

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of**

**EVALUATING ELECTRIC UTILITY  
CONSERVATION ACHIEVEMENTS  
UNDER THE ENERGY  
INDEPENDENCE ACT,  
RCW 19.285 and WAC 480-109**

**DOCKET UE-100170 - Pacific Power and  
Light Company dba PacifiCorp  
DOCKET UE-100176 - Avista Corporation  
DOCKET UE-100177 - Puget Sound Energy**

**STAFF COMMENTS OF  
THE WASHINGTON UTILITIES  
AND  
TRANSPORTATION COMMISSION  
July 16, 2012**

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## **I. Introduction**

Pursuant to RCW 19.285.070 and WAC 480-109-040, all regulated electric utilities were required to file with the Washington Utilities and Transportation Commission (Commission) by June 1, 2012, a report regarding their progress in meeting their conservation targets during the preceding biennium. This year, 2012, is the first year regulated utilities are required to file these reports, so the Commission staff (staff) comments below reflect the first opportunity to review the actions taken and results achieved by the utilities under the Energy Independence Act (EIA).

In orders issued in 2010, the Commission approved the utilities' conservation targets for the 2010-2011 biennium.<sup>1</sup> As required by law, conservation progress reports were filed with the Commission on or before June 1, 2012, by Avista Corporation (Avista) in Docket UE-100176; by Pacific Power and Light Company d.b.a. PacifiCorp (PacifiCorp) in Docket UE-100170; and by Puget Sound Energy (PSE) in Docket UE-100177. Commission staff, in its analysis of these reports, evaluated whether each utility had complied with RCW 19.285.040(1), WAC 480-109-020, and the 2010 orders.

The Commission Staff Comments provide:

- An analysis of the June 1, 2012 reports submitted by the companies and results of the analysis.
- An analysis of whether conservation achievements were met by each company filing.
- An analysis of issues common to all three company filings.
- A discussion of the approach Staff used to address prudence and to determine whether companies have “pursued all available conservation that is cost-effective, reliable and feasible.”
- A recommendation that the Commission find PSE and Avista in compliance with the reporting requirements in WAC 480-109 and RCW 19.285 and an expected recommendation that the Commission find PacifiCorp similarly in compliance with the reporting requirements.
- A recommendation that the Commission find all three companies in compliance with the conditions in their respective Orders.
- A recommendation that the Commission find PSE and Avista in compliance with RCW 19.285.040(1)(b) by having met their 2010-2011 biennial conservation targets, an expected recommendation that the Commission find PacifiCorp similarly met its conservation target, and a recommendation that the Commission approve an adjustment to PSE's claimed biennial conservation achievement.
- A recommendation that the Commission clarify the requirements for supporting documentation that the companies must submit in the Biennial Conservation Reports (BCRs).
- A recommendation that the Commission order the companies to adopt a consistent method of claiming savings from the Northwest Energy Efficiency Alliance (NEEA).

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<sup>1</sup> *In re Avista Corporation*, Docket UE-100176, Order 01 (May 13, 2010); *In re Pacific Power & Light Co.*, Docket UE-100170, Order 02 (July 29, 2010); *WUTC v. Puget Sound Energy*, Docket UE-100177, Order 05 (Amended) (Oct. 13, 2010).

## II. Background, Law and Application

In 2006, Washington voters passed Initiative 937, codified as RCW Chapter 19.285 and entitled the Energy Independence Act (EIA). The EIA mandates that “qualifying” electric utilities—those with at least 25,000 customers in Washington—set and meet energy conservation targets.<sup>2</sup> RCW 19.285.080(1) authorizes the Washington Utilities and Transportation Commission (Commission) to adopt rules to ensure the proper implementation and enforcement of the EIA as it applies to investor-owned utilities. The Commission adopted such rules in Docket UE-061895 and they are codified as Chapter 480-109 of the Washington Administrative Code (WAC).

Pursuant to RCW 19.285.040(1) and WAC 480-109-010, every two years beginning January 1, 2010, using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council (Council) in its most recently published regional power plan, each qualifying utility shall identify its achievable cost-effective 10-year conservation potential and shall establish a biennial conservation acquisition target consistent with the achievable opportunities identified in its 10-year conservation potential study.<sup>3</sup> A plan identifying its 10-year achievable conservation potential and its biennial conservation target was to be filed by each utility on or before January 31, 2010. These conservation target reports are also known as Biennial Conservation Plans (BCPs). As required by law, these plans were filed with the Commission in January of 2010 by Avista in docket UE-100176; by PacifiCorp in docket UE-100170; and by PSE in docket UE-100177.

Using methodologies consistent with those in the Council’s most recently published regional power plan, qualifying utilities are to develop a ten-year conservation potential assessment, which is then updated every two years.<sup>4</sup> Utilities are to establish biennial conservation targets consistent with the ten-year conservation potential.<sup>5</sup> The conservation potential assessment is an essential building block for company integrated resource plans (IRPs) required by WAC 480-100-238 and RCW 19.280.040.<sup>6</sup>

The EIA further requires qualifying utilities to file a report regarding their progress in meeting their conservation targets established for the preceding biennium with the Washington Department of Commerce by June 1, every two years beginning in 2012.<sup>7</sup> Investor-owned utilities must file reports with the Commission, as well.<sup>8</sup> As required by law, the BCRs were filed with the Commission by Avista in Docket UE-100176; by PacifiCorp in Docket UE-100170; and by PSE in Docket UE-100177.

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<sup>2</sup> RCW 19.285.030(16) (definition of “qualifying utility”); RCW 19.285.040(1)(b) (biennial conservation targets).

<sup>3</sup> See Dockets UE-100170 (Order 02), UE-100176 (Order 01), and UE-100177 (Order 05).

<sup>4</sup> RCW 19.285.040(1)(a).

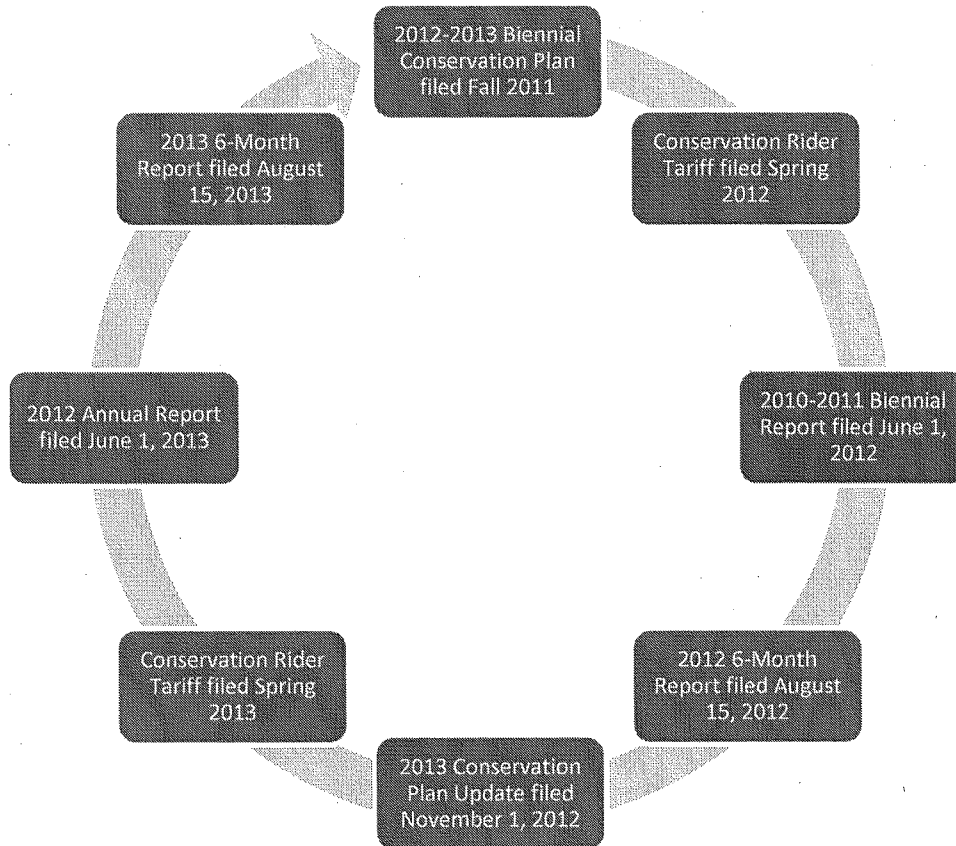
<sup>5</sup> RCW 19.285.040(1)(b).

<sup>6</sup> The companies’ integrated resource plans in effect in 2010, when the biennial conservation targets were established, are found in Dockets UE-081613 (Avista), UE-080826 (PacifiCorp), and UE-080949 (PSE).

<sup>7</sup> RCW 19.285.070(1).

<sup>8</sup> RCW 19.285.070(2).

In its 2010 orders, the Commission laid out schedules for reports and other filings to guide the companies' conservation planning.<sup>9</sup> A visual representation of the planning and reporting process, as laid out in the Commission's orders approving the companies' 2012-2013 biennial conservation targets, is presented below:<sup>10</sup>



RCW 19.285.040(1)(e) authorizes the Commission to “rely on its standard practice for review and approval of investor-owned utility conservation targets and achievements.” Some of that standard practice is established through orders, and some is established through rules. The process that the Commission uses to consider the companies’ BCPs is described in WAC 480-109-040(2). The Commission will consider all comments on a utility’s biennial conservation report, may determine that additional scrutiny is warranted, and may establish an adjudicative proceeding or other process to fully consider appropriate revisions. Upon conclusion of its review, the Commission will approve, approve

<sup>9</sup> Docket UE-100170, Order 02 ¶ 59, Docket UE-100176, Order 01 ¶ 64; Docket UE-100177, Agreed Conditions for Approval of Puget Sound Energy, Inc.’s 2010-2011 Biennial Electric Conservation Targets Under RCW 19.285, Section K(8) (approved and adopted in Order 05 Amended).

<sup>10</sup> See *In re Pacific Power & Light Co.*, Docket UE-111880, Order 01 ¶ 29 (April 26, 2012); *In re Puget Sound Energy*, Docket UE-111881, Order 01 ¶ 37 (June 14, 2012); *In re Avista Corporation*, Docket UE-111882, Order 01 ¶ 30 (Feb. 10, 2012).

with conditions, or reject the utility's achievement of its biennial conservation target, and may impose monetary penalties for noncompliance.<sup>11</sup>

In the 2010 orders approving the companies' 2010-2011 biennial conservation targets, the Commission required Avista, PSE, and PacifiCorp to file BCRs that included the biennial savings target, biennial conservation results, Evaluation, Measurement and Verification (EM&V) of their conservation programs, any proposed savings adjustments, and evidence of stakeholder engagement. The Commission's practice for review and approval of conservation targets requires the filing of additional program details, including program budgets, cost effectiveness standards (tests), and compliance information.<sup>12</sup>

### **Cost-Effectiveness**

In accordance with WAC 480-109-010(1)(a), all cost-effective energy conservation programs needed to be considered for implementation at the beginning of the biennium. The additional inclusion of non-cost-effective programs such as low-income weatherization was acceptable as long as the proposed portfolio remained cost-effective. As part of the June 1, 2012 filing, each company must provide updated information related to the cost effectiveness of its portfolio.

According to the orders, each utility is required to evaluate portfolio cost effectiveness using the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test, also called the Utility Cost (UC) test.<sup>13</sup> The Council-approved TRC test includes a 10 percent conservation credit that is an added benefit to electric programs. The TRC test compares utility resource savings to program administrator and customer costs, while the PAC test compares supply-side resource costs to program administrator costs. The company's delivered portfolio must have a benefit-to-cost ratio greater than or equal to 1.0 using the TRC test.

### **Pursuing all conservation that is cost-effective, reliable and feasible**

The EIA requires qualifying utilities to "pursue all available conservation that is cost-effective, reliable and feasible."<sup>14</sup> Biennial conservation targets are based on the most current information available at that time. During the course of a biennium new information may arise regarding new technologies, updated standards and codes, and improved program design and implementation. Staff recognizes the complexity involved in designing and implementing conservation programs, and that constant program adjustment to the latest information is difficult, especially as it pertains to the pursuit of all cost-effective conservation given that the spectrum of "all" cost-effective, feasible and reliable conservation is continuously evolving. Staff requests that the Commission clarify what is meant by "pursuing all," how "pursuing all" is distinct from simply meeting the target, and what information would be sufficient for determining whether the companies have indeed pursued all cost-effective, reliable and feasible

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<sup>11</sup> RCW 19.285.060(6).

<sup>12</sup> Docket UE-100170, Order 02 ¶¶ 54-61, Docket UE-100176, Order 01 ¶¶ 59-66; Docket UE-100177, Agreed Conditions for Approval of Puget Sound Energy, Inc.'s 2010-2011 Biennial Electric Conservation Targets Under RCW 19.285, Sections K(3)-K(10) (approved and adopted in Order 05 Amended).

<sup>13</sup> Docket UE-100170, Order 02 ¶ 61; Docket UE-100176, Order 01 ¶ 66; Docket UE-100177, Agreed Conditions for Approval of Puget Sound Energy, Inc.'s 2010-2011 Biennial Electric Conservation Targets Under RCW 19.285, Section K(10) (approved and adopted in Order 05 Amended).

