Attachment 2

WA Department of Commerce EIA Workbook – Conservation Content

PSE 2014-2015 Biennial Conservation Report

***Revised**: August 9, 2016*

Enter information in green-shaded fields.

Do not modify blue-shaded fields.

Energy Independence Act (I-937) Conservation Report 2016

Utility	**Puget Sound Energy**
Report Date	*June 1, 2016*
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Summary of Achievement and Targets (MWh)

	2014-2015 Biennial	2016-2017 Biennial
Target	621,120	Target 605,194
Achievement	663,122	
Surplus (Deficit)	42,002	

Planning

2014 - 2015 Planning		2016 - 2017 Planning	
2014-2023 Ten Year Potential (MWh)	**2014 - 2015 Target (MWh)**	**2016-2025 Ten Year Potential (MWh)**	**2016 - 2017 Target (MWh)**
2,930,760	621,120	2,770,663	605,194

Achievement

	2014 Achievement		2015 Achievement	
Conservation by Sector	**MWh**	**Utility Expenditures ($)**	**MWh**	**Utility Expenditures ($)**
Residential	151,059	$51,933,683	135,001	$47,961,008
Commercial	133,947	$32,289,649	104,589	$28,045,455
Industrial	14,883	$3,587,739	11,621	$3,116,162
Agriculture	-	$0	-	$0
Distribution Efficiency	1,496	$0		$0
Production Efficiency	-	$0	-	$0
NEEA	80,496	$4,447,503	11,133	$2,690,129
Pilots	6,144	$804,535	12,753	$822,614
	-		-	
Conservation expenditures *NOT* included in sector expenditures				
Portfolio Support		$2,841,408		$5,892,479
Research & Compliance		$2,600,253		$3,065,001
Total	**388,025**	**$98,504,770**	**275,097**	**$91,592,848**

Note: Expenditure amounts do not include any customer or other non-utility costs.

Utility	**Puget Sound Energy**
Compliance Year	**2016**

Notes, including a brief description of the methodology used to establish the utility's ten-year potential and biennial target to capture cost-effective conservation:

(1) The quantities submitted above include all areas of conservation effort and achievement, because the Commerce Conservation Report includes areas of conservation that are not used for target setting at the Utilities and Transportation Commission (UTC). Excess savings achieved will be determined using standard practices of the UTC.

The 2014-2015 MWh Target of 485,770 as approved in Docket UE-132043, Order 01, excludes savings reported by the Northwest Energy Efficiency Alliance (NEEA), pilot programs without verified savings, or Puget Sound Energy's ("PSE's") Decoupling Commitment. These figures are presented in NOTE 2 below.

(2) PSE's indicated overall savings target of 621,120 MWh is comprised of (all MWh):

UTC-approved EIA Target	**Docket No. UE-132043, Order 01:**	**485,770** ("1st penalty target")
Savings Excluded from UTC Target		
NEEA goal:		72,530
Pilot programs:		34,900
Decoupling Commitment	**Docket No. UE-132043, Order 03:**	**27,920** ("2nd penalty target")
TOTAL PORTFOLIO TARGET:		621,120

As indicated above, PSE is also responsible for achieving an additional Decoupling Commitment of 5 percent above the UTC-approved EIA Target. In the 2014-2015 biennium, PSE collaborated with the CRAG to base its Decoupling Commitment on 5 percent of its Conservation Potential Assessment + Home Energy Report goal of 558,300 MWh, rather than 485,770 MWh.

Total Savings Subject to Penalties (485,770 + 27,920), noted in **bold** above: 513,690 MWh

Utility	**Puget Sound Energy**
Compliance Year	**2016**

Notes, including a brief description of the methodology used to establish the utility's ten-year potential and biennial target to capture cost-effective conservation:

(3) Under UTC standard practice, any type of conservation potential withheld from target-setting is not counted as achievement to meet the Target.

For penalty (a potential of $50/MWh of shortfall) calculations indicated in NOTE 2, PSE's reported achievement includes:

TOTAL PORTFOLIO:	663,123
Less NEEA achieved:	-91,630
Less pilot achievement:	-18,897
Total PSE program savings:	552,596
Less EIA Target:	-485,770
Remainder:	66,826
Less decoupling:	-27,920
Total Excess:	38,906

The difference in the excess values noted between the above calculation and that noted in the Summary of Achievement and Targets (MWh) table above is that the overall Portfolio amounts in the Summary of Achievement and Targets (MWh) table includes NEEA, pilots, and decoupling in both the target value and achieved value, whereas the figures the above discussion exclude NEEA and pilots from the target and achieved totals.

(4) PSE engaged its Conservation Resource Advisory Group ("CRAG") very early (June, 2013) in the 2014-2015 planning process. Together, PSE and CRAG resolved issues such as accounting for NEEA savings and how to adapt those savings to the PSE territory, how to count Home Energy Report "legacy" savings, versus energy reporting pilot savings, and how to account for PSE's decoupling commitment. By the time PSE filed its 2014-2015 Biennial Conservation Plan with the Commission on November 1, 2013, there was consensus that the EIA target of 485,770 MWh was reasonable and that PSE had performed due diligence.

(5) As detailed in PSE's Exhibit i: 2014-2023 Ten-year Conservation Potential and 2014-2015 Two-year Electric Target, PSE used methodology that is consistent with the Council's, relative to identifying all conservation opportunities that are cost-effective, reliable and feasible. In Figure 1 of Exhibit i, PSE provides a summary of the steps that it took to determine the technical, economic and achievable potentials. PSE also provided the CRAG with a detailed review of its Conservation Potential Assessment ("CPA") process (in its June 2013 CRAG meeting), as well as circumstances that are particular to the PSE service territory that resulted in minor adjustments to the final CPA.

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Compliance Year	**2016**

Notes, including a brief description of the methodology used to establish the utility's ten-year potential and biennial target to capture cost-effective conservation:

(6) As noted in Exhibit i, in order to determine PSE's pro-rata share of its ten-year conservation potential, the conservation potential in PSE's 2013 IRP assumes that all retrofit end use energy efficiency and fuel conversion potential is accelerated into a ten year period, while other types of conservation or demand-side resources are ramped in more gradually over time over natural measure life cycles or customer growth rates. This is consistent with previous IRP's and is intended as a general planning assumption to demonstrate that there is value to acquiring these resources as quickly as realistically possible, but that they cannot be acquired immediately.

PSE also made adjustments to account for behavioral programs and the influence of regional programs, such as those administered by the Northwest Energy Efficiency Alliance (NEEA). Figure 5 in the 2014-2015 Exhibit i outlines the steps that PSE took to arrive at the Commission-approved 2-year