

April 4, 2014

Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

RE: Docket No. UE-131585, Puget Sound Energy's proposal for an electric vehicle charger incentive

The NW Energy Coalition appreciates the opportunity to file comments in this docket. Puget Sound Energy (PSE) is proposing to offer certain residential customers a \$600 rebate for purchase of a level two electric vehicle charger. Offering this incentive is one way for PSE to support deployment of electric vehicles in Washington, benefiting the environment through lower greenhouse gas emissions and other air pollutants. We support incentives and other efforts by utilities and government to increase use of electric vehicles throughout the state. However, we are concerned about PSE's proposal to pass the costs of this program to customers via Schedule 120, the conservation tariff rider.

Level two chargers speed up the process by which an electric vehicle is ready for driving, thereby increasing range accessibility and overcoming range anxiety. The average American household, including those in PSE's service territory, has just under two vehicles. In theory, a customer with a level two charger may be able to utilize her electric car more frequently, rather than relying on the household's second vehicle, probably powered by gasoline. The end result is a net decrease in emissions. For PSE, offering a \$600 rebate<sup>1</sup> for a level two charger would be more meaningful to customers than offering the same level of rebate on the electric vehicle itself. Level two chargers range in cost from \$500-\$1000, with installation costs also at \$500-\$1000. Likely, \$600 would not influence a customer in deciding whether to purchase an expensive car, but may tip the scales in the decision to purchase a faster charger. The level two charger would be directly connected to PSE's system at the customer's residence.

While we support efforts to incent use of electric vehicles and collect data relevant to future impacts on utilities, we have strong concerns about the use of Schedule 120 for cost recovery for the proposed program. PSE's conservation tariff rider is intended to collect funds sufficient to support PSE's conservation programs. Conservation can be defined to include traditional energy efficiency programs that reduce electric power consumption as a result of increases in the efficiency of energy use, production, or distribution;<sup>2</sup> demand response programs, whereby customers lower electricity use when wholesale market prices are high or system reliability is jeopardized; load management programs, where the utility reduces electricity demand during peak times; and support for

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<sup>1</sup> We recommend the proposed tariff clarify that the rebate will be up to \$600 or the full cost of the charger, whichever is less.

<sup>2</sup> See for example RCW 19.285.030(6).

small-scale renewable energy systems, e.g., through net metering and education efforts, where a customer opts to generate all or a portion of her own electricity.<sup>3</sup> All of these efforts center around a common theme: actions that reduce a customer's load on the utility. In contrast, promoting use of electric vehicles is a load building exercise, and thus does not belong within the framework of conservation efforts.

PSE has used Schedule 120 to recover costs of its traditional energy efficiency programs as well as net metering (Electric Schedule 150), renewable education (Electric Schedule 248), commercial and industrial demand response (Electric Schedule 271), and a residential demand response pilot (Electric Schedule 249a). To the best of our knowledge, the Commission historically has allowed Schedule 120 to be used for only one non-conservation purpose, i.e., the pass-through of penalty credits associated with PSE's service quality indices (SQI). PSE's service quality indices are a measure of Company performance and customer satisfaction. It is important to note that the SQI penalty pass-through was a condition of settlement of PSE's 2001 general rate case and specifically recognized as a way to offset conservation costs, which were on the rise. ("Such penalty amounts shall be implemented as an offset to costs to be recovered in rates through the Schedule 120 Electricity Conservation Service Tracker and the Schedule 120 Gas Conservation Service Tracker, respectively."<sup>4</sup>)

That same rate case yielded a pivotal settlement on conservation, in which the Commission approved a provision stating,

Tariff-rider funds shall only be used on programs and their associated administrative costs that result in energy savings through energy efficiency investments or fuel switching. This may include reasonable administration costs for PSE's net metering program.<sup>5</sup>

PSE's current conditions list, adopted along with its 2014-2015 conservation target under I-937, is consistent with the 2002 settlement agreement and retains the cost recovery focus on load reduction efforts.

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<sup>3</sup> Washington statute frequently defines the term "conservation" to include small-scale renewables. *See for example* RCW 43.19.670(3) (requiring energy audits in state owned and used buildings) "Energy conservation measure" means an installation or modification of an installation in a facility which is primarily intended to reduce energy consumption or allow the use of an alternative energy source, including ... (e) Solar space heating or cooling systems, solar electric generating systems, or any combination thereof; (f) Solar water heating systems; ..." *Also see* RCW 39.35C.010(2) (directing state agency and school district conservation projects) "'Conservation' means reduced energy consumption or energy cost, or increased efficiency in the use of energy, and activities, measures, or equipment designed to achieve such results..." *Also see* RCW 35.92.360 and RCW 54.16.280 (allowing public utilities to help customers finance conservation efforts) "'Conservation purposes in existing structures' may include projects to allow a municipal electric utility's [or district's] customers to generate all or a portion of their own electricity through the on-site installation of a distributed electricity generation system that uses as its fuel solar, wind, geothermal, or hydropower, or other renewable resource that is available on-site and not from a commercial source."

<sup>4</sup> Docket No. UE-011570/UG-011571, Twelfth Supplemental Order, Exhibit J to Settlement Stipulation, ¶ 8.

<sup>5</sup> *Id.*, Exhibit F to Settlement Stipulation, ¶ 25.

Funds collected through the Electric Conservation Service Rider must be used on approved conservation programs and their administrative costs. Additionally, Rider funds may be used as approved by the Commission; e.g., for net metering administration costs, small-scale renewable programs and demand response pilots.<sup>6</sup>

While PSE's service quality indices are not a conservation program, the settling parties in the 2002 rate case envisioned application of any penalties to help offset increasing costs for conservation associated with PSE's significant program ramp-up. The two settlement agreements must be considered together, and therefore the SQI penalty pass-through should not be used as a rationale for using Schedule 120 to recover the costs of other non-conservation programs such as the proposed electric vehicle incentive.

Schedule 120 is entitled "Electric Conservation Service Rider." Adding the cost of the proposed load-building electric vehicle incentive to that schedule may result in customer confusion. Further, the workpapers for the proposed incentive indicate an expected cost of almost three million dollars in 2014, growing to more than seven million dollars in 2016. While that is exciting news from the perspective of electric vehicle deployment, it is not de minimus with regard to PSE's annual conservation budget, potentially increasing customer concerns about that budget. We do not view the conservation tariff rider as a convenient cost recovery mechanism that can be used for any public purpose; rather it is and has been specific to the Company's conservation efforts, and should remain as such.

In sum, we appreciate PSE's efforts to target some of the benefits from the recently approved decoupling mechanism to those customers contributing to load increases through purchase and use of electric vehicles. We understand from discussions with the Company and other stakeholders that a key part of the incentive proposal is data collection to better understand how electric vehicles are being used in PSE's service territory. We support that data gathering and analysis effort, particularly as it relates to consideration of future demand response and load control options with electric vehicle owners in PSE's service territory. All that said, we do not support use of Schedule 120 as a cost recovery mechanism for incentives provided to customers for load-building activities.

Unfortunately, I am not available for the Open Meeting discussion on April 10, but plan to be at the subsequent Open Meeting on April 24 when this item is on the Commission's agenda again.

Sincerely,



Danielle Dixon  
Senior Policy Associate, NW Energy Coalition

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<sup>6</sup> Docket No. UE-132043, Order 01, Attachment A, ¶ 11(b).