<sup>14</sup> RCW 19.285.040(1).

conservation. The companies were to have incorporated the pursuit of all cost-effective conservation into their 2010-2011 target-setting process but were also expected to manage their conservation portfolios continuously and adaptively after the targets were approved. This means the companies were, among other things, expected to discontinue programs that were shown to be non-cost-effective and incorporate new programs into their portfolios that were determined, after target-setting, to be cost-effective, reliable and feasible. At a minimum, Staff would like to see the strategies each company plans to use in the BCPs, and the results of those strategies in the BCRs. Further Commission clarification on this matter is necessary for Staff interpretation and implementation of this approach.

The March 5, 2010 Staff Comments on the companies' 2010-2011 BCP filings stated, "The company submittals devote neither analysis nor narrative to demonstrate how their programs will be enhanced or changed to pursue all achievable cost-effective conservation."<sup>15</sup> One of the key indicators that a company is attempting to "pursue all conservation that is cost-effective, reliable and feasible" is the extent to which each company is adaptively managing conservation programs and portfolios, including continuing cost-effective programs, discontinuing programs that have been shown no longer to be cost-effective, and exploring potential new programs or technologies.

In order to assess whether each of the companies has attempted to pursue all required conservation, Staff intend to look for the companies to provide comment and documentation on:

- Participation in national and/or regional conservation or efficiency organizations;
- Participation in the Council's Regional Technical Forum (RTF);
- Participation in collaborative conservation programs with neighboring utilities;
- Adaptive management of conservation programs; and
- Comparison of measures implemented in company programs with measures approved by the RTF.

These pieces of information were not explicitly requested for the 2010-2011 BCRs, so Staff is unable to recommend that the Commission issue a determination that the companies pursued all required conservation. However, each of the companies did include some of this information, as discussed later in the report, providing Staff with some confidence that each company made at least some effort to adapt to continuously evolving program and measure information. Because Staff cannot recommend a determination on whether the companies pursued all cost-effective, reliable and feasible conservation for the 2010-2011 biennium, Staff will instead consider whether the companies made reasonable efforts to pursue all required conservation. For future BCPs and BCRs, Staff requests that the companies include the documentation described above.

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<sup>15</sup> Staff Comments Evaluating Electric Utility Conservation Reports Under the Energy Independence Act, RCW 19.285 (I-937), filed in Dockets UE-100170, UE-100176, and UE-100177.

### **Naturally Occurring Savings**

The modeling used by the Council attempts to capture the regional cost-effective conservation potential, regardless of whether it would result from a utility sponsored program or would occur without any intervention. When the utilities develop their conservation potential assessments, they adjust their portion of the total regional savings potential to exclude naturally occurring savings because they can claim only those savings that resulted from their actions.

There may be some amount of savings that utilities claim through their programs that would have occurred without the programs. For example, some customers may choose to purchase and install compact fluorescent lamps (CFLs) in the absence of a rebate program but still apply for a utility rebate. This customer might have bought the CFLs without the program but, because the customer participated in the program, the utility is able to claim the resulting savings. The Northwest Energy Efficiency Alliance (NEEA) attempts to identify naturally occurring savings through market research and exclude naturally occurring savings from net market effects (the measure of savings generated by NEEA programs). However, without similar levels of market research as NEEA conducts, it is difficult for utilities to exclude naturally occurring savings from their programs.

Although Staff would prefer an approach to target setting and savings achievement that focuses only on the activities within the utility's control, Staff recognizes that this may be neither feasible nor cost-effective. Staff recommends the utilities adjust for naturally-occurring savings only when NEEA has provided information enabling them to do so.

### **Washington Conservation Working Group**

On January 31, 2011, Staff initiated the formation of the Washington Conservation Working Group (CWG), a staff investigation under Docket UE-110001. The purpose of the CWG was to increase coordination of efforts, treat utilities fairly, and be transparent in setting expectations with regard to compliance with I-937. Participants in the CWG included representatives from the three utilities, the Department of Commerce, the Office of the Washington State Auditor, Public Counsel, industrial electric customer organizations, environmental and energy interest groups and Commission Staff. The CWG discussed and reached resolution on reporting methodologies and incentives guidelines, and was unable to come to resolution on codes and standards, thermal upgrades, EM&V protocols and standards, and a planning and reporting framework. The Consensus Results from the CWG can be found in Docket UE-110001. It may be useful to continue the CWG to maintain a venue to address issues that apply to all three companies. Staff asked Lawrence Berkeley National Laboratory (LBNL) to provide technical assistance on how other states address this issue. The report by LBNL is included as an Attachment.

### **III. Standard Practices (Prudence)**

According to RCW 19.285.050(2), "An investor-owned utility is entitled to recover all prudently incurred costs associated with compliance with this chapter." In the 2010 orders approving the investor-owned utilities' 2010-2011 conservation targets, the Commission directed that each company "must



demonstrate the prudence and cost-effectiveness of its conservation programs to the Commission after the savings are achieved.”<sup>16</sup>

On July 22, 2011, Avista, the Public Counsel Section of the Washington State Attorney General’s Office (Public Counsel), and the Commission’s regulatory staff entered into a Memorandum of Understanding (MOU) regarding the appropriate forum for review of the prudence of Avista’s Demand Side Management (DSM) programs and expenditures. The parties to the MOU filed joint motions in Docket UE-100176 and UE-110876/UG-110877, asking the Commission to clarify the process for reviewing the prudence of Avista’s DSM programs and expenditures by adopting the procedure described in the MOU. On August 18, 2011, the Commission granted the joint motion in Dockets UE-110876/UG-110877, Avista’s then-pending general rate case, and effectively denied it as moot in Docket UE-100176.<sup>17</sup> The Commission ordered that Avista’s DSM programs and expenditures would be reviewed for prudence in a future docket, rather than in UE-110876/UG-110877, the pending general rate case. As a result, Avista is now requesting a finding of prudence.<sup>18</sup>

Staff desires to provide consistency in its review of the companies’ BCRs and outlines the following proposed approach to assessing prudence for conservation activities.

The company must demonstrate that it evaluated its conservation needs and requirements, and that reasonable decisions were made in terms of programs selected, portfolio costs, and overall management of the programs selected. Four general factors that have been consistently considered in previous determinations of prudence by utilities include:

1. The need for the resource—The utility must determine what resources are necessary. Once needs have been identified, the company must decide how to meet the need in a cost effective manner. In the case of conservation, the utility must show that the options selected to meet conservation requirements were chosen based on a cost effective and reasonable approach.
2. Evaluation of alternatives—The utility must analyze alternatives available based on current information. Factors to be considered include utility costs, impacts to the ratepayer, and ability to effectively deliver the alternative.
3. Communication with and involvement of the company’s board of directors—For conservation programs, the advisory groups have been developed to substitute for the board of directors. The utility should inform its advisory group about the conservation programs selected and their cost of delivery.
4. Adequate documentation—The company must keep adequate detailed records that allow the Commission to evaluate the company’s decision making process. The Commission should be able to follow the utility’s decision making process, understand the factors the utility considered, and determine the fashion in which the utility valued the factors.

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<sup>16</sup> Docket UE-100170, Order 02 ¶ 57; Docket UE-100176, Order 01 ¶ 62; Docket UE-100177, Agreed Conditions for Approval of Puget Sound Energy, Inc.’s 2010-2011 Biennial Electric Conservation Targets Under RCW 19.285, Section K(6)(a) (approved and adopted in Order 05 Amended).

<sup>17</sup> *WUTC v. Avista Corporation*, Dockets UE-110876/UG-110877, Order 05 (Aug. 18, 2011). The Commission noted in footnote 2 of its order that its ruling effectively rendered the parallel motion in Docket UE-100176 moot.

<sup>18</sup> See Docket UE-100176, Notice of Opportunity to Comment on the Prudence of Avista Corporation’s Electric Demand Side management Program Expenditures During the Prior Two Years (June 22, 20120).

Prudence specifically related to conservation consists of several elements, including the proper establishment of conservation potential, whether programs are cost effective, reliable, and feasible, whether all reasonable measures were pursued, if appropriate public and stakeholder involvement was included in the process (advisory group review), and verification that programs were administered efficiently.

RCW 19.285 requires companies to use methodologies consistent with those of the Council in identifying their achievable cost effective conservation potential. Filings required of the companies as part of this process include BCPs, any updates to those plans, and periodic reports on conservation achievement including a BCR, and cost recovery tariffs.<sup>19</sup>

The cost effectiveness and feasibility of a portfolio is typically measured in terms of a benefit to cost ratio. As part of the filings, the companies must show a positive ratio of this metric to establish the cost effectiveness of their programs. The companies must file adequately detailed BCPs that include cost effectiveness analyses of their proposed conservation programs. Demonstration of involvement from appropriate customer groups, external experts, and other stakeholders must be provided by the companies to demonstrate the prudence of their conservation programs. The formation and coordination of energy efficiency advisory groups is a typical vehicle used by the companies to meet this need. Verification of efficient administration of programs relies mainly on evaluation, measurement and verification (EM&V) processes. EM&V frameworks are established in the BCP, and then implemented by a third party to verify the biennial savings of each individual company's portfolio. EM&V results and findings will highlight necessary adjustments of the program design or implementation.

As part of the review process for each of the company's conservation filings, Staff believes the company's conservation portfolio will generally be prudent if all of the following elements have been properly implemented by the company:

1. The company properly established its conservation potential, pursuant to RCW 19.285.040(1).
2. The conservation programs that the company implemented are cost effective, reliable, and feasible, determined using methodology consistent with the Council.
3. The company pursued all available cost-effective, reliable and feasible conservation based on the knowledge it had at the time the BCP was filed, and as determined by the process identified by Staff in the previous section of these Comments.
4. The company provided adequate opportunity for stakeholder involvement, and implemented appropriate recommendations from stakeholders.
5. The company used a third party to conduct an EM&V review, and incorporated the findings of that review into its portfolio.

Rather than evaluate conservation programs for a "finding of prudence," Staff recommends that the ongoing review process that has developed for each utility's portfolio is effectively a prudence review. The conservation planning and reporting process involves several elements throughout a biennial cycle.

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<sup>19</sup> Docket UE-100170, Order 02 ¶ 59, Docket UE-100176, Order 01 ¶ 64; Docket UE-100177, Agreed Conditions for Approval of Puget Sound Energy, Inc.'s 2010-2011 Biennial Electric Conservation Targets Under RCW 19.285, Section K(8) (approved and adopted in Order 05 Amended).

Aspects of prudence will be evaluated at several points in time through the biennium, and a “finding of prudence” is not necessary.

#### **IV. Dockets: Analysis Of Reports Filed By Companies**

##### **Puget Sound Energy – Docket UE-100177**

###### **Conservation Target**

On January 29, 2010, Puget Sound Energy (PSE) initiated Docket UE-100177 by filing its initial “Report Identifying PSE’s Ten-Year Achievable Conservation Potential and Biennial Conservation Target.” The report included the following: 1) PSE’s 2010-2019 achievable conservation potential; 2) its 2010-2011 biennial conservation target; 3) an explanation of the participation of Staff and the public in the development of the conservation metrics; 4) a statement indicating that PSE used the Council’s Fifth Power Plan as the basis for the ten-year achievable conservation potential; and 5) an explanation of how PSE prorated the ten-year projection to create its biennial conservation target.<sup>20</sup>

PSE’s report set the Company’s ten-year achievable conservation potential at 213.7 aMW and its biennial conservation target at 42.2 aMW.<sup>21</sup> On March 11, 2010, the Commission ordered additional review of PSE’s January 29, 2010 filing. Pursuant to WAC 480-109-010(4)(b), the Commission established an adjudicative proceeding to consider PSE’s ten-year achievable conservation potential and biennial conservation target.<sup>22</sup> On June 4, 2010, the Commission entered Order 04, finding that PSE’s Report lacked sufficient public participation in its development and that the Report substantially differed from PSE’s December 31, 2009, projection.<sup>23</sup> The order directed PSE to re-file its Report and correct these deficiencies.<sup>24</sup> The Commission received PSE’s Revised Report on June 18, 2010.

On September 3, 2010, Staff, Public Counsel, NW Energy Coalition, PSE, and Industrial Customers of Northwest Utilities (ICNU) filed an all-party settlement agreement (EIA Settlement), which the Commission approved in Order 05 in this docket on October 13, 2010.<sup>25</sup> Order 05 also approved PSE’s Ten-Year Achievable Conservation Potential of 427.9 aMW (3,748,773 MWh) and Biennial Conservation Target of 71.0 aMW (622,000 MWh), as identified in PSE’s Revised Report filed on June 18, 2010. In accordance with WAC 480-109-010(3)(b), PSE used its 2009 Integrated Resource Plan as the source of its ten-year conservation potential.

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<sup>20</sup> PSE operates its conservation programs under guidance from several Commission orders: Docket UE-100177 (2010-2011 biennial plan and reports); Docket UE-920630 (cost-effectiveness standard); Docket UE-970686 (reporting requirements and accounting guidelines); and Docket UE-011570 (program details from the settlement terms).

<sup>21</sup> *WUTC v. Puget Sound Energy*, Docket UE-100177, PSE’s Response to the Motions for Summary Determination of Commission Staff, Public Counsel, and NW Energy Coalition, ¶ 16 (April 19, 2010).

