

CONSERVATION RESOURCE ADVISORY GROUP (CRAG)

2010 – 2011 EES Planning

September 15, 2009



PUGET SOUND ENERGY

The Energy To Do Great Things

September 15 Meeting Agenda

<u>TOPIC</u>	<u>PRESENTER</u>	<u>TITLE</u>
Greetings and Meeting Objectives	<i>Bob Stolarski</i>	Director, Customer Energy Management
2009 Year-End Forecast Update	<i>Dan Anderson</i>	Manager, EES Budget and Administration
2008 Incentive—25% Remainder	<i>Dan Anderson</i>	
Electric Incentive Evaluation Status	<i>Bill Hopkins</i>	Manager, EES Strategic Planning and Research
Removing Financial Disincentives	<i>Grant Ringel</i>	Director, Customer Market Strategies
ARRA Activity	<i>Janet Gaines</i>	Director, Customer Outreach and Education
IRP and I-937 Filings	<i>Bill Hopkins</i>	
2010 - 2011 DRAFT Budget/Savings Development	<i>EES Management Team</i>	
Next Steps and Filing Timeline		
Thank You!		

2009 Year End Forecast— A Recap

Dan Anderson
Manager, EES Budget & Administration
September 15, 2009



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2009 Year End Forecast

	<u>EOY Forecast</u>	<u>2009 Targets</u>	<u>% Total</u>
ELECTRIC Costs	\$73.0 million	\$69.7 million	105%
Savings (aMW)	35.6	33.8	105%

Primary driver is additional CFLs

GAS Costs	\$17.0 million	\$16.35 million	104%
Savings (Mtherms)	4,845	3,129	155%

Primary driver is additional restaurant low-flow spray heads and aerators

2008 Incentive; Remaining 25 Percent

Dan Anderson
September 15, 2009



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Adjusting the 2008 Electric Incentive

- In late July 2009, PSE Evaluation Staff discovered that RTF switched two CFL fixture measures that are used by several PSE residential programs.
- YTD 2009 savings claims were immediately adjusted retroactive to January
 - -2,616,742 kWh
 - All programs using the two measures were affected.
- 2008 savings claims were also affected.
 - -2,279,088 kWh; 0.26 aMW
- PSE will adjust the remaining 25 percent of the 2008 incentive to account for the reduction in eligible savings.

2008 Incentive Re-Calculation

Original Electric Incentive Calculation

Original Total 2008 Electric Incentive:	\$4,339,150
75% collected in 2009 Schedule 120 filing:	\$3,254,362
Remaining 25% collected in 2010:	\$1,084,788

Two items changed in the incentive calculation as a result

- Revised savings amount (from) **273,483 MWh**
(to) **271,204 MWh**
- Revised TRC (from) **0.0629**
(to) **0.0634**

Revised Calculation

Revised Total 2008 Electric Incentive:	\$4,241,455
75% collected in 2009 Schedule 120 filing:	\$3,254,362
Revised remaining 25% collected in 2010:	\$987,093
A difference of	\$97,695



Electric Incentive Evaluation Status

Bill Hopkins

Manager, EES Strategic Planning and Research

September 15, 2009



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Electric Incentive Evaluation Objectives

- Did the mechanism design encourage PSE to achieve as much cost-effective conservation as possible?
- Did the mechanism allow the PSE to earn a return on its investment in energy efficiency?
- Did the mechanism protect PSE from a reduction in short term earnings resulting from energy efficiency programs?
- Did the mechanism reflect sound public policy?

Blue Ridge Consulting's Scope

- Compliance with incentive mechanism's conditions and requirements
- Compare program results pre- and post-mechanism
- Effectiveness of mechanism to meet WUTC objectives, comparison to regulatory mechanisms used by other states/utilities

Information Provided by PSE

- Regulatory filings
- CRAG meetings
- Annual Commission reports
- Program savings and costs
- Incentive calculations
- Cost-effectiveness calculations
- Lost revenues/margins

2007-2008 Evaluation Update

- Draft 2007-2008 evaluation results to be presented via teleconference
 - Proposed dates:
 - September 22, 10:00-12:00
 - September 23, 1:00-3:00

- Final 2007-2008 report complete in October

- Final report for entire pilot period by March 1, 2010

Removing Financial Disincentives

Grant Ringel

Director, Customer Market Strategies

September 15, 2009



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A Few Terms In This Presentation

- **Lost Revenue** – the amount of conservation energy savings multiplied by the retail rate under which the conserving customers would have purchased electricity or natural gas
- **Lost Margin** – the amount of lost revenue adjusted for PSE’s estimated variable cost of electricity or natural gas commodity (unrecovered costs)
- **Fixed Costs** – costs that are incurred whether or not electric energy or therms are consumed
- **Variable Costs** - costs that are incurred related to the amount of electric energy or therms consumed
- **T&D Costs** – costs associated with transmission and distribution
- **Power Costs** – costs associated with creating electric energy
- **Regulatory Lag** – the amount of time between rate cases
- **Test Year** – a twelve month time period before a rate case that is used for setting costs in a rate case
- **Rate Year** – a twelve month time period immediately following a rate case in which the updated rates will take place

Overview

- Higher avoided costs drive higher conservation targets and budgets
- Regulatory lag between rate cases creates lost revenue due to conservation
- The impact of the economic downturn is being felt
- Higher savings targets increase efficiency acquisition costs
- The benefit of Energy Efficiency to customers has jumped along with the costs

	Electric-Only			Natural Gas-Only		
	2007 (actual)	2008 (actual)	2009 (projected)	2007 (actual)	2008 (actual)	2009 (projected)
Electricity Savings (aMW)	25.4	31.2	35.6**			
Natural Gas Savings (therms)				2,664,548	3,672,300	4,845,000**
Program Cost	\$36,383,430	\$53,172,240	\$73,200,000**	\$8,303,096	\$12,630,383	\$16,800,000**
Ratepayer Benefits (10 year NPV)	\$87,100,000	\$200,000,000	\$250,700,000	\$14,600,000	\$33,800,000	\$44,100,000
Performance Incentive	\$3,452,657	\$4,339,150	\$4,260,000**	\$0	\$0	\$0
Lost Margin*	\$10,300,000	\$18,000,000	\$21,300,000	\$1,400,000	\$1,900,000	\$2,200,000

