

Agenda Date: July 29, 2021
Item Numbers: A1, A2, A3, A7, A8, A9, and A10

Dockets: UE-190912, UG-190920, UG-190957, UG-190987, UE-190908, UE-190905, UG-190913

Companies: Avista Corporation d/b/a Avista Utilities, Cascade Natural Gas Corporation, Northwest Natural Gas Company, PacifiCorp d/b/a Pacific Power & Light Company, Puget Sound Energy

Staff: Jennifer Snyder, Andrew Rector, Jade Jarvis and Kyle Frankiewicz, Regulatory Analysts

Recommendation

No recommendation necessary. Informational memo only.

Background

The Energy Independence Act (EIA)¹ requires Washington’s electric utilities to “pursue all available conservation” that is cost-effective, reliable, and feasible. Electric utilities are required to acquire this conservation by setting (and achieving) biennial conservation targets.² 2020 was the first year of the current conservation biennium; electric companies will not be held accountable to fully achieve their biennial targets until after 2021 is completed.

Natural gas companies are not covered under the EIA, nor are they required to pursue conservation under any other statute that is currently in effect.³ Instead, the state’s natural gas companies offer conservation programs as ordered by the Commission in previous general rate cases. All four investor-owned natural gas utilities have conservation programs regulated by the Commission.

2020 was a difficult year for electricity and natural gas conservation achievement. As a result of the COVID-19 pandemic, Governor Inslee announced a “Stay Home, Stay Healthy” order on March 23.⁴ The order required Washington residents to stay home unless they had essential business to conduct, and ordered many businesses to close. This directly impacted the ability of the state’s electric and natural gas utilities to complete energy efficiency projects at homes and businesses. Table 1 shows the electricity and natural gas conservation target that each of the state’s five investor-owned utilities set for 2020, and their actual conservation achievement for 2020. It is important to note that those targets were set in late 2019, prior to the pandemic’s emergence.

¹ RCW 19.285.040.

² WAC 480-109-100(3).

³ This will change starting in 2022, when natural gas companies must also set and meet biennial conservation targets. RCW 80.28.380.

⁴ “Inslee announces ‘Stay Home, Stay Healthy’ order,” March 23, 2020, accessed from: <https://www.governor.wa.gov/news-media/inslee-announces-stay-home-stay-healthy%20order>.

Table 1: Electricity and Natural Gas 2020 Conservation Targets and Achievement

Company	Electricity Conservation Goal (MWh)	Electricity Conservation Achievement (MWh)	% of Electric Goal Achieved	Natural Gas Conservation Goal (Therms)	Natural Gas Conservation Achievement (Therms)	% of Gas Goal Achieved
<i>Avista</i> ⁵	49,376	24,186	49.0%	936,350	595,332	63.6%
<i>Cascade</i>	N/A	N/A	N/A	726,625	659,176	90.7%
<i>Northwest Natural</i>	N/A	N/A	N/A	339,331	320,170	94.4%
<i>Pacific Power</i> ⁶	42,698	37,182	87.1%	N/A	N/A	N/A
<i>Puget Sound Energy</i> ⁷	295,926	221,001	74.7%	4,628,547	4,102,810	88.6%
<i>Statewide Total</i>	388,000	282,379	72.8%	6,630,853	5,677,488	85.6%

Discussion

The following discussion highlights some of the adaptive management techniques employed by the utilities as they reacted to 2020’s unique challenges. These techniques are explored further in the annual conservation reports filed by all companies by June 1.

Avista (UE-190912 and UG-190920)

In 2020, Avista’s service territory was hit hard by the pandemic and accompanying restrictions. Adaptive management of programs included a modified approach to installation verification, using photographic evidence and live video chat instead of site visits. The Multifamily Direct Install program was initially put on hold due to the customer interaction involved but reimaged

⁵ Avista achieved 40 percent of the 59,948 MWh biennial EIA penalty target. The goal of the 2020 Annual Conservation Plan was 49,376 MWh, 82 percent of the biennial target. To avoid a shortfall of the penalty threshold, Avista would need to acquire 35,762 MWh of savings in 2021.

⁶ Order 01 in Docket UE-190908 established a 2020-2021 EIA Penalty Threshold of 86,979 MWh (¶ 32) measured at site; the EIA Penalty Target does not include energy savings through NEEA. PacifiCorp’s 2020-2021 Biennial Conservation Plan projected 42,698 MWh of savings at site in 2020 (Appendix 2, page 4). The 2020 Annual Conservation Report filed on June 1, 2021, reported 37,182 MWh of savings (page 15).