<sup>22</sup> *WUTC v. Puget Sound Energy*, Docket UE-100177, Order 01 Setting 10-Year Achievable Conservation Potential and Biennial Conservation Target Report for Hearing (March 11, 2010); Order 02 Prehearing Conference Order (April 12, 2010).

<sup>23</sup> *WUTC v. Puget Sound Energy*, Docket UE-100177, Order 04, ¶ 134 (June 4, 2010).

<sup>24</sup> *Id.* ¶ 142.

<sup>25</sup> *WUTC v. Puget Sound Energy*, Docket UE-100177, Order 05 (Amended) (Oct 13, 2010).

### Conservation Achievement

Staff believes PSE has met its 2010-2011 biennial conservation target, as required by RCW 19.285.040(1)(b). Accordingly, Staff believes PSE is in compliance with the conservation acquisition requirements of RCW 19.285 and WAC 480-109 for the 2010-2011 biennium.

PSE's reported conservation savings were 644,392 megawatt-hours, exceeding by 3.6 percent the biennial conservation target of 622,000 megawatt-hours (see table below).

<b>PSE Reported 2010-2011 Biennial Conservation Results</b>	
Biennial Conservation Target	622,000 MWh (71.0 aMW)
Reported Savings	644,392 MWh (73.3 aMW)
Percent of Target Achieved	103.6%

In the 2010-2011 biennium, PSE claimed savings from seven residential programs and eight commercial/industrial programs, as well as savings from NEEA. Within the programs, PSE used 131 measures with RTF deemed savings values and 283 measures with PSE calculated values. PSE's electric conservation portfolio has a Total Resource Cost ratio of 2.65, which is well above a ratio of 1.0 required for overall cost-effectiveness.<sup>26</sup> PSE's total electric expenditures for the biennium were \$152,873,562.

PSE takes a conservative approach toward claiming savings from NEEA. PSE claimed 75 percent of NEEA's estimate of PSE's share of regional net market effects, based on 2009 estimates, resulting in a NEEA target of 47,000 MWh. PSE then considers those savings as "deemed" and reported that level of savings regardless of actual savings achievements. This approach was adopted with approval from the Conservation Resources Advisory Group (CRAG). PSE was consistent in its method for claiming NEEA savings in both the BCP and the BCR. Even though PSE only claimed 47,000 MWh from NEEA, its total biennial share of net market effects was 134,447 MWh, and if PSE had claimed 75 percent of those savings, PSE could have reported 100,835 MWh. This indicates that the NEEA programs were far more effective at generating regional savings than expected.

PSE briefly addressed the issue of pursuing "all conservation that is cost-effective, reliable and feasible," by stating that the reported biennial conservation achievement of 644,392 MWh "represents PSE's total obligation to achieving all achievable, feasible and cost-effective savings for the biennium."<sup>27</sup> The company goes on to say that the 2010-2011 biennial conservation target approved by the Commission on October 13, 2010 was "deemed to be all cost-effective, reliable, feasible and available conservation that the Company must pursue for the 2010-2011 biennium."

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<sup>26</sup> 2011 Annual Report of Energy Conservation Accomplishments, p23.

<sup>27</sup> RCW 19.285.010(1); Puget Sound Energy 2010-2011 Biennial Electric Conservation Report, p4. Docket UE-100177.

PSE's 2010 Annual Conservation Report includes discussion of steps PSE has taken to ensure that there is continuous improvement in its conservation programs. This content is not included in the 2011 Annual Conservation Report or the Biennial Conservation Report, however. Staff recommends that companies include discussion of continuous improvement and adaptive management during a biennium in future conservation reports.

PSE also conducted a Request for Proposals (RFP) for Demand Side Resources, in 2010.<sup>28</sup> This process led PSE to select two third-party program proposals for conservation resources. Although many of the proposals were redundant to current PSE programs, were not actually cost-effective or were not selected for other reasons, open RFP processes such as this expose the companies to new technologies and program design elements. Because the information involved in RFP processes is confidential, advisory groups rarely have access to the decision-making process for selecting proposals. The information in the review process addresses cost-effectiveness calculations and program assessment can be quite valuable in understanding how the companies address new information in the attempt to pursue all conservation resources. Based on the discussion of continuous improvement and the RFP process, Staff has reason to believe that PSE made efforts to pursue all conservation that is cost-effective, reliable and feasible beyond its 2010-2011 biennial conservation target.

### **Third Party Verification**

The EIA Settlement includes a condition requiring a one-time third-party review of portfolio-wide conservation savings.<sup>29</sup> The third party review by SBW Consulting, Inc. and KEMA, Inc., Attachment 3 to PSE's BCR, included evaluation of PSE's portfolio-wide claimed savings and Evaluation, Measurement and Verification practices. The scope of the review was developed in consultation with PSE, the Conservation Resources Advisory Group (CRAG) and SBW.

#### *Portfolio Savings Review*

During the course of the year-long independent review process, SBW conducted project level savings reviews of each PSE conservation program, using a stratified sampling method. Although SBW attempted to review a representative sample of projects within each program, the consultant confirms that the samples were not statistically significant. Verifying a statistically significant sample for each program was beyond the scope of work for the third party contract, so SBW attempted to provide useful information through their stratified sampling approach. While the review identified some savings discrepancies, it does not provide meaningful insight into potential programmatic issues. Although the savings from individual projects were verified, SBW was unable to extrapolate the project level savings adjustments to the program level.

When SBW identified discrepancies in claimed savings, they reported the list to PSE. As per the company's policy of resolving all identified discrepancies, PSE either explained the reason for the apparent discrepancy or made an adjustment to the savings claim. A list of all discrepancies reported by SBW is included in Attachment 5, along with PSE responses or adjustments. These savings adjustments were applied to the total biennial savings claim, resulting in a downward adjustment of 34 MWh.<sup>30</sup>

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<sup>28</sup> 2010 RFP for All generation Sources and Demand Side Resources.

<sup>29</sup> Docket UE-100177, Agreed Conditions for Approval of Puget Sound Energy, Inc.'s 2010-2011 Biennial Electric Conservation Targets Under RCW 19.285, Section K(6)(g) (approved and adopted in Order 05 Amended).

<sup>30</sup> Puget Sound Energy 2010-2011 Biennial Electric Conservation Report, p9.

In accordance with the EIA Settlement, SBW conducted detailed review of programs of its choice: the Single-Family New Construction Program (Schedule E214) and the Resource Conservation Manager (RCM) Program (Schedule E253). SBW focused the Single-Family New Construction review on a single large development project, due to the impact of the project on overall program savings. SBW concluded that the savings for Single-Family New Construction Program are accurate and require no adjustments.

However, SBW documented significant concerns about the reported savings from the RCM program. The RCM program accounts for 7.0 percent of PSE's claimed conservation savings and is the fourth largest conservation program. The SBW review team had concerns that PSE used an inconsistent approach in dealing with facilities that experience negative savings (an increase in energy consumption). At question is whether increases in building energy use should be included in savings calculations. PSE excludes monthly data for facilities with negative savings if the cause cannot be identified. SBW claims that zeroing out negative savers is inconsistent with program implementation because "the performance criterion for the RCM is based on the EUI [Energy Utilization Index] calculation which includes negative savers."<sup>31</sup> PSE claims that actions from RCM Staff do not increase conservation, so an unexplained event at the sites with negative savings masks the impact of an RCM and therefore should be excluded.<sup>32</sup>

The SBW review of the RCM program was not intended to be a rigorous impact evaluation, so the consultant was unable to assess "the true magnitude of a defensible adjustment" to the conservation savings.<sup>33</sup> However, if all the sites with negative savings that were sampled in the SBW review had not been zeroed out, the RCM program would have a 35 percent reduction in claimed savings.<sup>34</sup> The RCM program remains cost-effective even with a 35 percent reduction in savings. The team was "firm in its belief that the claimed RCM savings is very likely overstated," and recommended a 17.5 percent downward adjustment in conservation savings.<sup>35</sup> In Appendix B of the SBW report, the review team explained that it was uncomfortable verifying that PSE had achieved 100 percent of the savings reported for the RCM program.

PSE has committed to conducting an in-depth third party evaluation of the RCM program earlier than initially scheduled to address the concerns that were raised by SBW's review. The company expects the review to be completed in March or April 2013.

Staff requested and received additional information about PSE's savings methodology for the RCM program. The responses helped to clarify the procedure for dealing with outliers and negative savings, but did not completely address the points raised by the independent review team. For this reason, Staff does not feel comfortable accepting the reported savings from the RCM program without any adjustment, but does not believe the full recommendation of a 35 percent savings reduction is necessary. Staff recognizes that SBW's recommended 17.5 percent adjustment is an imperfect estimate, but it is the third part reviewers professional best judgment that an adjustment should be made. Therefore, Staff

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<sup>31</sup> Puget Sound Energy 2010-2011 Biennial Electric Conservation Report, Attachment 3, H-3

<sup>32</sup> Puget Sound Energy 2010-2011 Biennial Electric Conservation Report, Attachment 6, p3.

<sup>33</sup> Puget Sound Energy 2010-2011 Biennial Electric Conservation Report, Attachment 3, p 50.

<sup>34</sup> Puget Sound Energy 2010-2011 Biennial Electric Conservation Report, Attachment 3, p.48.

<sup>35</sup> *Id.*

accepts SBW's recommendation that the RCM program savings be adjusted down by 17.5 percent, which is 7,938 MWh. Regardless, Staff believes the RCM program is a very valuable program and is pleased that PSE is taking steps to improve the program further.

Finally, PSE contracted with KEMA to conduct a review of the Home Energy Report (HER) Program. The KEMA study was then evaluated by Lawrence Berkeley National Laboratory at the request of Commission Staff. The KEMA study found the HER program achieved greater savings than initially calculated; an upward savings adjustment of 1,941 MWh. The Lawrence Berkeley National Laboratory review found KEMA's analysis to be sound and supports the recommended savings adjustment.

#### *Evaluation, Measurement & Verification Review*

The SBW review of PSE's EM&V practices largely paralleled a recent internal review of the practices. Many of the recommendations made by SBW for improving PSE's EM&V practices are already underway, such as integrating databases and establishing consistent tracking terminology. SBW found that PSE's measurement and verification practices were largely in line with industry best practices, but that the company could improve its verification and inspection process documentation and standardize verification for third party programs. The major concern raised about the evaluation of PSE conservation programs was the programs that had been evaluated in the five year period prior to 2010 only comprised 47 percent of the claimed biennial conservation savings. This means that the programs responsible for over half of the conservation savings in 2010-2011 had not been formally evaluated within a recent timeframe.<sup>36</sup> In part, this is due to the expansion of conservation programs. Moving forward, PSE has rapidly expanded its evaluation capacity, and SBW had the opportunity to compare PSE's Evaluation Organization Action plan and EM&V Framework during their review. SBW found that the current procedures line up well with industry best practices.

Navigant Consulting, Inc. reviewed PSE's market, process and impact evaluation activities for the company's four Commercial and Industrial Program Schedules: E250 Commercial/Industrial Electric Retrofit Program; G205 Commercial/Industrial Gas Retrofit Program; E258 Large Power User Self-Directed Program; and E257 LED Traffic Signals. Although the Navigant report did not verify savings claims, it provides recommendations for improving program participation, program management, and measurement and verification procedures.

#### **Reporting Requirements**

Staff believes PSE has met its reporting requirements under RCW 19.285.070 and WAC 480-109-040.<sup>37</sup>

Staff believes PSE has also met the EIA Settlement Agreed Conditions For Approval Of Puget Sound Energy, Inc.'s 2010-2011 Biennial Electric Conservation Targets under RCW 19.285 in Docket No. UE-100177 (Conditions).<sup>38</sup> The Conditions outline strategies and action the company must follow or

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<sup>36</sup> Puget Sound Energy 2010-2011 Biennial Electric Conservation Report, Attachment 7, p84.

<sup>37</sup> RCW 19.285.070(1) and WAC 480-109-040(1) require investor-owned utilities to file reports with the Washington Department of Commerce, as well as the Commission. As required, PSE submitted its 2010-2011 Biennial Electric Conservation Report to the Department of Commerce. The report is posted on the Commerce website at <http://www.commerce.wa.gov/site/1001/default.aspx>.

<sup>38</sup> *WUTC v. Puget Sound Energy*, Docket UE-100177, Agreed Conditions for Approval of Puget Sound Energy, Inc.'s 2010-2011 Biennial Electric Conservation Targets Under RCW 19.285 (approved and adopted in Order 05 Amended, Oct. 13, 2010).

take, such as CRAG consultation, specific reporting requirements, using approved strategies for calculating, selecting and evaluating conservation savings, and public involvement. PSE provided the 2010-2011 Condition Compliance Checklist (Attachment 7), which specifies the Conditions, the parties responsible and the actions necessary to meet the conditions, and the date the condition was met. Staff commends the level of transparency and accountability reflected in the Conditions Compliance Checklist and believes that PSE has met all the required Conditions.

The company has provided documentation supporting its overall effort to pursue all available conservation that is cost effective, reliable and feasible.