*Lost margin due to conservation as of August 2009 (subject to change)

**Estimate for discussion purposes only

Background--Lost Revenue vs. Lost Margin

- Lost Revenues = Conserved kWh or Therms x retail rate
- Lost Margin = Lost Revenues – Variable Costs
- Variable Costs are primarily fuel, purchased power and natural gas commodity costs

- Example:

	Amount Conserved	Rate	Amount
Lost Revenue	1,000 kWh	10 ¢/kWh	\$100
Less: Variable Cost	1,000 kWh	6 ¢/kWh	\$60
Lost Margin	1,000 kWh	4 ¢/kWh	\$40

Background--Factors That Drive Lost Margin

- Lag associated with the recovery of “pipes & wires” costs
- Specific to electric service:
 - Lag associated with recovery of fixed power costs
 - Difference between rate case forecasts of conservation and actual achievement
- For purposes of this presentation, commodity-related variable costs are assumed to be passed through and have no effect on PSE’s lost margin

Sample Calculation – 2009 Lost Margin

Unrecovered costs due to electric conservation

Components of Lost Margin	Energy (kWh)	Rate ⁴ (¢/kWh)	Lost Margin (\$)
T&D Cost Recovery Lag ¹	616,000,000	2.55	\$ 15,700,000
Fixed Power Cost Recovery Lag ²	10,000,000	2.45	\$ 200,000
Actual EE in Excess of GRC Forecast ³	219,000,000	2.45	\$ 5,400,000
Total Lost Margin in 2009			\$ 21,300,000

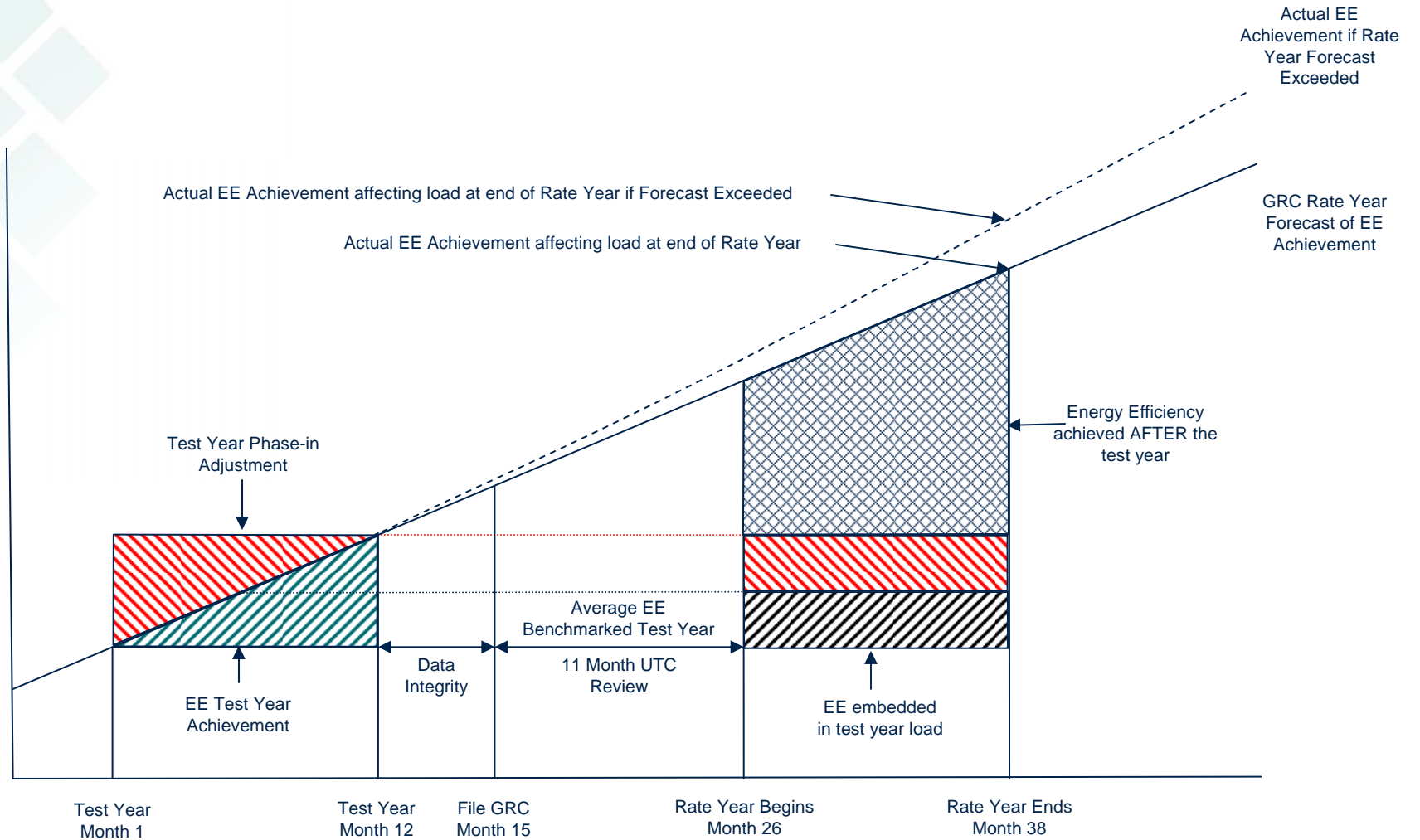
(1) Energy spans roughly 27 months.

(2) No lost margin until after rate year, ending October 2009.