⁷ PSE’s EIA penalty target 410,633 MWh. The company’s overall conservation goal is 526,044 MWh. The additional savings beyond the penalty target includes the company’s decoupling commitment, special contract savings, large customer conservation, and an “additional build-out” that PSE built into its planning since its integrated resource plan was not finalized at the time the target was set. The 295,926 MWh target was based on the 526,044 MWh overall conservation goal. The 221,001 MWh of savings in 2020 puts the company about 54 percent of the way to its EIA penalty target.

into a pick-up and drop-off model to enable the program to continue under social distancing restrictions.

Face-to-face interactions were difficult to replicate. Community outreach, including energy fairs, were not possible with pandemic restrictions. Avista responded in several ways, including developing new tip sheets for customers that included information such as a “building shutdown checklist” and “energy-saving tips while at home.” To continue serving low-income customers Avista provided information and energy-saving items at food banks, provided home energy kits to community-based organizations to share with clients, and offered kits to customers with past-due account balances.

Cascade Natural Gas (UG-190957)

Cascade reacted to the effects of the pandemic in a variety of ways. On the non-residential side, the company focused its custom project efforts on businesses deemed “essential” by the State, which allowed Cascade’s construction contractors more access than they had to non-essential businesses. As a result, Cascade completed several customer projects at schools and other essential businesses. (Overall, however, customer project therm savings in 2020 were down nearly 80 percent from 2019.) Cascade also emphasized energy savings kits (ESKs; these include showerheads, faucet aerators, and, for the commercial/industrial sector, pre-rinse spray valves) for both residential and non-residential customers, expanding ESK savings from residential customers nearly four-fold. The Company increased its outreach to new home builders, resulting in a strong increase in new homes applications. Finally, the Company planned for new 2021 non-residential offerings, including a drawing for a free high-efficiency food fryer, a midstream tankless hot water heater offering, and a bonus for bundling several efficiency measures at once.

Cascade agreed in a 2015 general rate case⁸ to meet 100 percent of its annual conservation goal; Staff has previously argued that Cascade should now be held to this requirement.⁹ However, given the extraordinary circumstances presented in 2020, Staff does not believe it would be appropriate to penalize Cascade for missing its 2020 conservation target at this time.

Northwest Natural (UG-190987)

Despite construction delays and outreach limitations, Northwest Natural (NW Natural) achieved 94 percent of its annual conservation goal. In the commercial sector, NW Natural took advantage of a robust set of bonuses approved by the Energy Trust of Oregon, designed to combat an anticipated downturn in program participation. These bonuses, approved in May of 2020, made up nearly 20 percent of commercial savings. Food service and boiler measures also helped to counteract the reduction in commercial participation. Residential savings were buoyed by smart thermostat and thermostat optimization measures, which combined to contribute 40 percent of all residential savings. Instant incentives known as Instant Coupons and Direct Ship helped smart thermostats exceed savings and quantity goals during the pandemic, after underperforming in

⁸ UG-152286, Exh. A, at 19.

⁹ UG-170929, Exh. JES-1T, at 5: 10-16.

2019. These incentives were tailored to online and direct shipment purchases, allowing customers to take advantage of savings during quarantine and non-essential business closures. The marketing of no-cost Energy Saver Kits and a bonus for gas furnaces in the second half of 2020 also helped to boost savings.

Pacific Power (UE-190908)

Pacific Power's Washington conservation program was severely affected by COVID-19. The company adaptively managed the challenge by making numerous adjustments to its program implementation. Some examples of this adaptive management include increasing incentives by roughly 25 percent for many measures in the Home Energy Savings program and the Wattsmart Business program, expanding offerings through the company's online incentive center for both residential and nonresidential customers, and offering virtual inspection of some efficiency measures as appropriate. These efforts incited higher participation and helped customers and contractors to achieve energy savings while managing health and safety concerns arising from the global pandemic.

While program performance for 2020 did not reach the goals described prior to the implementation year, Staff believes the utility's Washington conservation program has shown initiative, creativity, and urgency in pursuing savings despite the year's many hindrances.

Puget Sound Energy (UE-190905 and UG-190913)

Puget Sound Energy (PSE) focused largely on two pathways in combatting the impacts of the pandemic. One was through incentives. The company increased some of its standard incentive offerings, and ran several limited-time offers, where it increased incentives even further for a few days at a time. One unique program offered for the first time in 2020 was small business makeovers, where small businesses competed and four were chosen to receive several thousand dollars in efficiency upgrades. PSE then publicized the resulting savings and non-energy impacts that the winners realized.

The second pathway was through promotional and outreach efforts. PSE increased its marketing and outreach efforts through virtual options, such as increased email and social media marketing, and providing work-at-home energy savings tips in its home energy reports. The company replaced in-person events with virtual ones, such as "Ask an Expert" events with its energy advisors. The inability to visit customers also prompted a move to mostly virtual or remote verification efforts.

Recommendation

No recommendation necessary.