

Agenda Date: August 9, 2018  
Item Numbers: A9 and A10

**Dockets:** UE-152058 and UG-152075  
**Company:** Puget Sound Energy

**Staff:** Jennifer Snyder, Regulatory Analyst

### **Recommendation**

Issue an Order in Docket UE-152058 finding that:

- (1) Puget Sound Energy has complied with reporting requirements pursuant to WAC 480-109-120 and RCW 19.285.070.
- (2) Puget Sound Energy has complied with Order 01 in Docket UE-152058.
- (3) Puget Sound Energy has achieved 565,071 megawatt-hours of conservation during the 2016-2017 biennium.
- (4) Puget Sound Energy has applied 27,993 megawatt-hours of conservation during the 2016-2017 biennium towards satisfying its decoupling conservation commitment.
- (5) Puget Sound Energy has achieved 21,990 megawatt-hours of excess conservation during the 2016-2017 biennium.

Take no action in Docket UG-152075, thus acknowledging the company's compliance with the settlement agreement in Docket UG-011571.

### **Discussion**

On June 1, 2018, Puget Sound Energy (PSE or company) filed its 2016-2017 Biennial Conservation Report (report) with the Washington Utilities and Transportation Commission (commission), as required by Order 01 in this docket,<sup>1</sup> RCW 19.285.070(1), and WAC 480-109-120(4). The report indicated that the company had achieved 565,071 megawatt-hours (MWh) of savings during the 2016-2017 biennium, and had exceeded its biennial target of 537,078 MWh. PSE also reported that it had met all of the requirements of Order 01 over the course of the biennium.

#### **Electric Energy Efficiency Target**

In the report, PSE states that it has achieved sufficient savings to meet its additional 5 percent conservation decoupling commitment of 27,993 megawatt-hours as determined in Order 01 in

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<sup>1</sup> *In the Matter of Puget Sound Energy Report Identifying Its 2016-2025 Ten-Year Achievable Electric Conservation Potential and Its 2016-2017 Electric Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010, Docket UE-152058, Order 01 (December 17, 2015).*

this docket.<sup>2</sup> Beginning January 1, 2014, conservation achieved above a utility’s conservation target can be claimed as excess savings to meet shortfalls in subsequent biennia.<sup>3</sup> The company achieved 21,990 MWh of savings beyond the combined Energy Independence Act (EIA) penalty target and additional decoupling commitment. In keeping with current practice and with guidance provided by the commission in Order 01 of UE-152058, targets and savings figures do not include savings achieved through the Northwest Energy Efficiency Alliance (NEEA).<sup>4</sup> These excess savings will be combined with the 38,906 MWh of excess savings achieved during the 2014-2015 biennium for a total combined excess savings of 60,896 MWh available to meet any potential shortfall in the 2018-2019 biennium.

**Table 1. PSE’s biennial conservation targets and savings achieved**

	<b>2014-2015</b>	<b>2016-2017</b>	<b>2018-2019</b>
<i>Total penalty target(MWh)</i> <sup>5</sup>	513,690	565,071	471,767
<i>Total conservation achieved</i>	552,596	587,061	n/a
<i>Excess achieved</i>	38,906	21,990	n/a
<i>Biennia eligible to use excess savings for compliance</i>	2016-2017 and 2018-2019	2018-2019 and 2020-2021	2020-2021 and 2022-2023

Conservation voltage reduction program

While staff expressed serious concerns with PSE’s ability to demonstrate that they “pursued all” with respect to the conservation voltage reduction program in comments, this does not affect our recommendation at this time.<sup>6</sup> Instead, staff expects that the company will, in conjunction with the advisory group, look closely at improving the implementation of this program. This should

<sup>2</sup> Dockets UE-170033 and UG-170034 (consolidated), Order 08, Final Order Rejecting Tariff Sheets; Approving And Adopting Settlement Stipulation; Resolving Contested Issues; And Authorizing And Requiring Compliance Filing, ¶ 249-262 (December 5, 2017).

<sup>3</sup> RCW 19.285.040(1)(c)(i) and WAC 480-109-100(3)(c).

<sup>4</sup> In comments on PSE’s 2018-2019 Biennial Conservation Plan, filed in Docket UE-171087 (December 1, 2017) staff recommended that the EIA conservation target should include all potential savings, including market transformation, and should include savings achieved through all pursued venues. This method would recognize all savings that were purchased by ratepayers during the biennium, and would more accurately reflect the achievement reported on a statewide basis by increasing consistency between investor-owned and consumer-owned utilities.

<sup>5</sup> Total penalty target includes 5 percent decoupling commitment when applicable and does not include adjustments to the target such as NEEA savings. Targets established in Dockets UE-132043, UE-152058, and UE-171087.

<sup>6</sup> WAC 480-109-160(21) "Pursue all" means an ongoing process of researching and evaluating the range of possible conservation technologies and programs, and implementing all programs which are cost-effective, reliable, and feasible.

include a closer examination of the distribution efficiency target and achievement, and a plan to bring the quality of program reporting in-line with other conservation programs.

A full discussion of electric conservation and policy issues in the biennium can be found in Staff's Comments filed on July 19, 2018, in this docket.<sup>7</sup>

### Natural Gas Energy Efficiency Goal

On April 2, 2018, PSE filed its 2017 Annual Report of Energy Conservation Accomplishments, including both its 2017 electric and natural gas energy efficiency savings. Natural gas utilities report their savings only on an annual basis, not the biennial requirement of the EIA.<sup>8</sup> PSE reports that it achieved savings of 3,614,000 therms and spent \$14,722,000 in 2017. The company achieved 2.5 percent above its annual goal and came in on budget.<sup>9</sup> The company reported its Total Resource Cost (TRC) test at 1.6, and a Utility Cost Test at 1.7. PSE still uses the TRC as its primary cost-effectiveness test for reporting natural gas conservation savings.

### Stakeholder Comments

In addition to staff, the NW Energy Coalition filed comments on July 19, 2018. NWECC encouraged the company to pursue future conservation targets that are more in line with their actual past achievement, given that it has handily exceeded its target each of the last four biennia, particularly exploring opportunities for deeper conservation measures. NWECC acknowledged PSE's participation in the Northwest Power & Conservation Council's workgroup on hard-to-reach customers and looks forward to further discussion in the advisory group.

### Conclusion

Staff recommends that the commission issue an order in Docket UE-152058 as described in the recommendation section above.

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<sup>7</sup>[Commission Staff Comments Regarding Electric Utility Conservation Achievements Under The Energy Independence Act, RCW 19.285 And WAC 480-109](#) (2016-2017 Biennial Conservation Reports) (July 19, 2018).

<sup>8</sup> Docket UG-152075 is the companion staff investigation into natural gas achievement for PSE.

<sup>9</sup> PSE's 2017 natural gas energy efficiency goal was 3,527,457 therms, and its expenditures budget was \$14,687,614 as identified in the 2017 Annual Conservation Plan.