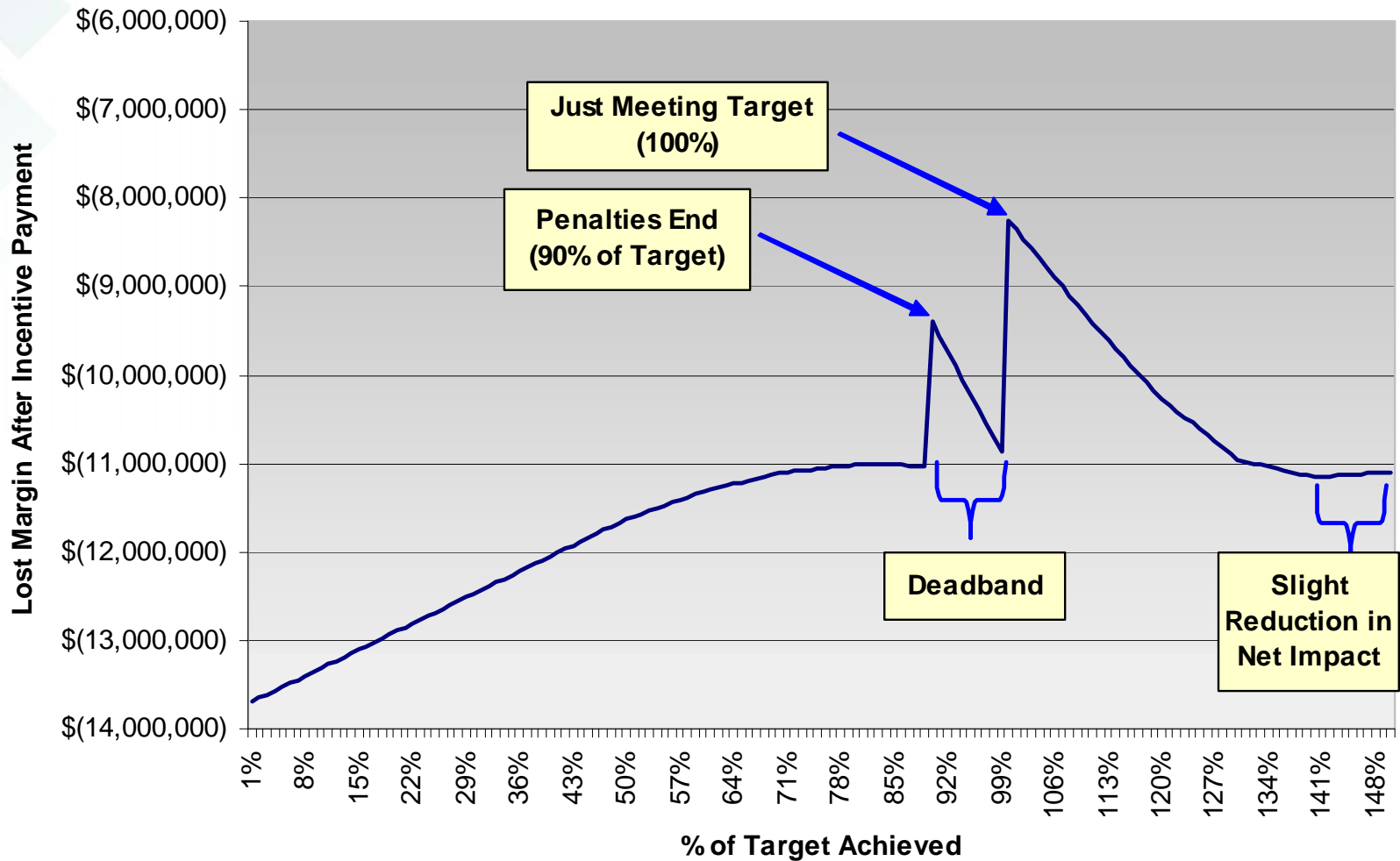
(3) Actual EE exceeded GRC forecast by roughly 8.5 aMW in each year over period 2007-2009.

(4) Based on rates in effect in CY 2009 and weighted average of EE by class.

How Energy Efficiency Creates Lost Margin

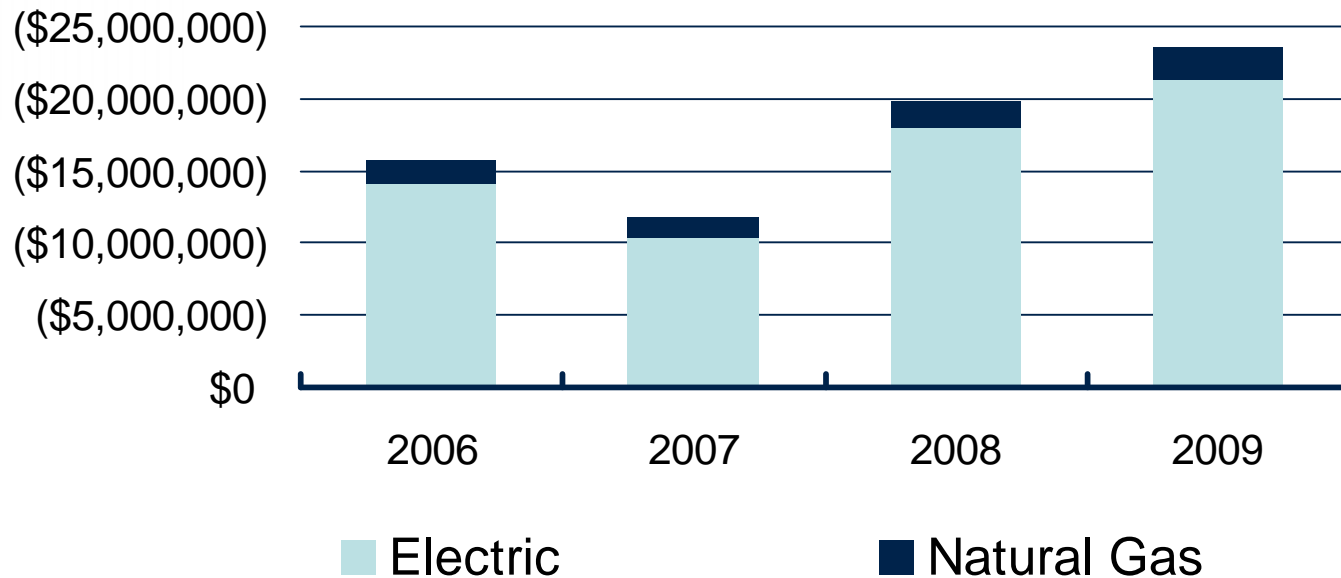


Lost Margin With Incentive Mechanism



Does this view match your perspective on the issue?

