is not proposing a specific dollar cap on the demand response PIM. Instead, PSE proposes to cap each annual incentive payment at 25 percent of the expenses incurred to achieve 150 percent of the demand reduction target. Incremental costs would consist of incremental operations and maintenance expenses (O&M) and administrative and general expenses (A&G) for program administration, marketing and customer incentive payments.

For example, the 2023 target is 5 MW of incremental peak demand reduction. The incentive is then capped at the incremental expenses incurred to obtain 150 percent of 5 MW, or 7.5 MW. If those expenses were $2 million, then the incentive in 2023 would be capped at $2 million X 0.25, or $500,000.

The 2024 target is 6 MW of incremental peak demand reduction. The incentive is then capped at the incremental expenses incurred to obtain 150 percent of 6 MW, or 9 MW. If that expense was $2.5 million, then the incentive in 2024 would be capped at $2.5 million X 0.25, or $625,000.

The 2025 target is 12 MW of peak demand reduction. The incentive is then capped at the incremental expenses incurred to obtain 150 percent of 12 MW, or 18 MW. If that expense was $4 million, then the incentive in 2024 would be capped at $4 million X 0.25, or $1 million.

The annual expenses assumed above are hypothetical amounts used for illustrative purposes only.

Please see Exhibit MNL-5 for a more detailed description of how the demand response incentive payment would be derived.

Electric Vehicle ("EV") Load Management PIM

While PSE has not yet proposed specific EV targets or award rates for purposes of deriving the annual PIMs, the general formulas for the EV PIM are set forth in the prefiled direct testimony and exhibits of Mark N. Lowry, including Exh. MNL-5. No cap is proposed on the incentives for the EV PIM. However, the proposed shared savings approach provides expected benefits to customers from each incremental EV charger used in the on managed load program or Time of Use rates. As PSE's financial incentive increases with additional chargers, so too do expected customer benefits.