

Washington Conservation Working Group

Working Document as of 3/16/11

[This represents Kristi Wallis' understanding of the 3/16/11 discussion, and everyone will be given an opportunity agree/disagree and make appropriate modifications]

Areas of Emerging Conceptual Consensus

Setting Targets

Tentative Consensus: In setting its targets, a utility should start with its IRP and, exercising its judgment and taking into account its actual experience and input from its customer advisory group, build from the bottom up to develop achievable targets.

Remaining Question: For the current biennium, all three utilities used different approaches to develop or identify a target – what is (or should be) the process, guidelines and expectations re development of the target?

Tentative Consensus: As a general concept, utilities should be held responsible for what they can control (responsibility should be linked to authority) and that is what should be included in its target with some possible exceptions.

Benefits: Certainty (utilities/advisory groups/WUTC know what is expected); assessing compliance is more streamlined (accounting is simplified and relies less upon guesstimates about other sources of conservation); equity (if utilities are subject to penalties, compliance should be within their control to the extent possible and be operational, not academic); [other?]

Remaining Questions/Work:

1. Resolve questions regarding consistency with the Council methodology¹ (the Council looks to conservation across the region and does not draw a distinction between utility and non-utility sources of conservation). How to handle disconnect between utilities establishing 10-year conservation forecasts based on the Council's premise that over time 85% of what's possible is saved, whether or not it comes through utility programs, and setting biennium targets that are limited to what is achievable through utility programs and agreed-upon

¹ Should also remember that Company methodology does not need to be consistent with Council methodology, if it is explained, as allowed for in WAC 480-109-010(1)(b)(i): "A utility may, with full documentation on the rationale for any modification, alter the conservation council's methodologies to better fit the attributes and characteristics of its service territory."

exceptions? Can this be addressed by having the utilities changing what is included in conservation forecasts (some may have already?)? Can this disconnect be addressed through how “pro rata” is implemented when setting targets?

2. What happens during a biennium will impact the new conservation forecast. Because of this, every biennium potentially has a new baseline. How should this be handled - should the utilities true up their targets to the new baseline at the beginning of each biennium?
3. Get greater clarity on what is meant precisely by what the utilities can “control”
4. Even if the group were to conclude that other sources of conservation should not be included in the forecasts/targets, they should determine whether there are agreed upon exceptions that would be included, for example, : (1) implementation of code changes mid-biennium (including where utilities have advocated for change), (2) regional activities to increase conservation (NEAA), (3) acquisition of conservation outside of a utility’s service territory, (4) ARRA funding and customers leveraging that subsidy and not the utilities, and (5) other?
5. Should projection/target include demand management strategies? (If a utility plans on load control program contributing energy savings, possibly (e.g., sheds energy, not shifts use.)

Meeting the Target/What Should Count²

² The following was a comment PC provided to a previous draft. May no longer apply to the above language as it has been substantially revised, but want to make sure that the issue is still noted for further discussion, as appropriate.

“Count what they put in their plan” has at least one more variant and could be expanded by thinking about measures vs. deemed savings values . Count savings from efficient appliances if they were used to establish targets is a case of measure is in the target and the savings from the measure should be counted toward meeting the target. An example of values is what happens if the qualifying equipment efficiency or savings value per unit changes (or should be changed) during the biennium? How is this counted toward meeting the target? I think we want to have a discussion at broader level with some specific cases including the cases outlined above in addition to early adoption of building codes. The understanding or approach to counting may (will likely?) vary by these different types of subsets.]

Tentative Consensus: During a biennium, the utilities need flexibility to modify their plan (deemphasize and reemphasize certain measures), as things do not always happen as expected (for example, certain programs/customer segments may not be ready for investments at a certain time).

Tentative Consensus: The content of the target should not constrain the utilities from doing what is in the best interest of its customers.

Consensus: The Commission is not obligated to accept savings identified in the plan and the utility must demonstrate the prudence and cost-effectiveness of its conservation programs to the Commission after the savings are achieved.

[Placeholders – will come back to after 4/21 discussion] As a general proposition, the utilities will be given credit for conservation that occurs, even if it was not specifically identified in its target or was not under the control of the utility? [With respect to getting credit from conservation that is occurring but cannot be linked to specific utility, is this something that LBL can help with? Is the way to capture things that are happening on state-wide basis and credit back to the utilities and apply towards target?]

There should be consistency with how conservation is counted and what was used to develop a utility's conservation target. For example, whether savings should be counted at the site³ or at the bus bar would be determined by how savings were described in the plan.

On April 21st, will have focused discussion on what counts for target. The following ideas were raised in the initial scoping discussion:

- While fuel switching is not a resource considered under the Northwest Power Act and was not explicitly contemplated under I-937, it does have a potential for efficiencies and is an eligible resource. That said there is a question as to how it would be measured.
- Efficiencies on distribution side are eligible conservation (e.g., reduction of losses).
- Some behavioral programs would count, but not all programs should be in the same bucket.
- Suggestion that there should be symmetry in establishing and achieving the target (not who pays, but what is the basis for the development of the target).
- For utilities with generating resources across multiple states, consider production efficiencies for those facilities serving Washington.

³ PSE specified this when it filed its target "at the customer meter level".

- Next plan will include both distribution and production efficiencies.
- Some would like to get utilities involved with building code/training.

Differing Perspectives Where the Working Group has not Reached Agreement

Foundational Materials/Sources

Statutory

Energy Independence Act - Chapter 12.285 RCW

Administrative Rules

Acquisition of Minimum Quantities of Conservation and Renewable Energy as Required by the Energy Independence Act - Chapter 480-109 WAC (WUTC)

Definitions

The Conservation Working Group is developing a set of definitions that will be included in the foundational information.