Lost Margin Due to Energy Efficiency (Historical 2006-2007 and Projected 2008-2009)



Next Step Options

- PSE technical experts available
- CRAG workshop



ARRA Activity

Janet Gaines

Director, Community Outreach and Education



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ARRA Activity and its Effects on Conservation Efforts

—Please see handout—



IRP and I-937 Filings

Bill Hopkins



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What Will PSE Include As “Conservation”

- Customer energy efficiency and CHP will be included
- Fuel Conversion will be included
- Distribution Efficiency not included at this time
 - Potential in IRP was preliminary, needs further review
 - Need to develop implementation plan, M&V protocols, & funding sources
- Generation Efficiency not included at this time
 - Assessment is in progress
 - Implementation plan must be developed

Setting the 2 Year Target

- 10-year potential assessment from 2009 IRP will be the basis for the target
 - Consistency with Council methodology will be based on overall analytical approach, not detailed assumptions
- Target will be a range
 - IRP guidance at the top of the range (76 aMW)
- Public involvement will be through CRAG or IRPAG process prior to filing

Compliance Filing

- May file coincident with tariff filing at the soonest (December 1, 2009)
 - Latest date for compliance is January 29, 2010
- Filing will address all requirements for documenting the 10-year potential and the 2-year target

2010 – 2011 Budget Development

Bob Stolarski



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2010 – 2011 Targets—by Sector

	Savings Targets	<i>Percent Change From 2008-2009 Appendix B</i>	Expense Budgets	<i>Percent Change From 2008-2009 Appendix B</i>
<u>ELECTRIC</u>				
Business	29.1	21.3%	\$72,375,000	31.2%
Residential	36.5	53.4%	\$75,939,500	38.1%
NEEA	5.6	no change	\$9,250,000	120.2%
Programs Without Savings*	<u>0.0</u>	0.0%	<u>\$9,883,198</u>	92.8%
Subtotal	71.2	33.6%	\$167,447,698	40.1%
<u>Gas</u>				
Business	5,000,000	81.8%	\$9,200,000	51.7%
Residential	3,977,000	56.0%	\$21,605,500	20.1%
Programs Without Savings	<u>0</u>	0.0%	<u>\$2,123,568</u>	69.9%
Subtotal	8,977,000	69.4%	\$32,929,068	30.1%
Grand Total, Budget \$200,376,766				

Residential Energy Management Programs 2010 – 2011 Budget Review

Todd Starnes
Manager, EES Residential Energy Management



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Residential Energy Management Summary

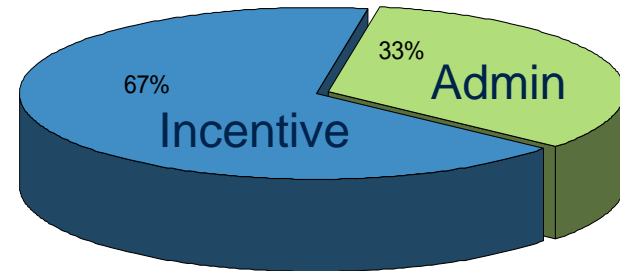
- Budget
 - Total 2010 – 2011 Res. Budget - \$97,545,000
 - \$75,939,000 Electric
 - 22% increase over '08-'09 forecast
 - \$21,605,500 Gas
 - 9% increase over '08-'09 forecast

- Targets
 - 319,788 MWh – 36.5 aMW
 - 11% decrease in target over '08-'09 forecast
 - 3,977,000 Therms
 - 23% increase in target over '08-'09 forecast

2010/11 Res Electric Program Budget Summary

Energy Education	\$ 1,300,000
Information Services	\$ 3,267,500
Low Income	\$ 4,798,000
Single Family New Construction	\$ 2,493,000
Single Family Existing	\$ 39,099,000
Multi Family New Construction	\$ 2,336,000
Multi Family Existing	\$ 10,248,000
Pilots	\$ 2,324,000
HomePrint (Pilot)	\$ 4,036,000
Home Energy Reports (Pilot)	\$ 1,541,000
Fuel Conversion	\$ 4,497,000

\$ 75,939,500

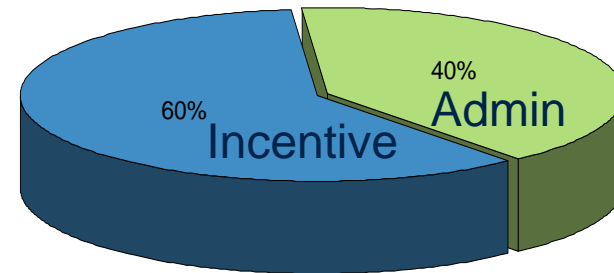


Incentive
 \$50,879,465 - 67%
 Administration
 \$25,060,035 - 33%

2010/11 Res Gas Program Budget Summary

Energy Education	\$ 700,000
Information Services	\$ 1,247,500
Low Income	\$ 1,135,000
Single Family New Construction	\$ 2,056,000
Single Family Existing	\$ 13,238,000
Multi Family New Construction	\$ 543,000
Multi Family Existing	\$ 753,000
Pilots	\$ 357,000
HomePrint (Pilot)	\$ 854,000
Home Energy Reports (Pilot)	\$ 722,000