### **Recommendation**

Staff recommends that the Commission approve PSE's BCR for the 2010-2011 biennium, with a downward adjustment of savings from the RCM program of 17.5%, resulting in a total conservation achievement of 636,454 MWh, which is 102.3% of the biennial target. Staff also recommends that the Commission determine that PSE met the required Conditions described in Order 05, thus effectively implementing a prudent conservation portfolio. Following final action by the Commission on this report, the company must send a summary of the report to customers within 90 days.<sup>39</sup>

Staff recommends that the Commission determine that PSE has made reasonable efforts to pursue all available conservation that is cost effective, reliable and feasible.

## **Avista Corporation – Docket UE-100176**

### **Conservation Target**

On January 29, 2010, Avista initiated Docket UE-100176 by filing its "Ten year Achievable Conservation Potential and Biennial Conservation Target Report." The report included Avista's 2010-2019 ten-year achievable conservation potential, its 2010-2011 biennial conservation target, an explanation of the participation of Staff and the public in the development of the conservation metrics, a statement that indicated Avista used the Council's Sixth Power Plan as the basis for the ten-year achievable conservation potential, and a discussion of how the company prorated the ten-year projection to create its biennial conservation target. Avista's Biennial Conservation Plan (BCP) identified the company's 2010-2019 ten-year achievable conservation potential as 873,302 megawatt-hours, and established a 2010-2011 biennial conservation target of 128,603 MWh. The biennial target is 11 percent greater than the energy efficiency target established in the Company's Integrated Resource Plan (IRP) for the same period (Docket UE-081613). On May 13, 2010, the Commission approved the Company's ten-year achievable conservation potential and biennial conservation target, subject to conditions.<sup>40</sup>

### **Conservation Achievement**

Staff believes Avista has met its 2010-2011 biennial conservation target, as required by RCW 19.285.040(1)(b). Avista reports that it exceeded the established target by 32 percent, with 169,467 megawatt-hours total portfolio savings for the biennium. The Company also reported 3,512 megawatt-

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<sup>39</sup> WAC-480-109-040(5).

<sup>40</sup> *In re Avista Corporation*, Docket UE-100176, Order 01 (May 13, 2010).



hours from distribution efficiency, resulting in a total acquisition of 172,979 megawatt-hours, which exceeds the BCP target by 35 percent. The table below summarizes the company's reported results.

<b>Avista Reported 2010-2011 Biennial Conservation Results</b>	
Biennial Conservation Target	128,603 MWh (14.7 aMW)
Reported Savings	169,467 MWh (19.3 aMW)
Percent of Target Achieved	132%

Staff believes Avista is in compliance with the conservation acquisition and reporting requirements pursuant to RCW 19.285 and WAC 480-109 for the 2010-2011 biennium. In accordance with Order 01 in Docket UE-100176, the energy conservation portfolio must be cost effective. As part of its BCR, Avista presented assessment information related to the cost effectiveness of their portfolio. Avista used the Total Resource Cost test (TRC) and the Program Administrator Cost (PAC) test to evaluate cost effectiveness. The TRC ratio was found to be 1.58, and the PAC to be 3.60. For Avista's electric programs, total electric expenditures for the reporting period were \$40,462,697.

### **Third Party Verification**

Avista retained the Cadmus Group to serve as its third party independent evaluator for its 2010 and 2011 Demand Side Management (DSM) programs as part of its effort to meet the requirements for Evaluation, Measurement, and Verification of its programs consistent with Docket UE-100176.<sup>41</sup>

Reporting by Cadmus included assessments of both the impact of Avista's DSM portfolio, and an evaluation of the process of the individual programs. The impact evaluation provided estimates of program achievements, and the process evaluation examined the delivery of the Company's programs. The evaluations were conducted in accordance with current industry standards and established protocols. Cadmus evaluated three separate sectors as part of the review: residential, non-residential, and low income. Within the three sectors, several programs, which include over 3,000 individual measures, were evaluated.

Individual energy savings by sector include 53,109 MWh (Residential), 69,229 MWh (Commercial), and 47,129 MWh attributable to Avista from NEEA. Avista's share of NEEA's savings this biennium is based on a calculation of total regional savings within Avista's Washington service territory, less those savings realized as part of Avista's local DSM portfolio.

As part of its review, Cadmus verified Avista's 2010-2011 energy savings in excess of the IRP and I-937 goals. Overall, Cadmus found that Avista's DSM programs were run efficiently, although some areas for improvement do exist.

### **Prudency**

Order 05 of Consolidated Dockets UE-110876 and UG-110877 requires that Avista provide testimony and supporting evidence of the prudency of its electric and natural gas DSM programs as part of its

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<sup>41</sup> Docket UE-100176, Order 01 ¶ 62.

Energy Independence Act filings.<sup>42</sup> As part of the June 1, 2012 filing, the Company has provided the required testimony and supporting information to allow the Commission to review the prudence of their DSM programs and expenditures.

Rather than evaluate Avista's conservation programs for a "finding of prudence," Staff recommends that the ongoing review described in Section III of these Comments is effectively a prudence review. The conservation planning and reporting process involves several elements throughout a biennial cycle. Aspects of prudence were evaluated at several points in time through the biennium, and a "finding of prudence" is not necessary.

### **Reporting Requirements**

Staff believes Avista has met its reporting requirements under RCW 19.285.070 and WAC 480-109-040.<sup>43</sup>

Staff also believes that that company has met the conditions of Order 01 in Docket UE-100176. The company has shown it has met its 2010-2011 biennial conservation target, has fulfilled its EM&V requirements, and has made efforts to apply adaptive management to its overall conservation portfolio. Avista has documented a total of 39 meetings or webinars which took place within the 2010-2011 biennium where input from customer groups, external experts, Commission Staff, and other stakeholders was solicited. The company has also provided documentation supporting its overall effort to pursue all available conservation that is cost effective, reliable and feasible.

An item of concern related to the Company's reported savings is in regard to the Simple Steps retail compact florescent light (CFL) program. For this particular program, Avista did not use the Council's RTF deemed savings. One of the conditions of Order 01 of UE-100176 is that the Company use the RTF values for electric measures, or provide impact evaluation with verified savings. Since the RTF was not used for this measure, verified savings must be shown. One of the parameters for this program is the in-service rate, or ISR, which is the percentage of CFLs actually installed.

The Company ISR used over the three year life of the measure is based on the CFL contingency program, which Cadmus was able to verify for 2011. The verified 2011 ISR for that program is 39 percent, based on the evaluation logistic model used by Cadmus. Cadmus has projected a total ISR for that measure to be 91 percent over three years, although Cadmus has yet to verify the 2012 and 2013 ISR for that measure. No verification was made for the Simple Steps program for 2011. The Company elected to use the CFL contingency modeling savings to establish the savings for the Simple Steps program. Based on the modeling, the savings was reported to be 16,412,659 kwh.

In a data request, Public Counsel requested that the Company provide an estimate of savings based on the RTF assumptions for ISR at the time the study was completed. The RTF estimates were 64 percent for standard CFL bulbs, and 80 percent for specialty CFL bulbs. Based on the RTF assumptions, the

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<sup>42</sup> See *WUTC v. Avista Corporation*, Dockets UE-110876/UG-110877, Order 05 ¶ 4 (Aug. 18, 2011).

<sup>43</sup> RCW 19.285.070(1) and WAC 480-109-040(1) require investor-owned utilities to file reports with the Washington Department of Commerce, as well as the Commission. Using a reporting template developed by the Department of Commerce, Avista submitted its 2010-2011 conservation information to the Department of Commerce. The information is posted on the Commerce website at <http://www.commerce.wa.gov/site/1001/default.aspx>.

company indicated that the savings for this program would be 12,439,301 kwh, a reduction of 3,961,851 kwh<sup>44</sup>.

### **Recommendation**

Staff recommends that the Commission approve Avista's BCR for the 2010-2011 biennium. Staff also recommends that the Commission determine that Avista met the required Conditions described in Order 01 approving Avista's Ten-Year Conservation Potential and Biennial Conservation Target (Docket UE-100176), thus effectively implementing a prudent conservation portfolio.

Based on the information summarized above, Staff recommends that a downward adjustment be made to the Company's reported savings by 3,961,851 kwh (3,962 MWh). If the downward adjustment is made, the Company will still exceed their conservation requirements, achieving 129 percent of the target.

Following final action by the Commission on this report, the company must send a summary of the report to customers within 90 days.<sup>45</sup>

Staff recommends that the Commission determine that Avista has made reasonable efforts to pursue all available conservation that is cost effective, reliable and feasible.

## **Pacific Power & Light Company, d/b/a PacifiCorp – Docket UE-100170**

### **Conservation Target**

In accordance with WAC 480-109-010(3), PacifiCorp filed its initial biennial conservation plan (BCP), "Report on its Ten-Year Achievable Conservation Potential and its Biennial Conservation Target for 2010 and 2011," on January 29, 2010, and its revised report on July 2, 2010. The January 29 filing initiated this Docket UE-100170. As permitted by WAC 480-109-010(1)(b)(i), PacifiCorp elected to utilize its 2008 Integrated Resource Plan (IRP) as the primary source for establishing its projected ten-year conservation potential and biennial target for its Washington service area. PacifiCorp's report identified the Company's 2010-2019 ten-year achievable conservation potential at 49.2 aMW and established its 2010-2011 biennial conservation target at 8.5 aMW with 4.3 aMW allocated to 2010 and 4.2 aMW allocated to 2011. All parties involved in the discussion process between March and July 2010 agreed to the content of the Company's Revised Report and accepted its projected ten-year conservation potential and biennial conservation target. All parties agreed to a set of conditions for approval of PacifiCorp's ten-year conservation potential and biennial conservation target. The ten-year potential and biennial target was approved by Commission Order on July 29, 2010, subject to these conditions.<sup>46</sup>

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<sup>44</sup> Data response #34 from Avista to Public Counsel, UE-100176.

<sup>45</sup> WAC-480-109-040(5).

<sup>46</sup> *In re Pacific Power & Light Co.*, Docket UE-100170, Order 02 (July 20, 2010).

## Conservation Achievement

PacifiCorp reports conservation savings of 92,870 MWh in the biennial report, which exceeds the Biennial Conservation Target by roughly 25 percent (see table below).

<b>PacifiCorp 2010-2011 Biennial Conservation Results</b>	
Biennial Conservation Target	74,460 MWh (8.5 aMW)
Reported Savings	92,870 MWh (10.6 aMW)
Percent of Target Achieved	124.7%

PacifiCorp reports biennial expenditures for its conservations programs of \$16,816,419, 104 percent of the budgeted expenditures of \$16,156,104. Using a Total Resource Cost (TRC) cost test (with the 10 percent conservation benefit and risk adder), the benefit to cost ratio for the Company's 2010-2011 portfolio-level biennial conservation savings was 3.0.

While PacifiCorp appears to have succeeded in meeting the conservation targets identified in its January 2010 BCP, this conclusion cannot be made definitively without complete documentation of measure savings and installation verifications, third party evaluation, and a full disclosure of specific adjustments to reported NEEA savings. Staff did not receive responses to information and data requests in a timely manner and, therefore, could not include a complete analysis of company responses or overall portfolio savings in these Staff comments. To the extent possible, some of this newly acquired information will be incorporated below but as of the time these Staff comments were drafted the supporting documentation for savings claims and the corresponding analysis remained incomplete.

Notable omissions from the initial report include supporting documentation for measure installation verifications referenced in Appendix 3 and for the sizeable adjustment reported for NEEA savings, particularly for 2010. For 2010, the company has made an upward adjustment in NEEA savings under the logic that the company is authorized to use the same assumptions in its reporting as it did in the biennial planning phase.

NEEA's forecasted savings represent a snapshot based on the best data available at the time targets were being set. The underlying data is continuously updated as new information becomes available. Such updates lead to differences between savings estimates for the April 2010 forecasts used by PacifiCorp to set the 2010-2011 targets and the September 2010 forecast used to initially report 2010 savings. NEEA assumptions were adjusted back to those in place in April 2010 to create consistency between target-setting and reporting. NEEA submitted a memo to the Company that describes the adjustment process in detail and highlights the major changes, by initiative, between the savings reported in the Company's 2010 Annual Report on Conservation Acquisition (0.5 aMW, September 2010) and those reported in the Company's 2010-2011 Biennial Conservation Report (1.2 aMW, May 2012). All significant changes in the model assumptions between the September 2010 and May 2012 (and, equivalently, April 2010) savings are described in a memo responding to Staff data request.

The upward adjustment to 2010 NEEA savings (6,094 MWh) has three components:

1. Line losses are removed from 2010 savings (-388 MWh)
2. Roll-back to April 2010 NEEA assumed baseline (+7,271 MWh)

3. CFL sales were updated per May 2012 data (-789 MWh)

The downward adjustment to 2011 NEEA savings (-1,098 MWh) also has three components:

1. Line losses are removed from 2011 savings (-1,010 MWh)
2. Correction of a rounding error, adjusting from 1.3 aMW to 1.275 aMW (-219 MWh)
3. CFL sales were updated per May 2012 data (+131 MWh)

Although the reported conservation savings suggests that the company met its 2010-2011 biennial conservation target, some of the necessary documentation supporting the Company's conservation claims was absent from the June 1, 2012 conservation progress report filing and, therefore, conservation claims could not be properly evaluated by Staff. The incomplete status of PacifiCorp's report necessitates an extension of the time required for proper scrutiny of the report and claims made therein. As of the time these Comments were drafted, Staff finds PacifiCorp's initial June 1, 2012 BCR to be incomplete.

