

July 12, 2016

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
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RE: Docket No. UE-132043, Puget Sound Energy's Report Concerning its Progress in Meeting Its Conservation Target during the preceding Biennium, pursuant to RCW 19.285.070 and WAC 480-109-040

The NW Energy Coalition appreciates the opportunity to comment on Puget Sound Energy's (PSE's) progress report on meeting its' conservation goal during the 2014-2015 biennium. The Coalition actively participated in PSE's Integrated Resource Plan Advisory Group (IRPAG) and PSE's Conservation Resource Advisory Group (CRAG); we appreciate PSE's positive and transparent with the CRAG.

Targets

PSE has successfully achieved conservation savings of 552,596 MWhs (after subtracting NEEA savings) that exceed the commission approved targets of 513,690 MWhs (again, calculated by removing NEEA savings) by 38,906 MWhs. PSE deserves credit for both the positive outcome over the biennium and for accelerating close to 60 percent of the savings in the first year of the biennium.

With the new rule clarifying reporting, we would encourage PSE to be more confident in setting the targets for which they are directly responsible, as in the last three biennia PSE has handily exceeded their own targets. Overall, PSE's conservation program remains on track with an increased target for 2016-17 biennium, but at a level still below what was actually achieved in the previous two biennia.

Conservation Roll Overs

The question of allowing excess savings achieved under RCW 19.285.040 (1)(c)(i) (an amendment to the Energy Independence act that allows limited conservation "rollovers" to be used in other biennia) to be applied to fulfill the 5% additional savings required by decoupling, led to much discussion among CRAG members and is now the subject of a formal request for opinions from UTC staff.

The amendment to the Energy Independence Act was negotiated by the NW Energy Coalition and a few other key stakeholders to address the situation created when very large amounts of conservation savings were achieved in one biennium (far exceeding that biennium's target) caused by large-scale efficiency improvements that occurred in just that one biennium.

Rather than not permitting any of the excess savings to be applied to any future targets and thereby possibly discouraging other large-scale, front-end loaded projects, or simply allowing all excess savings to be applied to any target, thereby undercutting new conservation, a compromise was reached that allowed excess savings to be used to mitigate shortfalls in the immediately subsequent two biennia. The excess can not be used to reduce the following biennia targets, nor is a utility relieved of the obligation to work to achieve the next two targets, per WAC 480-109-100(3)(c)(i). In other words, a utility can not simply plan to use the excess as a component to meet or calculate the next two biennium targets – the excess savings can only be applied in situations where the utility, despite it’s best efforts, failed to meet the biennium’s conservation target. Only then can the excess savings be applied to the biennium target and then only up to an amount that is no more than 20 percent of the biennium target. Allowing conservation savings to roll over to meet decoupling targets was never considered or discussed in the negotiations.

Clearly, with achieved savings of 108 percent in 2014-2015, PSE met both the base and the decoupling targets. Going forward, any savings not applied to the 2014-2015 targets could be considered excess savings to be applied to future biennia target, but only up to the 20% of target limitation and only for two subsequent biennia, per RCW 19.285.040(1)(c)(i). Further, PSE must still report on how the company achieved the 5 percent decoupling savings as part of the reporting required under UE-121697. And as stated above, we would expect every effort be made to reach the targets, without factoring in those excess savings.

It is critically important, as staff noted in their comments, that if the conservation roll over is allowed for decoupling target shortfalls, that there be no double counting of MWh savings; verified MWh of conservation should be used *only once* to satisfy any conservation requirement, and that any MWh of excess conservation must not be used to comply with multiple targets. Further, this should be a clear signal to accelerate conservation measures.

NEEA

We note PSE developed their target and reported savings for the PSE programs without including NEEA savings, per the agreement reached with the other IOUs and the Commission. It is essential that Qualifying Utilities report all elements of their conservation efforts each biennium, so each utility’s conservation efforts can be seen in their entirety and ensure that each is pursuing “all available conservation that is cost effective, reliable and feasible”. PSE has done that.

Last, we want to recognize the PSE conservation staff and our fellow members of the Conservation Resources Advisory Committee (CRAC) who have worked diligently and openly to ensure a successful conservation program.

Sincerely,

Joni Bosh
NWEA