\$ 21,605,500



Incentive
 \$12,963,300 - 60%
 Administration
 \$8,642,200 - 40%

Program Budget Comparison – Electric

Schedule	Electric Programs	2008 - 2009 Budget Forecast	2010 - 2011 Budget Plan	08-'09 vs '10- '11 Forecast Percent	08-'09 Savings Target (MWh)	10-'11 Savings Target(MWh)	% Difference in savings target
REM - Residential Programs - Electric							
E200	Residential Information Services	\$ 2,563,677	\$ 3,267,500	27%	0	0	n/a
E201	Low Income	\$ 2,993,778	\$ 4,798,000	60%	2,672	2,993	12%
E202	Energy Education	\$ 1,173,618	\$ 1,300,000	11%	2,270	2,535	12%
E214	Single Family Existing	\$ 33,867,530	\$ 39,100,000	15%	291,830	231,759	-21%
E215	Single Family New Construction (Doyle)	\$ 2,988,677	\$ 2,493,000	-17%	6,762	6,623	-2%
E216	Single Family Fuel Conversion (Norton)	\$ 3,674,501	\$ 4,497,000	22%	15,242	17,325	14%
E217	Multi Family Existing	\$ 10,456,231	\$ 10,248,000	-2%	35,677	33,130	-7%
E218	Multi Family New Construction	\$ 887,309	\$ 2,336,000	163%	1,988	4,927	148%
E249	Pilots (less HomePrint & Energy Reports)	\$ 3,505,561	\$ 2,324,000	-34%	3,017	2,453	-19%
E249b	HomePrint Pilot	\$ -	\$ 4,036,000	n/a	0	5,964	n/a
E249c	Home Energy Reports (Pilot)	\$ -	\$ 1,541,000	n/a	0	12,000	n/a
Subtotal Residential Electric Programs		\$ 62,110,882	\$ 75,939,500	22%	359,458	319,709	-11%

Program Budget Comparison – Gas

Sched.	Gas Programs	2008 - 2009 Budget Forecast	2010 - 2011 Budget Plan	08-'09 vs '10- '11 Forecast Percent	08-'09 Savings Target (Therms)	10-'11 Savings Target (Therms)	% Difference in savings target
Residential Programs - Gas							
G203	Low Income	\$ 1,071,266	\$ 1,135,000	6%	49,867	54,000	8%
G206	Residential Information Services	\$ 1,392,142	\$ 1,247,500	-10%	0	0	0%
G207	Energy Education	\$ 605,698	\$ 700,000	16%	124,871	129,000	3%
G214	Single Family Existing	\$ 11,837,321	\$ 13,238,000	12%	2,586,874	2,672,000	3%
G215	Single Family New Construction	\$ 1,663,766	\$ 2,056,000	24%	262,018	365,000	39%
G217	Multi Family Existing	\$ 591,598	\$ 753,000	27%	67,671	70,000	3%
G218	Multi Family New Construction	\$ 264,844	\$ 543,000	105%	16,438	48,000	192%
G249	Pilots (less HomePrint & Energy Reports)	\$ 2,349,505	\$ 357,000	-85%	117,578	36,000	n/a
G249b	HomePrint Pilot		\$ 854,000	n/a	0	78,000	n/a
G249c	Home Energy Reports (Pilot)		\$ 722,000	n/a		525,000	n/a
Subtotal Residential Gas Programs		\$ 19,776,140	\$ 21,605,500	9.3%	3,225,317	3,977,000	23%

Residential Budget Highlights

- Diversifying the portfolio to overcome 7.5 aMW change in CFL savings allocation
 - Electric forced air furnace to heat pump (+2.5 aMW)
 - Fuel conversion (+ 2 aMW)
 - Consumer Electronics & Appliances (+.75 aMW)
 - Ductless heat pump (+ .25 aMW)
 - Heat pump water heater (+ .25 aMW)
 - Other measure increases (+.25 aMW)
 - Increase in fixture and specialty bulb sales (+1 aMW)
- Measures trending upward (except CFLs)
 - Time in the market – product availability, awareness and acceptance
 - Contractor education, salesmanship & adoption continues to improve
 - Stimulus support boosting sales
 - Electric heating and weatherization measures trending up, but with limited technical potential
 - 18% of technical potential is electric

Residential Budget Highlights

- Administrative Changes
 - Portfolio Diversifying
 - More measures, more programs, more staff required
 - More technical expertise required
 - Continuing to find new ways to connect with customers
 - Community outreach
 - Web
 - Stronger contractor and retail relationships
 - Process Improvements
 - Single Family New Construction – rebate processing and field work coming in house
 - Technical improvements for data / customer management and reporting

Planned Pilots

- Extending two pilots
 - Revised HomePrint (Energy Audits)
 - Home Energy Reports (neighbor to neighbor comparison)
- Eight new pilots budgeted
 - Residential Grants
 - Furnace Fan Upgrade
 - Heat Pump Sizing and Lockout
 - Pre-Pay Billing
 - Home Automation
 - High Efficiency Gas Fireplace
 - IC Rated CFL Fixtures (weatherization)
 - Micro Combined Heat and Power

Low Income – Is it time for a change?

- Can we deliver more Energy Efficiency to more homes with a different approach?
- Should Cost Effectiveness be our primary driver and measure of success for Low Income housing?
- Can we aggregate or average cost effectiveness across all housing to gain deeper savings?
- Renewable Energy Credit Funding - a possible game changer
- Low Income Multi-Family opportunities becoming a more prominent part of the portfolio
- Repairs continue to slow Energy Efficiency uptake
- Consider a modified DOE program - per unit funding mechanism with a lower Cost Effectiveness hurdle



Business Energy Management Programs

Bill Younger
Manager, EES Business Energy Management

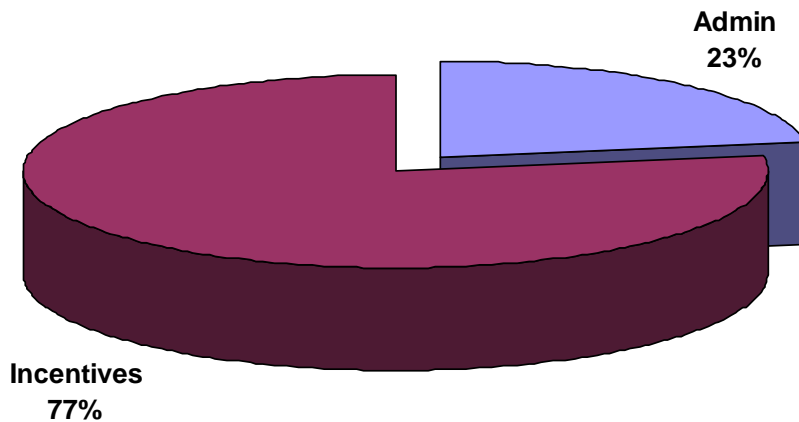


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Business Energy Management Summary