However, Staff has thus far found no reason to believe that PacifiCorp will not meet its biennial conservation target. Pending the Company's submission of proper documentation and satisfactory responses to Staff and other external stakeholder data requests, Staff believes PacifiCorp will be found to be in compliance with the conservation acquisition and reporting requirements pursuant to RCW 19.285 and WAC 480-109 for the 2010-2011 biennium. In the event that the adjustment to NEEA savings is found to be wholly inappropriate (an unlikely scenario), the corresponding reduction to reported NEEA savings would cause overall reported savings to drop from 92,870 MWh to 85,776 MWh for the biennium, whereas the biennial target was 74,460 MWh. Cumulative adjustments that are within the spectrum of possibility at this point, including a possible recommendation by Public Counsel that PacifiCorp further adjust (downward) the reported savings for its Energy Education in Schools program, will not be sufficient to cause the reported savings to fall short of the biennial target. The degree to which PacifiCorp seems to have exceeded its conservation target (124.7 percent of target) makes it unlikely that any adjustments to reported savings that the Commission might require the company to make will result in a failure of the company to meet its conservation target. That said, a thorough evaluation of the company's biennial conservation report, relying upon review of materials that were yet-to-be submitted at the time of the drafting of these Staff comments, must be completed before Staff is able to sign off on reported savings and definitively conclude that PacifiCorp has indeed met its target.

### **Third party verification**

In compliance with Paragraph 57 in Docket UE-100170, Order 2, PacifiCorp performs EM&V activities on a rotation schedule of selected programs such that all programs are evaluated on a timely and relevant basis. Evaluations of each program are scheduled to be performed every two years. Process and impact evaluations were completed by external evaluators in 2011 for the Home Energy Savings (HES), the See Ya Later, Refrigerator (SYLR), and the Energy Education in Schools programs for program years 2009-2010 (results at PacifiCorp.com). Process and impact evaluations for the HES and SYLR programs have not yet been completed for program year 2011 which is consistent with the every-other-year nature of the third party evaluations. The Energy Education in Schools program was evaluated in 2011 and, in part due to the findings in that evaluation and in part to related concerns from members of the company's DSM advisory group, the program was cancelled effective July 1, 2012.

Process and impact evaluations for the Energy FinAnswer and FinAnswer Express programs were performed in 2010 for program years 2005-2008. Evaluations of these programs for program years

2009-2011 have not yet been completed and Staff believes this to also be consistent with the every-other-year nature of the third party evaluations. The company spent \$315,733 on third-party program impact and process evaluations which represented 3.5 percent of the 2011 annual program expenditures. No portfolio EM&V utility expenditures are reported for 2010 in the company's 2010-2011 Biennial Conservation Report.

### **Data Requests**

On July 11, 2012, at 1:58 PM, PacifiCorp submitted to Commission Staff its responses to Staff data requests (sent to PacifiCorp on June 19, 2012). These responses, if appropriately detailed, may be sufficient to allow Staff to conclude that PacifiCorp did or did not meet their conservation target. However, Staff did not have sufficient time to review company responses to these data requests and, thus, could not incorporate this new information into analysis of the company report or these Staff comments. It is anticipated that Staff will have reviewed these data request responses and completed their analysis of PacifiCorp's report prior to the company's presentation (and the Open Meeting) date of August 9, 2012. At that time, it is expected that Staff will be positioned to provide a definitive conclusion on whether the company has met its biennial conservation target.

### **Reporting Requirements**

Based on the submission of additional information through data requests, Staff expects to recommend that PacifiCorp will have meet its reporting requirements under RCW 19.285.070 and WAC 480-109-040.<sup>47</sup>

It should be noted that had the company submitted sufficient supporting documentation with its BCR, an extension of the deadline for reaching a recommendation on PacifiCorp's compliance status would likely be unnecessary. Although Staff attempted to reach mutual understanding on the information needed for the BCRs through the Conservation Working Group, clearly this was not successful in the case of PacifiCorp. As this is the first BCR the companies are required to submit, it is understandable that there was some level of miscommunication. Current language allows for flexible interpretation and, as a result, the materials submitted to the Commission by the companies were highly variable and, in PacifiCorp's case, initially materially inadequate for Staff analysis. Staff recommends that the Commission adopt language clarifying requirements for supporting documentation that the companies must submit in the BCRs, focusing primarily on those that were not explicitly required by law or that Staff had to request.

PacifiCorp must meet the Conditions described in Order 02 (Amending Order 01) approving PacifiCorp's Ten-Year Achievable Conservation Potential and Biennial Conservation Target (UE-100170, July 29, 2010). Based on data submitted at Staff request, Staff believes that PacifiCorp has met the required Conditions.

Although PacifiCorp did not provide explicit discussion demonstrating that it is pursuing all cost-effective conservation, there is evidence that the Company is adaptively managing programs, such as cancelling a program that was non-cost-effective.

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<sup>47</sup> RCW 19.285.070(1) and WAC 480-109-040(1) require investor-owned utilities to file reports with the Washington Department of Commerce, as well as the Commission. Using a reporting template developed by the Department of Commerce, PacifiCorp submitted its 2010-2011 conservation information to the Department of Commerce. The information is posted on the Commerce website at <http://www.commerce.wa.gov/site/1001/default.aspx>.

## **Recommendation**

At this time, Staff believes it will be able to recommend that the Commission approve PacifiCorp's BCR for the 2010-2011 biennium, assuming that Staff deems the materials recently submitted to the Commission by the company in response to Staff data requests sufficient to recommend final approval. Staff was unable to arrive at such a conclusion at by the time these Staff Comments were drafted, but such a conclusion can very likely be made before the Open Meeting date of August 9, 2012. Staff also believes it will recommend that the Commission determine that PacifiCorp met the required Conditions described in Order 02 in Docket UE-100170, thus effectively implementing a prudent conservation portfolio. Following final action by the Commission on this report, the company must send a summary of the report to customers within 90 days.

Staff believes it will be able to recommend that the Commission determine that PacifiCorp has made effort to pursue all available conservation that is cost effective, reliable and feasible.

## **V. Interested Parties' Response**

Staff consulted interested parties including Public Counsel, NW Energy Coalition, and the Energy Project. Public Counsel has concerns similar to those of Staff about the savings claimed for PSE's RCM program and for Avista's Simple Steps retail CFL program, and has indicated concern regarding PacifiCorp's savings adjustments and reported savings for the discontinued Energy Education in Schools program. The Energy Project raised a concern common to all three companies: Because the companies contract with Community Action Partners (CAPs), the ability to pursue Low-Income Weatherization (LIW) depends on the capacity of the CAPs to do or manage the work. The recent fluctuation of funds available to CAP agencies due to the recession and federal stimulus funds and state funds resulted in wildly different staffing capacity from year to year. As a result some of the CAP agencies are hesitant about setting aggressive LIW goals. The Energy Project was concerned that without more consistent funding some of the CAP agencies would continue to under-commit to LIW conservation goals, therefore leading the utilities to not "pursue all." Staff agrees that this is a valid concern that deserves broader attention, especially because it is outside of the utilities' direct control. The Energy Project also raised concerns about the move toward computer-based audits among the CAP agencies, which it asserts almost always over-predict savings by missing interaction effects and using an inappropriate baseline.

## **VI. Issues for Broader Consideration**

The following broad issues affect all of the regulated utilities and need to be resolved over time to realize the intent of the EIA.

### *"Pursuing all"*

There has been a lack of clarity between Staff and the Companies regarding the statutory requirement that companies "pursue all conservation that is cost-effective, reliable and feasible."<sup>48</sup> As described above, Staff intends to use certain information and supporting documentation to assess whether the companies are making reasonable efforts to pursue all cost-effective, reliable and feasible conservation, regardless of what had been identified in their biennial targets, including:

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<sup>48</sup> RCW 19.285.040(1).

- Participation in national and/or regional conservation or efficiency organizations;
- Participation in the Council’s Regional Technical Forum (RTF);
- Participation in collaborative conservation programs with neighboring utilities;
- Adaptive management of conservation programs; and
- Comparison of measures implemented in company programs with RTF-approved measures.

Staff requests clarification and guidance from the Commission indicating approval of this approach, identifying other means for Staff to assess whether companies are pursuing “all conservation that is cost-effective, reliable and feasible,” and, if deemed appropriate, requiring the companies to file such information in future BCPs and BCRs.

#### *NEEA savings*

The companies use different approaches to counting NEEA savings, and NEEA itself employs multiple methods of allocating savings. Moving forward, Staff believes the three companies should use a consistent approach toward counting NEEA savings. The key pieces of information that Staff need in order to accept claimed NEEA savings are whether the company uses the same method for claiming NEEA savings in the BCP and the BCR, and whether there is sufficient documentation from NEEA to support the savings claim. Such documentation should include whether the company used the baseline from the Council’s Fifth or Sixth Northwest Power Plan, whether the company savings claim is based on funding level or service territory, and any adjustments to the savings claims requested by the company.

The Conservation Working Group in Docket UE-110001 determined that this was an issue that needed attention, but due to lack of experience with the conservation filings, agreed that the companies could use different approaches for claiming NEEA savings, provided that the companies were internally consistent. However, Staff finds that the different approaches to claiming savings has resulted in widely differing levels of claimed savings. In turn, this leads Staff to question whether one approach is more credible than the other approaches. In order to resolve this issue, Staff believes that it is critical for the companies to agree to use one method of claiming NEEA savings. The next question is when this change should come into effect, for which Staff proposes two options for the Commission to order:

- Option 1. The Companies agree on one method for estimating and claiming NEEA savings and apply it to the 2012-2013 biennium. Each company would then file a request to modify its 2012-2013 target accordingly, which Staff would support.
- Option 2. The Companies agree on one method for claiming NEEA savings and apply it to the 2014-2015 biennium, and order each company to submit a memo describing the method it uses to claim and/or adjust NEEA savings to the docket concerning its 2012-2013 target within 30 days.

Staff prefers Option 1, which would bring consistency to the issue for the current biennium, but would require the companies to adjust their recently approved biennial conservation targets.

Option 2 means that any changes the companies may need to make in developing their BCPs can be incorporated into the planning processes that have not yet started. It would help Staff gain clarity around NEEA savings in the short term. However, it delays a consistent approach until 2014.



## **Other Issues**

There may be additional issues that Staff has missed in the review of the conservation reports, or additional information that may become available after these comments are submitted that may prompt Staff to update these recommendations.

## **VII. Staff Position**

Staff recommends that the Commission find that the BCRs from PSE and Avista are in compliance with the reporting requirements WAC 480-109-040 and RCW 19.285.070. Upon review of recent responses to data requests, Staff expects to recommend that the Commission find the BCR from PacifiCorp similarly in compliance with the reporting requirements of WAC 480-109-040 and RCW 19.285.070.

Staff recommends that the Commission find that all three companies complied with the Conditions of their respective Orders (Order 02 in Docket UE-100170, Order 01 in Docket UE-100176, and Order 05 in Docket UE-100177), thus effectively implementing prudent conservation portfolios.

Staff recommends that the Commission find that PSE and Avista have met their 2010-2011 biennial conservation targets, and are, therefore, in compliance with RCW 19.285.040(1)(b). Staff recommends that the Commission recognize an adjusted 2010-2011 conservation savings claim from PSE of 636,454 megawatt-hours, based on the remaining uncertainty about savings verification in the RCM program. Staff recommends that the Commission recognize an adjusted 2010-2011 conservation savings claim from Avista of 165,505 megawatt-hours, based on use of the RTF estimate for the Simple Steps retail CFL program. Upon review of recent responses to data requests, Staff expects to recommend that the Commission find that PacifiCorp has met its 2010-2011 biennial conservation target and is, therefore, in compliance with RCW 19.285.040(1)(b).

Staff recommends the Commission order the utilities to come to agreement on one method for counting NEEA savings, preferably following Option 1 outlined in the previous section of these Comments.

Staff believes that all three companies appear to have made reasonable efforts to pursue all available conservation that is cost-effective, reliable and feasible, as required by RCW 19.285.040(1).

The BCRs filed on June 1, 2012 for the 2010-2011 biennium were the first biennial reports the companies were required to file with the Commission.<sup>49</sup> In general, Staff is pleased with the results of the BCRs and the achievements of the companies. Having evaluated the reports, Staff has identified a couple of areas for improvement. As discussed in Section 6 of these Comments, Staff requests that the Commission clarify requirements for supporting documentation that the companies must submit in the BCRs.

Staff also requests that a member of each company's advisory group be included as an observing member to demand-side resources RFP review teams, in order to provide the advisory groups with a better understanding of the steps the company is taking to pursue all available conservation that is cost-effective, reliable and feasible.

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<sup>49</sup> RCW 19.285.070(1), (2); WAC 480-109-040(1).

Attachment - LBNL Memo for WUTC Staff

To: WUTC Staff  
From: LBNL Team  
Date: 9/21/2011  
Re: Discussion document on Statewide and Utility-Specific Energy Efficiency  
(Conservation) Stakeholder Advisory Groups

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This brief report provides some background and suggestions for the WUTC staff to use for preparing a staff report that covers their recommendations on energy efficiency stakeholder advisory groups. LBNL was asked to provide input on how other states have established and are using advisory groups and to suggest options for statewide and utility specific groups. The primary questions for the WUTC staff are: "Should Washington have a 'standing' statewide advisory group or continue with the three, utility-specific advisory groups or some combination of both?" and "What are the charges given to the advisory group(s)?"

