

July 16, 2012

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Washington Utilities and Transportation Commission
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PO Box 47250
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RE: UE-100170, Pacific Power and Light Company 2010-2011 Conservation
Program Achievement pursuant to WAC 480-109-040

INTRODUCTION AND RECOMMENDATION

The following comments are provided by the NW Energy Coalition (“Coalition”) in response to the Commission’s June 5, 2012 Notice of Opportunity to Comment on Pacific Power and Light Company’s (“PacifiCorp’s”) Report Concerning its Annual Reporting Requirements Regarding its Progress in Meeting its Conservation Target During the Preceding Biennium Pursuant to RCW 19.285.070 and WAC 480-109-040.

PacifiCorp filed its’ report on June 1, 2012, with the Commission and the Department of Commerce “on its progress in the preceding year in meeting the targets established in RCW [19.285.040](#), including expected electricity savings from the biennial conservation target, expenditures on conservation, [and] actual electricity savings results, ...”¹ The Company has made its biennial report available to its customers on its website.² PacifiCorp reports that it achieved 92,670 MWh of cost-effective energy efficiency savings during the 2010-2011 biennium³, well exceeding its approved target of 74,460 MWh.⁴ PacifiCorp also reports compliance with the Conditions List approved in this docket.⁵

We recommend the Commission find PacifiCorp to be in compliance with RCW 19.285.040 and RCW 19.285.070 with regard to meeting its 2010-2011 biennial conservation target and reporting its conservation savings. However, we note some aspects of the Company’s filing that would benefit from additional Commission guidance on a going forward basis.

DISCUSSION

As the Commission noted in its 2007 Order adopting rules related to the Energy Independence Act (“I-937”), “implementation of the Act will be informed by time and

¹ RCW 19.285.070

² <http://www.pacificorp.com/es/dsm/washington.html>

³ Docket No. UE-100170, Correction Letter Advice Draft, submitted July 5, 2012.

⁴ Docket No. UE-100170, Final Order 02, issued 7/29/2010, at ¶ 20, 49.

⁵ *Id.*, at pp. 15-23.

experience.”⁶ We heartily agree. All stakeholders have learned a great deal through this first biennium of implementing I-937’s conservation standard. Some of those lessons already have been reflected in the investor owned utilities’ (“IOU”) recently approved conservation potential assessments, 2012-2013 targets, and updated Conditions Lists. This first reporting period provides an additional opportunity for clarifying Commission expectations with regard to the content of the companies’ filings as well as expectations concerning consistency among the three IOUs’ reports. The Washington Conservation Working Group (“Working Group”) formed by WUTC Staff in 2011 discussed many of these same issues.⁷

We raise some specific issues here with regard to PacifiCorp’s 2010-2011 biennial report and stated savings achievements, in the broader context of requesting Commission guidance on a going-forward basis to provide more clarity, certainty and consistency among the biennial conservation filings.

According to its’ Biennial Conservation Report, PacifiCorp adjusted results for two programs (refrigerator recycling and compact fluorescent lightbulbs) based on planning assumptions utilized in developing its conservation potential assessment in 2007. These adjustments resulted in a decrease in total reported savings of 3,837 MWh.⁸ The Company did not incorporate results from process and impact evaluations completed in 2011 for the refrigerator recycling program into its Biennial Conservation Report, opting instead to utilize these findings in its subsequent planning period.⁹ The Company opted to adjust only this subset of unit energy savings (UES), basing its decision on language from the Working Group process noting that “to the extent practicable,” there should be consistency between the use of prescriptive UES estimates in the establishment of the biennial target and the reliance on those same savings estimates in the utility’s demonstration that it met the biennial target.¹⁰ PacifiCorp also adjusted its Northwest Energy Efficiency Alliance (NEEA) savings results upward, by 4,996 MWh, to reflect revised savings provided by NEEA in May 2012.¹¹ The net effect of these adjustments is an increase in total reported savings of 0.13 aMW for the biennium.

We urge the Commission to take this opportunity to clarify whether an IOU can and/or should hold constant during the biennium the assumed UES used in preparing its conservation potential assessment (CPA), and at what point in time a utility should incorporate UES modifications from its program evaluations. Within the Working Group, the Coalition supported consistency between the use of prescriptive UES estimates in establishing the conservation target and the reliance on those same estimates in compliance demonstration, when those savings estimates are outside the control of the

⁶ *In the Matter of Adopting Rules to Implement the Energy Independence Act*, Docket No. UE-016895, General Order R-546 (Nov. 30, 2007), page 11.

⁷ Docket No. UE-110001.

⁸ PacifiCorp’s Biennial Conservation Report (6-1-12), p. 15.

⁹ PacifiCorp response to PC data requests 2.5, 2.6. The Company similarly elected to incorporate evaluated results of its Home Energy Savings program in the subsequent planning period (PacifiCorp response to PC data requests 2.3, 2.4).

¹⁰ PacifiCorp response to PC data request 1.5.

¹¹ *Id.*, pp. 14-15.

utility (e.g., provided by the Regional Technical Forum or an independent third party evaluator). At the same time, we are interested in ensuring accuracy and precision when reporting “actual” conservation savings.

We recognize the conundrum faced by the utility – certainty is important, particularly when a penalty for noncompliance exists, yet knowing the level of conservation actually acquired is critical from a resource planning perspective as well as a public perception standpoint. Changing unit energy savings levels during a biennium or in the reporting period can be problematic. At the same time, we believe it is important to continue sending signals to motivate utilities to adaptively manage and optimize their programs.

I-937 recognizes this issue in part by requiring qualifying utilities to update their 10-year conservation potential assessments and set new targets every two years,¹² providing an opportunity to incorporate new data, evaluation results and technology improvements. But this built-in update needs to be balanced with a desire for accurate and transparent reporting.

In PacifiCorp’s case, we also note an inconsistency in approach to reporting final savings. While the Company opted to adjust its savings downward for two of its programs to be consistent with its original planning assumptions, it adjusted its savings upwards for NEEA to reflect actual final savings results reported in May 2012. We are thrilled that NEEA achieved more savings than originally anticipated, in keeping with its successful history of exceeding its goals. And we support the Company reflecting those actual savings results in its final report. However, this once again raises the question of whether a utility should rely on its original assumptions or more recent data. We could envision an argument being made that savings achieved by NEEA are separate and distinct from assumptions regarding unit energy savings, and reporting accuracy therefore should be paramount. Yet this raises an interesting question of whether a utility would be expected to report actual NEEA savings that were lower than anticipated if those were provided after the close of the biennium.

Acknowledging that each of the IOUs has used different methodologies for calculating its biennial conservation achievements, the Commission may want to consider whether consistency among the utilities is important or perhaps consistency within each utility, e.g., each utility can select a path for how it will address prescriptive UES, actual NEEA savings, and evaluation results, but then must continue on that path in future biennia.

CONCLUSION

Even if PacifiCorp had not made adjustments for its appliance recycling program, CFLs, and NEEA, the Company still would have met its approved biennial target. Hence we recommend the Commission find PacifiCorp to be in compliance with I-937’s conservation standard requirements. We further recommend that the Commission provide additional guidance to PacifiCorp and the other IOUs regarding consistency between use of prescriptive unit energy savings estimates in establishing the conservation target and

¹² RCW 19.285.040(1).

the reliance on those same estimates in compliance demonstration; appropriate timing for incorporation of program and impact evaluation results; and reporting of NEEA savings.