- Total 2010 – 2011 CI Budget - \$81,575,000
- Electric Targets
 - ♦ \$72,375,000 Electric
 - 33% increase in budget
 - ♦ 255,000 MWh - 29.3 aMW
 - 27% increase in target
- Gas Targets
 - ♦ \$9,200,000 Gas
 - 12% increase in budget
 - ♦ 3,300,000 Therms
 - 82% increase in target



Cost Breakout		
Admin	\$	18,383,062
Incentives	\$	63,191,938
Total	\$	81,575,000

Program Budget and Savings Changes

Electric Programs	2008 - 2009 Budget Forecast	2010 - 2011 Budget Plan	08-'09 vs '10- '11 Forecast Percent	08-'09 Savings Target (MWh)	10-'11 Savings Target(MWh)	% Difference in savings target
BEM - Commercial Programs - Electric						
C/I Retrofit	\$ 32,292,561	\$ 48,000,000	49%	111,000	146,000	32%
C/I New Construction	\$ 4,935,086	\$ 5,600,000	13%	10,760	13,000	21%
Resource Conservation Manager (RCM)	\$ 1,815,504	\$ 2,600,000	43%	19,000	26,000	37%
Small Business Lighting Rebate	\$ 5,572,642	\$ 8,600,000	54%	18,000	27,000	50%
LED Traffic Signals	\$ 43,916	\$ 50,000	14%	1,000	1,000	0%
Large Power User - Self Directed	\$ 7,447,165	\$ 2,500,000	-66%	27,470	6,000	-78%
Commercial Energy Efficiency Information	\$ 229,364	\$ 425,000	85%	0	0	n/a
Commercial Rebates	\$ 2,020,419	\$ 4,600,000	128%	14,250	36,000	153%
Subtotal Commercial Electric Programs	\$ 54,356,657	\$ 72,375,000	33%	201,480	255,000	27%
Gas Programs						
Gas Programs	2008 - 2009 Budget Forecast	2010 - 2011 Budget Plan	08-'09 vs '10- '11 Forecast Percent	08-'09 Savings Target (Therms)	10-'11 Savings Target (Therms)	% Difference in savings target
Commercial Programs - Gas						
C/I Retrofit	\$ 4,986,947	\$ 5,000,000	0%	855,000	850,000	-1%
C/I New Construction	\$ 1,375,280	\$ 1,700,000	24%	320,000	250,000	-22%
Resource Conservation Manager (RCM)	\$ 1,002,779	\$ 1,000,000	0%	470,000	600,000	28%
Commercial Rebates	\$ 456,046	\$ 1,100,000	141%	1,105,000	3,300,000	199%
Commercial Energy Efficiency Information	\$ 386,395	\$ 400,000	4%	0	0	n/a
Subtotal Commercial Gas Programs	\$ 8,207,447	\$ 9,200,000	12.1%	2,750,000	5,000,000	82%

C/I Budget Highlights

- **Administrative Expenses**
 - ◆ Based on 2009 productivity rate
 - ◆ Increases commensurate with target increases
 - ◆ 3rd Party program administration costs
- **Projects in Progress through 2011**
 - ◆ Lighting - \$.22/kWh
 - ◆ CI Other - \$.50/kWh
 - ◆ CI Gas - \$4.48/Therm
- **Program Based Incentives**
 - ◆ Industrial Process Improvement - \$.25/kWh
 - ◆ Commercial Building Optimization (Cx) - \$.27/kWh
- **RFP Based**
 - ◆ Smart Grocer - \$.22/kWh
 - ◆ Convenient Savings - \$.32/kWh

New Initiatives

- Convenient Savings (RFP)
- Building Energy Optimization (Cx)
- Industrial Process Improvement
- Small Business Outreach
 - ◆ Direct Install of CFLs and Aerators
 - ◆ Prepare Small Business Lighting Inventory
 - ◆ Identify Additional Rebates or Measures
- Funding Mechanism Change
 - ◆ Less Custom Autofund
 - ◆ Shift to More \$/Unit Savings, \$/Ton, etc.

Important Notes

- 258 Self Directed Savings Reduced
 - ◆ Back to Year One of Four Year Program
 - ◆ Proposed Increase to Conservation Rider

- Playing to our Strengths for Increased Targets
 - ◆ Expanding Small Business Lighting
 - ◆ Increased Direct Install Rebates

- Increased Community Outreach
 - ◆ Small Business Focus
 - ◆ RCM Pilots for Non-Profits



Fuel Conversion 2010 – 2011 Budget Review

Liz Norton
Manager, Gas Marketing & Development



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Single Family Fuel Conversion Summary

Budget	2009*	2010	2011
	\$3.7 Million	\$2.2 Million	\$2.2 Million
Savings			
	1.74 aMW 15,000 MWh	1.0 aMW 8,760 MWh	1.0 aMW 8,760 MWh

Annual Budget

- -40% due to program start-up expenses minimized

Annual Savings

- -33% due to unique program challenges

*Single Family FC Program was approved Feb 1st, 2009 as one-year program

Unique Program Learnings

- Requires greater sales effort converting fuels
- Jurisdictional restoration expenses impact first cost
- Construction necessity leads to longer lead times
- Significant coordination with other utilities
 - Cascade Natural Gas
 - Enumclaw Natural Gas
 - Buckley Natural Gas
- Greater levels of qualification and verification

Other Fuel Conversion Activities

- Commercial Retrofit/New Construction (Sch. 250/251)
 - A Few Retrofit Projects Qualifying for Fuel Conversion
 - Tariff Language in Sch. 251 to Mirror Sch. 250

- Commercial Rebates (Sch. 262)
 - Market Assessment for Commercial Gas Water Heaters
 - Tariff Language to Mirror Language in Sch. 250