This report provides: (1) listing of advantages and disadvantages/risks of advisory groups, (2) an overview of the various factors that define energy efficiency stakeholder advisory groups; (3) Washington specific description of range of functions, or charges, that could be given to statewide versus utility-specific stakeholder advisory groups and administrative design features of the groups; (4) a heuristic proposal for a structure of a new Statewide Washington Advisory Group, and (5) an attachment with descriptions of some other states' advisory group structures.

## 1. Overview of Advantages and Possible Concerns with Stakeholder Advisory Groups

Stakeholder groups have the potential to provide all these values to an energy efficiency portfolio and its administration:

- Bringing outside experience & expertise to bear
- Providing a basic sounding board for program planners and administrators
- Ensuring transparency and public accountability with respect to the implementation of public policy and the use of ratepayer funds
- Providing a forum for a full spectrum of stakeholders, including representatives of each load class, type of program participant, trade allies and outside agencies
- Enabling an ongoing and informal outlet or screening for stakeholder concerns, outside of formal and potentially litigious proceedings
- Allowing preview and honing of issues for regulatory review
- Saving time for commission staff during defined and limited time frames by avoiding formal proceedings on efficiency portfolio topics
- Exposing program administrators to innovative ideas
- Providing a forum for exchanging market intelligence and speeding up responses to changing market conditions
- Providing access to local/regional/state leadership, knowledge and representation of customer interests
- Enabling early program monitoring and safeguards against underperformance or inattentiveness
- Fostering local/state constituencies for energy efficiency
- Easing natural tensions among diverse stakeholders by encouraging cooperation, problem solving and collegiality

Stakeholder groups also bring their own challenges and risks, such as:

- Adding inconvenience or additional time burdens for program administrators, regulators, and other stakeholders
- Balancing the needs of members interested in policy versus technical details
- Being dominated by regulated entities (because they have more resources than other stakeholders) or used to create an impression of stakeholder support for a particular set of positions when it does not exist because, for example, the other stakeholders are not truly engaged, stakeholders do not have the resources or background to evaluate the information they are given, and/or if opposing positions are not given a fair airing
- Adding regulatory load and expenditures of ratepayer funds on compensation for stakeholder participants
- Exacerbating tensions among diverse stakeholders if cooperation, problem solving and collegiality are not established

## **2. Overview of Defining Factors for Establishing Energy Efficiency Advisory Groups**

Stakeholder groups vary widely on multiple dimensions. This memo is a window on that variability, with specific focus on the differences between local (utility specific) and statewide stakeholder groups, how their purposes might vary and various administrative design features of the groups. If the WUTC and stakeholders were to decide that an overarching statewide group has value in replacement of or in addition to its three utility specific advisory groups, this background information may be helpful.

Program administrators and regulators in many states have turned to stakeholder groups for program input and review nearly as long as ratepayers have funded energy efficiency. The purposes, operations and influence of stakeholder groups vary widely among states. Each group is shaped by the unique history and dynamics of utility regulation in its state or region. The defining factors or variables that seem to define these groups include:

- Geography – Whether they are regional, statewide, or just covering one utility or third-party administrator’s service territory
- Influence – Whether they have a true advisory role or are just formed as a forum for stakeholders to learn about the programs, EM&V, etc. If they have an advisory role is that a formal, defined role with their decisions carrying ‘weight’, or is it simply an informal role with their input just one of many inputs a Commission or the utility might consider – or somewhere in between. In some situations groups come together to attempt to resolve issues before a Commission as a collaborative versus using litigation.
- Scope/Functions/Topics – What subjects they cover with respect to efficiency portfolios
- Resources – Whether they have staff, consultants, facilitators, and/or rely on utility or regulator staff
- Decision making – Whether they are expected to work as a collaborative, perhaps using consensus approaches and decisions, or do they decide on recommendations or other issues by a majority vote or do they provide input in an informal manner without requirements for votes or consensus decisions

### Situations and Structures Not Applicable to Washington

In a few situations, formal stakeholder advisory boards are the penultimate authority to the commission; non-utility majorities review and approve plans subject to the presumptive approval of the commission. The opinions and decisions of these groups are perceived as having nearly the same weight as those of the commission, and the quality of their work is expected to be high.

## Attachment - LBNL Memo for WUTC Staff

Some of the States with this structure are described in Attachment A to this report. They tend to be in the Eastern US and often are chartered by statute. We do not have the impression that Washington has an interest in establishing an executive-style statewide energy efficiency board with wide-ranging authority, and thus these are provided as background and are not discussed further in this report. Should this impression be incorrect, Washington may want to review the 'Efficiency Board' models in Attachment A.

About a half-dozen states have third-party energy efficiency administration models. These models also can have formal advisory or organizational boards for the third-party administrators that help formulate and review staff-generated energy efficiency plans and programs in those states. Some of these are also described in Attachment A, but also are not discussed further in this report, as they do not apply to Washington's situation. WUTC staff may nonetheless want to review the description of the Conservation Advisory Council (CAC) for the Energy Trust of Oregon, as some of its members are also Washington stakeholders and already are familiar with a routine, statewide process for input and decision making.

### Situations and Structures Applicable to Washington

With respect to states with structures more applicable to Washington's situation, and in terms of geography, stakeholder advisory groups operate at one of two levels: utility-specific and statewide. Group functions can range from receiving presentations from the local utility to working with utilities in developing a state's energy efficiency plan. Groups can have modest or uncertain influence by sharing opinions and other non-binding input, or they can report and make recommendations to utility commissions that, in turn, recognize the breadth of representation on the group and give extra weight to its views.

Functions and topics that these advisory groups take on can be quite diverse. Dividing lines between the functions of utility-specific advisory committees and statewide stakeholder advisory groups are not always clear. Members of multiple local utility advisory groups may serve as informal conduits for sharing information and practices from one utility to the next. But only a statewide group can reliably review and advise multiple utilities across their offerings, analyses and policies. Absent a statewide stakeholder advisory group, the only venue for this type of input is the commission itself.

Used effectively, these groups can take on considerable responsibility and influence and provide significant support for energy efficiency efforts. These functions and benefits include but are not limited to:

- Assessing energy efficiency potential and providing input on long term efficiency strategy and mechanisms/approaches
- Evaluating energy efficiency program planning, design, delivery and evaluation
- Establishing metrics for program performance
- Reviewing progress toward energy efficiency targets, using established metrics
- Reviewing substantial shifts in program funding or implementation (>10%-20%)

## Attachment - LBNL Memo for WUTC Staff

- Recommending policies, standards, strategies, plans, programs, and procedures to program administrators and the commission
- Providing market intelligence insights and information about best practices from other jurisdictions
- Providing a base for support of efficiency policies

In terms of resources, the advisory groups that seem comparable to what Washington may establish tend to have limited or no support staff. Meeting organization, facilitation and reports/presentations tend to be provided by utility or Commission staff. With respect to facilitation, this can simply be done by a utility or commission staff member, or an independent facilitator can be used. Quality of facilitation seems to be a critical determinant of the success of such meetings with people with a wide range of perspectives (and perhaps a similarly wide range of interest in cooperation). With respect to decision-making, some models rely upon a simple majority vote. There also are 'collaborative' models with an implication, but not necessarily a reality, of consensus decision-making. However, there are other formats where the various stakeholder members of the advisory group simply provide their input in the meetings and/or via writing, and the utility staff and regulators use it as they see fit, with no formal findings of a group.

In the next section is more specific input on advisory group design for the Washington State situation.

### **3. Washington-Specific Considerations for Stakeholder Advisory Groups**

This section provides input to address the questions: "*Should Washington have a 'standing' statewide advisory group or continue with the three, utility-specific advisory groups or have some combination of both?*" and "*What are the charges given to the advisory group(s)?*"

Stakeholder advisory groups have the potential to increase the efficiency of the work of the WUTC and its staff by addressing and providing input on issues outside of formal proceedings; providing a preview and outlet for stakeholder concerns; promoting collaboration across a range of stakeholders; and providing at least the opportunity for wider agreement and certainty on issues of common interest. The difference between the statewide versus utility specific advisory groups might simply be that a statewide group addresses issues common across all regulated entities rather than just for each utility.

These common statewide issues can include: statewide definitions of cost-effectiveness, setting statewide goals, development of standard EM&V protocols, consideration of standard filing and reporting formats, consideration of standard performance metrics and tracking databases, helping ensure equitable review and sharing of best practices in designs for similar program types and in analyses, consideration of common program offerings across jurisdictions, and developing consistent load forecasts across the utilities. A statewide group also can encourage, implicitly and explicitly, lower performing utilities to bring more rigor, better results and transparency to their work.

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The dividing lines between statewide and utility-specific stakeholder groups are not uniform or unambiguously defined in states that have both. In at least one state where both have co-existed, purposes and even membership of the two levels of groups overlapped to a significant degree.<sup>50</sup>

The table in Attachment B is an attempt at categorizing the functions of statewide versus utility-specific stakeholder groups. This table is not a definite list of functions nor is it a definitive sorting of utility-specific versus statewide roles, but the list could serve to elicit discussions among WUTC staff and stakeholders.

One implication from this table is that there might be roles for both type of groups in Washington - a statewide group and utility-specific groups. Of course, two sets of groups would probably increase the time commitment required of WUTC staff, utility staff, and "statewide" stakeholders who would need to support and attend both statewide and utility-specific meetings. Addressing how to have both types of groups, and not overtax the staff and participants, is probably the major issue to be addressed in a "both" model.

Structure and administration design of stakeholder groups vary widely across jurisdictions. While Washington's utility-specific advisory groups are up and running with their own structures, the following annotated list might help with designing of a new statewide group.

- Duration of group: Groups may persist for years or as long as it takes to resolve a specific issue, e.g. EM&V protocols in New York. Some groups intended as permanent have been abolished in as little as two years.
- Composition of the group: Invited or appointed members (committed, non-changing) vs. all comers (all inclusive). How large should the table be for productive meetings? What stakeholders are represented and in what proportions? Are votes all weighted the same, e.g. does each utility, environmental group or customer class have a vote or share a single vote? What distinguishes full from ex officio members? What level of regional and national technical expertise should be represented? Should publicly owned utility representatives be included?
- Chair(s): Commission staff, external appointment or internal vote/selection
- Voting rules: Is there an expectation for votes at all, is consensus expected or required, how are differences reported? In terms of actual voting, what are the requirements for quorum, are different majorities required for different actions, i.e. use of 'super-majorities' for weightier or more permanent decisions
- Timing: Should the group direct its review to largely finished work products, presented by the program administrator(s) as the penultimate step before filing? Should the group weigh in during the formation of programs and portfolios?

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<sup>50</sup> Hall, N. and Best, C., "Program Advisory Group and Peer Review Group Process Evaluation," prepared for the California Public Utilities Commission, February 2007.

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- Authority/influence (including clear dividing lines with other bodies)
- Transparency: Completely open and public, largely public (i.e. openness and adherence to public meeting and sunshine laws are the presumption, but certain proprietary, competitive or customer-oriented information may be designated confidential), closed as a practical matter (i.e. unpublished or marginally accessible) or fully closed. Is there a central, widely available repository of group materials and work products, such as a website?
- Role of WUTC policy staff: Prospective evidence may be aired. Are any special safeguards needed to ensure the formal proceeding is not influenced by the informal exchanges as plans are developed and reviewed?
- Role of consultants: Contractors for specific program or policy analyses vs. agents at large, facilitators, information filters and advisors for the group. Is there potential for technical imbalances between consultants and group members?
- Compensation for stakeholders: Under what circumstances should compensation of members be considered, and should compensation be extended to none, some or all stakeholders?
- Rules for facilitation: Who prepares agendas and materials and when? Does the facilitator or other entity establish and maintain the website?
- Remote attendance: Teleconferencing or provision for video-conferencing (enables live sharing and markup of materials, reading of fellow discussants)

### **4. Heuristic Proposal for Statewide Advisory Group for Washington**

The formation of stakeholder groups – membership, scope, influence, etc. – is a product of unique circumstances in each state, reflecting the number of utilities operating in the state, history of efficiency markets, regulation and policy formulation, among other factors. Unlike some states, Washington’s investor-owned utilities have very mature programs with a track record of strong performance. Many Washington stakeholder organizations and representatives are technically knowledgeable and been engaged for years in end-use efficiency policymaking, program design and review, and implementation or well-informed advocacy on behalf of various constituents. Many of these non-utility stakeholders also share a desire for more unified and formalized stakeholder feedback at the state level to provide guidance at the state level and, as with WUTC staff, to reduce the number of meetings involved.

In general, we see little reason or appetite at this time for inserting a new, robust, ‘Efficiency Board’ that would assume a primary or dominant role in developing, reviewing and even approving conservation targets, plans, budgets and programs. We also see value at least in the near term for preserving the local utility-service territory groups. These groups are supported by the utilities and provide the utilities with “sounding boards” for their program administration. Such groups also can provide distinctly local voices in planning, designing and implementing programs and nurture a local culture and constituency for energy efficiency – although to date that does not appear to be consistently the case in all of the utility specific advisory groups.



