

**EXH. AEW-3
DOCKETS UE-220066/UG-220067
2022 PSE GENERAL RATE CASE
WITNESS: AMY E. WHEELLESS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-220066
Docket UG-220067**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO
THE PREFILED RESPONSE TESTIMONY OF**

AMY E. WHEELLESS

**ON BEHALF OF NW ENERGY COALITION, FRONT AND CENTERED, AND
SIERRA CLUB**

JULY 28, 2022

PIMs and Metrics - Ideas and Discussion

PSE PBR STAKEHOLDER MEETING

NOVEMBER 15, 2021

Good morning!

- NWEC's brainstormed ideas, informed by some conversations with other stakeholders and PBR experts
- Hope this sparks continued discussion, but don't expect these to be the final word
- Some data availability unknowns

NWEC's PBR Principles



- Align regulation with public policy goals and desired regulatory outcomes
- Support new or improved services that utilities might not otherwise pursue
- Balance utility financial rewards with customer and societal benefits
- Not disproportionately reward the utility for an action they are already incented or required to undertake
- Avoid gaming and unintended consequences

Metrics

- In our view, SB 5295 not only directed performance measurements through metrics, but also performance target(s) with penalties/incentives.
- Not coming with specific proposal to this meeting on metrics, but for at least environment, energy supply, and equity, think that the metrics that are reported in the GRC should align / connect to the CEIP

Possible PIMs

- Ideas for discussion; Any numbers in [] are placeholders for discussion
- Generally related to demand-side management (DSM)
- Could be supportive of PIMs in other areas

Demand Response PIM

Goal: Increase acquisition of all demand response, but particularly from residential customers; avoid thermal peaking

Metrics:

- MW of demand reduction from entire portfolio, winter and summer
- MW of demand reduction from residential customers, winter and summer

Targets:

- Incremental demand response target above CEIP
- Potentially proportion of that (e.g., [25]%) for residential customers

Financial Incentive: Contingent on exceeding [110]% of target, up to [125]% of target; adder for exemplary performance for residential demand reduction and/or incentive for early action

DR PIM: Questions

- Would a MW reduction against historic performance (Winter and Summer) versus the CEIP goal focus the goal and align incentives better?
- Does PSE have data / information from DR potential assessment that points to what percent the company expects from residential customers?
- Given that TVR pilot isn't expected to start until 2024, are there other "ready to go" DR programs?

Named Communities DSM PIM

Goal: Increase acquisition of energy efficiency and demand response in named communities; reduce energy burden in named communities

Metrics:

- Number of customers (for all residential and all named communities customers) served by DSM programs
- Lifetime energy savings (for all residential and all named communities customers) from EE programs
- Peak demand reduction (for all residential and all named communities customers) from DR programs

Targets:

- [TBD – potentially some combination of energy savings, demand reduction, and participation, in excess of determined targets, with focus on named communities]

Financial Incentive: TBD

Named Communities DSM PIM: Questions

- Baseline data: Does PSE have data on named communities and who has participated in the past in programming?
- Does the company have internal targets for named community participation going forward?

Energy Burden Reduction PIM

Goal: Reduced energy burden amongst customers, particularly those in named communities

Metrics:

- Number of residential customers participating in both DSM programs and community solar/rooftop solar programs
- Number of residential customers in named communities participating in both DSM program and community solar/rooftop solar programs

Target: Increasing number of participants each year, starting with an aggressive first year target

Financial Incentive: [TBD] Perhaps \$ per customer, with focus on named community participation

Energy Burden PIM: Questions

- Baseline data is needed on how many customers participate in programming and customer energy burden
- Related metrics: energy burden for residential customers and for named community customer; percent of customers in long-term arrears
- Potential to focus on particular census tracts with higher energy burdens



Transportation Electrification (TE) DSM PIM

Goal: Ensure that TE load is managed load

Metric: Percent of load shifted to off-peak periods attributable to TE tariff offerings (all use cases)

Target: [50]% peak load reduction of load attributable to TE tariff offerings (all use cases)

Financial Incentive: Shared Savings Mechanism(SSM)

- Share of the net-present-value (NPV) of avoided costs
- Share: [25]% of savings with a cap
- Avoided costs: marginal demand related costs

TE DSM PIM: Questions

- Is a 50% peak load reduction the right target?
- Is 25% the right share for the utility?
- What should be the cap?
- What baseline data would be needed to set the target, share, and cap?
- What costs should be included when calculating avoided costs?

Additional TE Metrics

- Number of PSE-owned and supported EVSE by use case
- Percent of total EVSE by use case within PSE's service territory that are PSE-owned and supported
- Percent of PSE-owned and supported EVSE by use case located within overburdened communities
- Annual service hours and number of routes of the transit agencies the utility helps electrify
- Price to charge at PSE-owned and supported EVSE by use case
- Uptime at PSE-owned and supported EVSE by use case
- GHG emission and air pollution reductions attributed to all EVs in utility service area

Other Areas for Discussion

- Affordability / Customer Risk of Disconnection: COVID-19 arrears will be persistent; Current reporting ends March 2022. Possibility of a scorecard?
- Service Quality: How to ensure reliability and sufficient service for all customers, with focus on worst performing circuits?
- Possibility of a more customer-focused metric, in addition to service area metrics