- Multifamily New Construction
 - Limited New Activity due to Economy
 - Assessment

- NWPPC Fuel Conversion Analysis
 - Support 6th Power Plan



Northwest Energy Efficiency Association (NEEA)

Dan Anderson
Manager, EES Budget and Administration



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- New five-year strategic and business plan
- PSE budget share increased from 10.4% to 13.4%
- Total budget increased from \$4.2 million to \$9.25 million
- Savings TBD (currently 49,000 MWh/two years)

“Good Energy” and Market Integration – *Getting up and running*

Grant Ringel
Director, Customer Market Strategies
September 15, 2009



BUSINESS DRIVERS

- ◆ **Grow program participation,** both residential and business
- ◆ **Generate awareness**
- ◆ **Reach out to consumers and community**
- ◆ **Enable and empower *self-service* energy management**
- ◆ **Create stakeholder engagement and community**
- ◆ **Energize “trade ally” network recruitment, oversight and training**

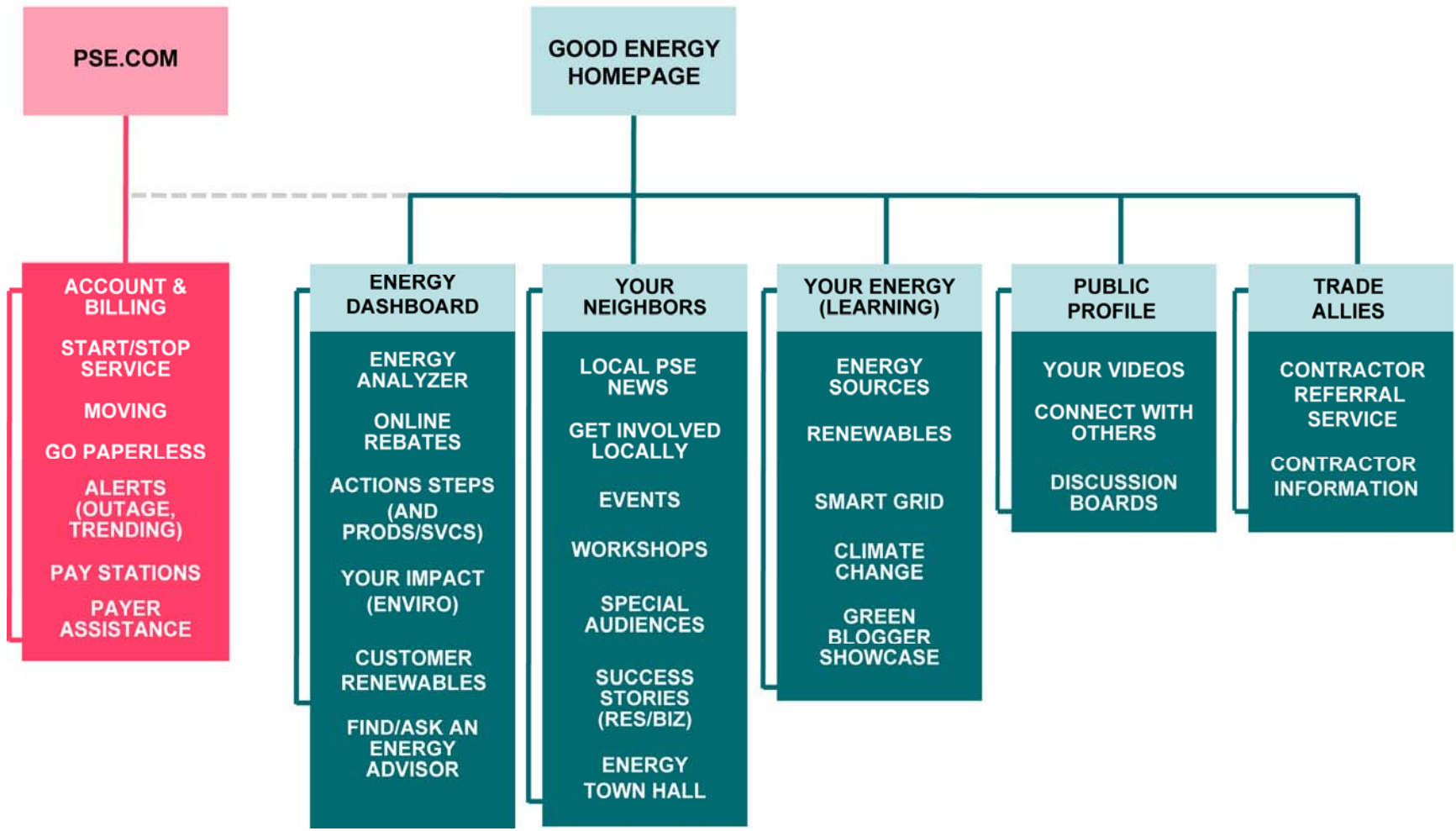
Purpose

- ◆ Get people to think differently about energy efficiency and customer renewables in their daily lives – and as a result, sell more energy efficiency measures.
- ◆ Track at what rate customers adopt advanced **buying preferences** to install high efficiency /renewable energy products and measures in their households and businesses .
- ◆ Track how customers manage energy in their households and businesses when it comes to improving their energy efficient **behaviors** and utilizing feedback tools.