However, the directives of I-937, the Energy Independence Act, have ushered in an era of greater resources and expectations for energy conservation in the State. Those expectations include a heightened degree of regulatory and public attention. In light of these and other factors, we also see several purposes for a statewide stakeholder advisory group that can provide a well-informed, technically proficient and representative venue for preview, input and review of I-937 conservation efforts.

Further, the collaborative experience of the Washington Conservation Working Group suggests that there are a significant number of issues, policy determinations and practices that are, or should be, common among the IOUs. These matters could be addressed by utility-specific advisory groups but then the likelihood is that multiple solutions would be developed which, on one hand might provide needed solutions specific to each utility, or on the other hand might result in inconsistent and non-optimal solutions from the perspective of other stakeholders, the state and its ratepayers, and the WUTC. Consistent and thoughtful resolution of statewide matters should provide a measure of certainty and value for all stakeholders – and this probably requires discussion in one forum, not three.

A statewide advisory group (SAG) could offer input and review for any or all of the following topics:

1. Assessments of conservation potential.
2. Defining (other) metrics to demonstrate pursuit of all available, cost-effective, reliable and feasible conservation.
3. Deciding how should conservation potential be developed (in general, across the State)
4. Deciding what should be counted towards conservation potential and conservation biennial acquisition targets.
5. Establishing criteria and/or protocols for target setting, load forecasting, program plans, budgets, incentives, and EM&V plans and results.
6. Setting schedules and templates for reports, plans and tariffs.
7. Deciding whether specific resource types require different treatment and should there be a uniform set of protocols and methods to ensure like treatment for similar resources.
8. Deciding how extra-territorial or non-programmatic savings claimed.
9. Impact of (changes to) energy codes/standards, economic factors, and new EM&V data on targets and goals

As with the local utility-specific advisory groups, the input and reviews of the statewide stakeholder group could be non-binding on both the utilities and the Commission. But those reviews and input, along with policy recommendations, could be summarized in reports to the Commission and, given the representation and expertise on the SAG, accorded at least as much weight as is given to any single class of stakeholder. The test of value for the SAG would be its engagement, beneficial influence in the development of plans and programs by the utilities and influence on the decisions of the commission.

## Attachment - LBNL Memo for WUTC Staff

Lastly, we suggest that there may be value in including representation on the SAG beyond the parties that historically have been engaged in commission proceedings. We propose including representation of public power entities and state agencies charged with monitoring or auditing public power programs, with implementing state energy and environmental policy or with handling the use of federal funds (and potentially other, future sources) for energy conservation. This proposal is not intended in any way to expand the regulatory reach of the WUTC. We see neither the capacity nor desire for such an expansion. However, we do see several reasons for including these entities as part of the statewide stakeholder group:

- I-937 and its mandate for acquisition of a certain quantity of renewable energy and “all cost effective” conservation applies to all Washington utilities serving more than 25,000 customers – a total of 17 utilities statewide are working through very similar policy issues, protocols and public expectations. Inconsistencies among these could translate into missed opportunities for savings and a perception of an unfair distribution of conservation effort among (public and investor-owned) utilities and their ratepayers. More collaboration on the other hand can lead to statewide messaging, lower overall costs, and more consumer benefits.
- Sharing of best practices in program administration, analyses and regulatory review could elevate conservation efforts on behalf of all ratepayers and help foster a statewide culture of conservation, with attendant benefits to energy infrastructure, economic development and consumers.

The following is a heuristic, or straw, proposal for a statewide advisory group with suggestions covering most of the key design considerations in a fashion that should serve more stakeholders and policy interests. It is intended as a starting point to generate more input from stakeholders and not as a final recommendation.

- **Charter: Ruling by WUTC**, probably in the context of a proceeding such as review of the 2012-2013 conservation/business plans.
- **Membership: Invited.** Logical representatives (~17, with at least 13 voting and as many as five non-voting members) might include:
  - WUTC staff
  - PSE
  - Avista
  - PacifiCorp/Pacific Power
  - Public Counsel, Office of the Attorney General
  - Northwest Energy Efficiency Alliance
  - Northwest Power and Conservation Council
  - Northwest Energy Coalition
  - Northwest Energy Efficiency Council
  - The Energy Project, Washington State Community Action Partnership (low-income customer representative)

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- Residential consumer representative (possibly a legal services or consumer union entity)
- Industrial Customers of the Northwest Utilities (industrial consumer representative)
- WA Chamber of Commerce and/or BOMA (commercial consumer representative)

### **Other Potential Members (possibly *Ex Officio*)** (See discussion above on proposing new members.)

- Office of the State Auditor
  - WA Department of Ecology
  - BPA
  - Energy Division, WA Department of Commerce
  - At least one PUD, coop and/or municipal utility (potentially one rural, one urban, e.g., Peninsula Cooperative and Tacoma Power)
  - Local and state government officials with interest in efficiency projects in their jurisdictions
  - Other environmental, consumer and energy service provide stakeholders (e.g., NRDC, Efficiency First)
  - Regional and/or national experts on energy efficiency
- **Role of staff:** Non-voting members
  - **Facilitation:**
    - A professional facilitator knowledgeable about conservation programs, markets and process. A facilitator would be helpful for keeping discussions on track and balanced among members; preparing agendas and meeting materials; collecting and responding to group feedback; updating the group website, etc. As input to the Commission and Commission staff are a key outcome for the SAG, the facilitator would be hired by and report to the staff.
  - **By-Laws:**
    - **Leadership/Officers:** Voting members select chair, co-chair and other positions if needed.
    - **Meeting Locations:** Are at the discretion of the chair but should be a location where videoconferencing or at least teleconferencing and webinar tools are available. Preferably, all meetings should be available by videoconference for reasons offered above.
    - **Transparency:** Presumption of openness and compliance with Washington public meetings and public documents laws.
    - **Voting:** Each member (or designate from the same organization if the member cannot attend) gets one vote. Quorum defined as an odd number between 51% and 66% of group members. Suggest two-thirds majority to provide recommendations.

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- **Meeting/Review Materials:** Should be distributed sufficiently in advance of group meetings to enable meaningful review and productive discussion. Some states recommend adoption of an agenda at the preceding meeting and distribution of the meeting packet weeks before the meeting, with exceptions for unavoidable circumstances. Distribution at least a week before the meeting should allow meaningful review and efficient meetings.
- **Remote attendance:** Members should be encouraged to attend, but WUTC staff or a facilitator should ensure quality teleconferencing or preferably video-conferencing facilities are available at the meeting location(s).
- **Compensation:** If consultants provide sufficient external technical capabilities to the group or if participation in the group does not impose significant financial hardship on the stakeholders, then compensation may not be necessary. If a high level of technical capability and knowledge is expected native to the group or if membership creates a financial hardship, then compensation could be allowed under rules that define eligible parties, circumstances, linkage to final commission decisions, etc.
- **Timing:** To address this issue of more meetings, versus less (which is a goal of WUTC staff) an option might be to reduce the number of utility-specific stakeholder meetings and develop a schedule of, for example, January and July statewide meetings and March and October utility-specific meetings (with actual months based on reporting or plan filing requirements). Another option would be to hold the statewide and utility-specific meetings over a two or three day time frame with the individual utility-specific meetings the first day or two, and the statewide meeting the last day (or vice-versa). This is an issue that requires more discussion and input.
- **Proposed primary functions:** Building on some of the nine topics (above), the following are some ideas for specific charges:
  - Provide a technical forum for the exchange of market information and best practices in analyses in support of plans, portfolio formation, program design, etc.
  - Review of conservation potential assessments, targets and plans sufficiently before IOU filings that comments and a preliminary recommendation on approval could be shared with an IOU in time to make adjustments
  - Provide a written review of the final targets and conservation plans to the WUTC and parties soon after the initial filing, independent of staff review
  - Development of policy proposals, reporting and filing formats and protocols that clarify expectations of the IOUs, e.g., advising WUTC on the types of savings that can count toward targets and the ways in which those proposed savings might be justified; development of EM&V protocols, sharing of best analytical practices, etc.
  - Proposals for performance metrics for different time frames and tracking systems to detect deviations

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- Monitoring of program implementation against metrics agreed upon with the IOUs and the WUTC, including through the use of regular reports from the utilities
- Review adaptive management activities, e.g., substantial changes in programs and shifts in funding in response to changing conditions and lackluster performance
- Provide an opinion to the WUTC on utility annual reports and tariff filings

## Attachment A: Other State Models for Stakeholder Groups

The examples below are not meant to be a comprehensive representation of all types of groups, their functions, influence, or structures. Instead, this collection of descriptions points to a few states where stakeholder groups generally have a high level of engagement and generally are seen as effective.

### • **Maine**

- **Name:** Board of Trustees, Efficiency Maine Trust
- **Type & Charter:** Collaborative/executive-style. Statutory.
- **Primary Energy Efficiency Functions:**
  - Assesses “all cost effective” electric and thermal efficiency potential
  - Develops an integrated triennial program plan for all electric and thermal energy efficiency and alternative energy programs
  - Plan expected to include budgets, objectives, targets, performance metrics, program designs and implementation strategies, timelines and workforce development
  - Targets are supposed to be consistent with meeting targets articulated in state policy, e.g. 30% savings each from electricity and gas by 2020, 75%-85% emissions reductions by 2050.
  - Administers, monitors and adjusts programs
  - Establishes standards for energy auditors, installers and other service providers
  - Hires an independent evaluator for each major program
  - Reports to the PUC and the legislature, with recommendations for energy and efficiency policy
  - Administers multiple fund sources: electric SBC; natural gas conservation program funds; RGGI trust funds; weatherization funds; and other state or federal funds accepted by the trust.
- **Structure/Features:**
  - Open/public meetings and plan development
  - Designed as an “independent”, nine-member panel representing multiple state agencies, all customer classes across all fuels, and persons experienced in finance, consumer advocacy, management, conservation fund programs, carbon reduction programs, energy efficiency or climate change policy. Directors of the governor’s state energy office and the State Housing Authority serve as ex-officio members.
  - Two-thirds majority vote of the board is needed to approve the plan.

- **Influence On Commission Decisions:**
  - Trustees offer detailed briefings on the plan to the utilities and the legislative committee of jurisdiction, then delivers the plan to the PUC. The PUC opens a proceeding and issues an order approving, modifying or rejecting the plan with respect to the use of consumer funds for all fuels. The final plan is re-submitted to the legislative committee for budget approval, based in part on conformity with the statutory purpose of the various funds.

- **Oregon**

- **Name:** The Conservation Advisory Council (CAC) for the Energy Trust of Oregon (<http://energytrust.org/About/public-meetings/CACMeetings.aspx>)
- **Type & Charter:** Collaborative/executive-style. Trust by-laws.
- **Primary Energy Efficiency Functions:**
  - Works with ETO staff in developing a two-year electric and gas conservation plan consistent with savings and cost targets set by the Oregon PUC
  - Assists the ETO board of directors and president in the development of a strategic plan
  - Assist ETO staff with implementing key elements of the strategic plan, according to guidelines established by the board of directors.
- **Structure/Features:**
  - **Members of the Council:**
    - Jim Abrahamson, Cascade Natural Gas
    - Brent Barclay, Bonneville Power Administration
    - Jeff Bissonnette, Fair and Clean Energy Coalition
    - Paul Case, Oregon Remodelers Association
    - Suzanne Dillard (represented by Robin Straughan), Oregon Department of Energy
    - Bruce Dobbs, Building Owners and Managers Association
    - Michael Early, Industrial Customers of Northwest Utilities
    - Joe Esmonde, International Brotherhood of Electrical Workers
    - Theresa Gibney (represented by Moshrek Sobhy), Oregon Public Utility Commission
    - Charlie Grist, NW Power Planning Council
    - Andria Jacob, City of Portland Bureau of Planning and Sustainability
    - Don Jones, Jr., PacifiCorp
    - Holly Meyer, NW Natural
    - Stan Price, Northwest Energy Efficiency Council

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- Lauren Shapton, Portland General Electric
- Steve Weiss, Northwest Energy Coalition
- Bill Welch, Eugene Water and Electric Board
- **Energy Trust board members who regularly attend CAC meetings:**
  - Dan Enloe
  - John Reynolds
- **Influence On Commission Decisions:**
  - ETO's board relies upon the CAC for formulation of the trust's two-year energy efficiency plans, which are submitted by the ETO board to the Public Utilities Commission of Oregon
  - ETO has met or exceeded all PUC savings goals since 2002

## ● **Massachusetts**

- **Name:** MA Energy Efficiency Advisory Council (EEAC)
- **Type & Charter:** Collaborative/executive-style. Statutory.
- **Primary Energy Efficiency Functions:**
  - By statute, to seek to "maximize the net economic benefits through energy efficiency and load management resources and to achieve energy, capacity, climate and environmental goals through a sustained and integrated statewide energy efficiency effort."
  - Assess "all cost effective" energy efficiency potential and set three-year targets and goals for other benefits
  - Advise and assist electric and natural gas utilities in the formation of a joint triennial energy efficiency plan for statewide programs and their individual energy efficiency plans for utility-specific programs, using revenue from SBC, RGGI, FCM and potentially other sources
  - Approve the triennial plans and forward to the Department of Public Utilities
  - Develop a long-term vision and strategy for achieving "all cost effective" savings
  - Issue guidance on use and components of the TRC.
  - Participate in regional avoided cost study for New England states
  - Ensure programs put a premium on favorable customer experiences that encourage and support customer action, including integrated delivery of electric and gas program offerings.
  - Develop and implement financing and additional, non-ratepayer sources of program funding to reduce cost pressure on ratepayers .