Current State of EES and the Web

- ◆ PSE.com and a variety of siloed one-offs, including:
 - ◆ rockthebulb.pse.com
 - ◆ psereports.com
- ◆ These one-offs have opened the door to new ways of communicating with our customers, but lack cohesion and integration between programs, products and efficiency messages
- ◆ To affect real change, we must make a deeper connection with our customers

Proposed Site Map



Mass Media Strategy: Objectives

- ◆ Objectives of the two-year mass media plan:
 - ◆ Generate leads and sell more product
 - ◆ Change people's thinking around energy use
 - ◆ Change people's behavior around energy use
 - ◆ Position PSE as the leading resource for "good energy"
- ◆ Campaign plan will be designed to re-shape consumer attitudes, change behavior, and ultimately sustain desired behaviors around the *good energy* concept

Mass Media Strategy: Audience

- ◆ **Primary:** Owners, occupiers or builders of business or residential structures
- ◆ **Secondary: Influencers** (regulators, civic, environmental and trade leaders)
- ◆ **Reach will be full customer base:**
 - ◆ Full service area: 1.7M customers
 - ◆ Focus will be Green Idealists and Practical Idealists on homeowner level

Good Energy Execution

Web \$1 million over 2 years

Umbrella \$500,000 over 2 years

Implementation

- Standards
- Program Promotion Integration
- Support Campaign
- Community/Stimulus Marketing Support

Market Integration



Market Integration

- ◆ Reorganizing budget items to increase visibility
 - ◆ Primarily FTEs
 - ◆ Web program manager
 - ◆ Web temporary employee
 - ◆ Earned media implementer
 - ◆ Related expenses

Market Implementation

- ◆ Expect to convert temporary web FTE to regular employee status
- ◆ Proposed Budget \$760,000 over 2 years

Conservation Market Research

Bill Hopkins



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Conservation Market Research

2010-11 Budget

Market Research

\$2,348,216

IRP Supply Curves

\$872,911

- Market Research Costs higher than 2008-09 due to new research initiatives and greater share of labor devoted to Rider/Tracker activities (+35%)
- Supply Curves lower than 2008-09 due to reduced costs for portfolio modeling integration (-39%)

Market Research 2010-11 Highlights

- Large-scale residential end use study
- Large-scale commercial end use study
- Residential panel surveys
- Community-level market profiles
- EES customer satisfaction surveys
- Mainstreaming Green campaign effectiveness
- EE web development
- Conservation/demand-side resource potential

New Program Development and Evaluation

Syd France
Manager, EES New Program Development and Evaluation



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- Highlights

- 2010-11 Draft Plan (App D) - Improving RAP process, assessing and quantifying risk and confidence
- Pilot Evaluations – Demand Response, Positive Energy, Home Energy Audits, Blue Line, Duct Sealing
- Program Evaluations – TBD (Appendix D Plan draft)
- Avoided Cost evolution – capacity value growing
- RTF & NEEA - Evaluation Committee involvement
- Local/Regional Utilities – Coordination & cost-sharing
- CEE - Behavior Interest Group involvement

Program Development


- Program Support
 - Strategic Program Planning / cross-functional teams
 - New Program Development / planning
 - State Energy Code Update - support & adjustments
 - Process Improvements / implementation support
 - Technology & Applications / development monitoring

- Local Infrastructure & Market Transformation
 - Trade Association Memberships
 - No net changes

Demand Response Pilots

- Commercial Load Control
 - Full enablement this spring (25 customers - 4.4 MW)
 - Recommend operating through winter 2010
 - Evaluation RFP going out 3rd Qtr 2009
 - Recommendations for next steps by 4th Qtr 2010

- Residential Load Control
 - 600 customers; Electric Space/Water Heat; 1.6 kW ea
 - Web-enabled event activation
 - Invitation letters out by September 30th
 - Targeting full enablement this winter season



EE Communities and Customer Renewables & Generation 2010 – 2011 Budget Review

Janet Gaines
Director, Customer Outreach and Education



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Net Metering and Customer Renewables

- Objectives
 - Provide meter rebate and administer production payments
 - Continue demonstration and education projects
 - Reduce time and costs for interconnections
- Budgets
 - Increased participation ~150% over 2007

Schedule	2008-2009	2010-2011	Drivers
248	\$750,000	\$839,000	Meters
150/151	\$250,000	\$345,000	Staff

Issue: Incentives

Energy Efficient Communities

- Purpose
 - Lead generation for EES
 - Leverage stimulus funding of communities
 - Target underserved sectors
 - Community Energy Manager

- Budget – new line items
 - \$596,439 for staffing
 - \$145,000 for Community Energy Managers (5)

- Issue: Working with “Communities”

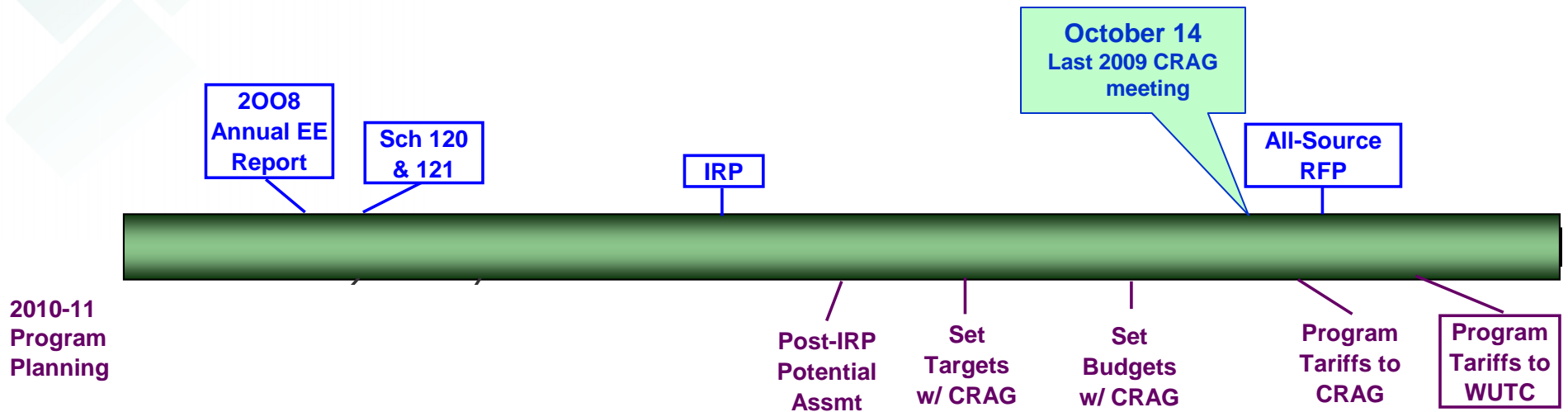
Action Items, CRAG Meeting Calendar



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2009 CRAG – WUTC Timeline

2010 & 11 Programs Planning Timeline



Thank You!