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- Implement the EM&V work plan set forth in filings and continue updating the Technical Reference Manual ("TRM").
- Develop effective reporting and tracking mechanisms to ensure information availability and responsive, timely feedback
- Seek out innovation in technologies and programs

➤ **Structure/Features:**

- Council members appointed by the DPU and serve five-year terms.
- Voting Members:
  - Residential customers
  - LowIncome Weatherization and Fuel Assistance Network (LEAN);
  - Environmental community;
  - businesses, including large C/I end users;
  - Manufacturing industry
  - Energy efficiency experts;
  - Organized labor
  - MA Department of Environmental Protection (DEP)
  - MA Office of the Attorney General
  - MA Executive Office of Housing and Economic Development
  - MA Department of Energy Resources (DOER).
- Non-Voting Members:
  - Energy Efficiency Business
    - Heating Oil Industry
    - Cape Light Compact
    - NSTAR
    - National Grid
    - Western Mass Electric
    - Unitil
    - Bay State Gas
    - Blackstone Gas
    - Berkshire Gas
    - New England Gas Company
- DOER Commissioner serves as chair, and DOER provides staff support to the Council.
- Council may hire technical consultants and submits an annual budget to DPU

➤ **Influence On Commission/Legislative Decisions:**

- Council-approved plans go to DPU for approval/modification/rejection
- Council makes an annual report to the legislature, with content determined solely by the council.

## ● Connecticut

- **Name:** Energy Conservation Management Board (ECMB)
- **Type & Charter:** Collaborative/executive-style. Statutory.
- **Primary Energy Efficiency Functions:**
  - Assesses achievable conservation potential
  - Assists energy distribution companies (EDCs) in formulating conservation and load management plans and propose alternative programs as appropriate
  - Reviews and approves plans proposed by distribution companies and other parties, including reviewing budgets and budget allocations, program proposals and new initiatives<sup>51</sup>
  - Oversees distribution of ratepayer funds in the Connecticut Energy Efficiency Fund (CEEF).
  - Regularly monitors program performance and interpret evaluation and tracking data
  - Evaluates program implementation and provide feedback to program administrator(s) on a quarterly or as needed basis.
  - Assist in development, and DPUC approval of, the joint utility IRP and the statewide energy procurement plan, focusing on the role of energy efficiency and load management in the proposed resource mix.
  - Examine and make recommendations to the DPUC and/or General Assembly (in yearend report) on key policy matters. These issues may include environmental goals and the underlying rationale for energy efficiency programs as well as other program related matters such as cost-effectiveness tests.
- **Structure/Features:**
  - Members of the ECMB are (presently) representatives of:
    - A regional environmental NGO
    - The state Office of Consumer Counsel
    - The state AG
    - The state Department of Environmental Protection
    - The (CT) Chamber of Commerce
    - The Connecticut Business & Industry Association
    - United Illuminating (EDC)
    - Connecticut Light & Power (EDC)
    - The Manufacturing Alliance of CT

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<sup>51</sup> Since 2010, the two electric utilities' joint conservation plan has been known as the Connecticut Energy Efficiency Fund (CEEF) Conservation and Load Management Plan.

## Attachment - LBNL Memo for WUTC Staff

- Connecticut Legal Services, as the residential customer representative
  - CT Retail Merchants Assn.
  - United Technologies
  - Connecticut Natural Gas (EDC)
  - Yankee Gas (EDC)
  - CT Municipal Electric Energy Coop (CMEEC)
- A technical coordinator and six consultants serve the board.

### ➤ **Influence On Commission Decisions:**

- The ECMB forwards approved plans to the DPUC for approval, modification or rejection (rare). The board is considered highly effective in its advice, review and oversight roles.
- Note that the Connecticut Energy Advisory Board (CEAB) reviews the joint utility IRP (Connecticut Light & Power and the United Illuminating Co.) and approves or modifies/approves the plan for submission to the DPUC. The ECMB also occasionally weighs in on development and DPUC approval of the joint utility IRP, focusing on the role of energy efficiency and load management in the proposed resource mix.

## ● **Illinois**

- **Name:** Stakeholder Advisory Group, aka Stakeholder Group or SG
- **Type & Charter:** Collaborative/Executive-style. Commission order.
  - Advise utilities on portfolio and program objectives, design, administration, implementation and evaluation
  - Review final program designs
  - Establish agreed-upon metrics for performance and review program administrators' progress against metrics and statutory energy efficiency and demand response goals
  - Review new programs, additions, or discontinuations
  - Review program budget shifts where the change is more than 20%
  - Promote statewide consistency in program offerings and incentives to minimize customer confusion and reduce administrative costs

Attachment - LBNL Memo for WUTC Staff

- Develop standard reporting and evaluation formats, e.g.
  - Common Monthly Report Format
  - EM&V Work Plan Template
  - New Program Proposal Template
  - High-Level Framework for EM&V Evaluations in IL, to ensure consistency and comparability of results across utilities
  - Consensus Statement on Application of Net-to-Gross (NTG) Values in IL (soon-to-be finalized)
- Strengthen the portfolios over time
- Review proposed hiring and dismissal of the IL Commerce Commission's independent contractor
  
- **Structure/Features:**
  - **SG Members**
    - Ameren
    - ComEd
    - Illinois Department of Commerce and Economic Opportunity (State Energy Office, LIHEAP agency, administrator for energy efficiency education programs statewide, and energy procurement entity for state government)
    - Environmental Law and Policy Center
    - Environment Illinois
    - NRDC
    - Citizens Utility Board (CUB)
    - Midwest Energy Efficiency Alliance
    - Center for Neighborhood Technology
    - Staff of Illinois Commerce Commission (utilities regulator)
    - IL Office of the Attorney General
    - Governor's Energy Advisor
    - Metropolitan Mayor's Conference
    - City of Chicago
    - Illinois Industrial Energy Consumers, Building Operators and Managers Association
    - HVAC trade organization
    - Constellation Energy (alternative retail electric supplier)
  - **Informal participants – may speak as time allows**
    - ESCOs
    - Energy consulting companies
    - Other energy efficiency trade organizations

➤ **Influence On Commission Decisions:**

- Commission relies upon SG to improve and review utility programs prior to submission. Commission may approve/modify/reject plans.

- **California:**

- **Name:** Programs Advisory Groups (PAGs – now defunct) and Peer Review Groups (PRGs) for each IOU
- **Type & Charter:** Advisory. Commission order
- **Primary Energy Efficiency Functions: PAGs**
  - Increase public participation in the portfolio building process
  - Facilitate open collaboration with stakeholders to strengthen the
  - Capture opportunities that would not have been captured
  - Deal with important issues and considerations about program
  - Improve expertise within the groups examining the portfolios
  - Improve the cost-effectiveness of the portfolio
- **Primary Energy Efficiency Functions: PRGs**
  - Assess the third-party program bid evaluation criteria utilized by the IOUs
  - Assess the application of criteria in selecting third party programs
  - Assess plans for bidding out pieces of the portfolio
  - Assess the overall portfolio plans
  - Assess IOUs program submittals to the Commission
- **Structure/Features:**
  - **PAG/PRG Member Organizations – PRG members (*denoted with an asterisk*) are a non-financially interested subset of PAG members (NOTE: Each utility had a PAG and a PRG; this list combines the member organizations across all IOUs, given overlap in membership)**
    - Utilities
    - PUC Division of Ratepayer Advocates\*
    - NRDC\*
    - The Utility Reform Network\*
    - California Energy Commission\*
    - Consortium for Energy Efficiency\*
    - KEMA Inc.
    - Local Government Commission
    - CPUC Energy Division Staff\*
    - Energy Solutions (implementation contractor)

## Attachment - LBNL Memo for WUTC Staff

- LBNL
- D&R International
- ACEEE\*
- American Institute of Architects
- NAESCO
- Heschong Mahone Group
- UC San Diego
- Itron\*
- San Diego State University\*
- U.S. Navy
- San Diego County Apartment Association City of San Diego

### ➤ **Influence On Commission Decisions:**

- PAGs/PRGs were a product of PUC decision in the wake of the California energy crisis to reinstate utilities as the primary administrators of energy efficiency programs. PAGs/PRGs were intended as one of several “quality control measures for program choice and portfolio management.”
- Evaluators and PUC found that members perceived PAGs and to some extent PRGs as forums where most utilities presented already formed programs, without much opportunity for prescribing different portfolio content or new programs. The groups’ input was non-binding and had uncertain impact. Utilities perceived the PAG/PRG process as not especially valuable for informing their programs.
- PAG/PRG process evaluators recommended eliminating the local PAG/PRG structure in favor of a single statewide PAG, capable of providing early input on portfolio context, program theory and design, new programs, etc. – as well as review of the resulting plans
- In April 2006, the PUC eliminated the PAGs in part by launching a “more inclusive and comprehensive strategic planning approach” that “subsumes” the role of the PAGs. The CPUC retained the PRGs for the following purposes:
  - Review the IOUs' submittals to the Commission
  - Assess the IOUs' overall portfolio plans, including their plans for bidding out pieces of the portfolio per the minimum bidding requirement
  - Review the bid evaluation utilized by the IOUs and their application of that criteria in selected third-party programs.
  - Utilities must consult with the PRGs for certain fund shifting requests, proposals to modify customer incentive levels, and for adding new programs mid-cycle.

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- The three PRGs are expected to meet and assess the statewide portfolio in terms of its ability to meet or exceed short and long-term savings goals.
  - PRGs may file reports directly with the PUC or have their input included as advice letters in IOU filings.
- In the 2009-2011 planning cycle, utilities reported formulating plans “in collaboration with” their PRGs and coordinating with the other IOU PRGs on statewide programs. PRG influence appears greatest on development of local government partnership programs and especially the mandatory 20% of programs that must be awarded by bid to external implementers. One utility reports, for example, advancing one PRG-favored contract that the utility rejected and removing another utility-favored contract from consideration as part of the statewide program implementation.

**Attachment B**

Function/Objective	Statewide Stakeholder Group	Utility Stakeholder Group	Function/Objective	Statewide Stakeholder Group	Utility Stakeholder Group
Encourage Collaboration Among Stakeholders	Yes	Yes	Recommendations for Statewide Reporting and Tracking Formats & Central Database	Yes	No
Promote Transparency in Portfolio Development, Program Design & Implementation	Yes	Yes	Assess Energy Efficiency Potential and Set Targets	Yes	No
Provide a Forum for Informal, Pre-Filing Review of Portfolios and Programs	Yes	Yes	Monitoring the Impacts of Statewide Policy Across Multiple Utilities	Yes	No
Review of Portfolio Budgets	Yes	Yes	Review of Statewide Goals/Targets	Yes	No
Review of Portfolio-Level Cost Effectiveness Assumptions and Calculations	Yes	Yes	Settling Details of What Counts Toward Potential & Targets	Yes	No
Review of Program Types, Generic Categories of Measures, and Generic Customer Incentive Levels	Yes	Yes	Recommending Statewide Policy Changes, New Protocols, e.g. in potential assessments, filings, etc.	Yes	No
Create an Open Exchange in Development of EE Portfolios	Yes	Yes	Evaluate Differences in Realization Rates/Acquisition for Similar Programs Offered by Different Administrators	Yes	No
Proposal and/or Review Of Experimental Or Non-Resource Programs	Yes	Yes	Designing Statewide Programs	Yes	No
Oversight of Bid Evaluation Criteria and Mechanisms for Third-Party Programs	Yes	Yes	Evaluating Statewide Programs Operated by Regulated Utilities and Others (NEEA)	Yes	No
Program Adjustments/Adaptive Management	Yes	Yes	Evaluating Statewide Mandatory Reporting on Program Design, Implementation & Performance	Yes	No
Review of New Technologies, Gaps in Program Offerings	Yes	Yes	Development of Statewide EM&V Frameworks/Guidelines/Protocols	Yes	No
Program Planning, Design & Implementation Technical Advice, Including New Program Ideas	Yes	Yes	Review of Portfolio EM&V Results	Yes	Yes
Oversight of Utility Bid Awards for Third-Party Programs	Maybe	Yes	Weigh Differences Across the Offerings of Different Program Administrators	Yes	Maybe
Input/Advice on Trade and Marketing Channels in the Service Territory	Maybe	Yes			
Develop a Local Constituency for Energy Efficiency	Maybe	Yes			
Input on Finer Implementation Details	Maybe	Yes			
Recommendations for Utility-Specific Reporting and Tracking Formats & Database	Maybe	Yes			
Review of Utility-Specific Tariffs and Impacts on Specific Customer Classes	Maybe	Yes			
Oversight and Evaluation of Utility EE Education and Promotion Programs, inc. Curricula, Goals, Data, Reporting.	Maybe	Yes			
Review of Program Budgets	Maybe	Yes			
Review of Program-Level Cost Effectiveness Assumptions and Calculations	Maybe	Yes			
Review of Specific Program Types, Measures, and Customer Incentives	Maybe	Yes			
Review of Program and Measure EM&V Results	Maybe	Yes			