

## I-937 WA Conservation Working Group: Facilitator's Candidate Issue List<sup>1</sup>

*Goal: Achieve clarity regarding utility responsibilities in the following areas to assist in I-937 implementation and, to the extent appropriate, consistency in treatment*

*Assumptions: [Working Group needs to discuss these assumptions and confirm whether they are correct/ agreeable]*

- *Forward looking (process not intended to settle current, specific disputes)*
- *Many items are already well established and need not be reopened*
- *Each utility has different circumstances that may require unique approaches*
- *Ideally, clarity should result in more efficient/streamlined conservation "process" – less work/expense, not more [Should this be a goal?]*
- *Working Group should not be interpreting law, but should discuss framework and construct to comply with law (how the issues are framed will be critical)*
- *Realistic expectations for this process are needed in order to secure success*
- *Need balance between specificity and flexibility; some items should not be too tightly defined or locked in place; need ability to expand, refine, and evolve (not be afraid to true up)*
- *Process scoped is "I-937 requirements" [Query – is there flexibility to address related issues outside I-937?]*

*Issues:*<sup>2</sup>

### 1. "All Cost-Effective Achievable Conservation" within the Meaning of I-937

Overarching Issue - What would support or prove compliance with I-937 requirements? (What is "all achievable cost-effective conservation" within the meaning of I-937/what does "efficiency" for purposes of I-937 mean?)

#### General Questions

- What kind of conservation counts?
- Does who pays for the conservation matter?  
    E.g., naturally occurring, behavioral, energy codes
- How should measure life be treated, what are re-adoption assumptions?
- Timing and cost considerations – how to balance risk/customer rewards, rate at which all achievable conservation is acquired
- Do established incentives support achieving all cost-effective conservation?

#### Specific Issues

- Building codes

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<sup>1</sup> This is intended to prompt Working Group discussion, not replace it. Kristi Wallis prepared this list after the Steering Committee Meeting and individual conversations with most of the parties. The list will likely need some corrections, additions and recategorizing. The Working Group will discuss and prioritize these issues (and others) at its 2/17/11 meeting, and determine which issues will be addressed in this process and which will be taken off the table.

<sup>2</sup> Issues have not been ordered based upon any perceived or recommended priority.

- How would utility-sponsored efforts/investments to improve code-compliance (e.g., training, home inspections) be treated?
- How would utility efforts to support adoption of more stringent codes be treated?
- Behavioral programs
  - How would behavioral saving obtained through RCM-type or O-Power-type programs be treated?
- How would non-programmatic adoption of cost-effective efficiency measures be treated?
- Are there any minimum measure life restrictions for I-937 claims?
- Can efficiencies be 're-adopted' within an I-937 compliance period or within a five- or ten-year period, or not at all?
- What base case would be applied to improvements in thermal generation efficiency?
- What forms of distribution efficiency are eligible for incorporation within the I-937 target?
- Is there a preferred methodology for calculating distribution savings?
- Another thing to consider regarding the counting of savings for I-937 is whether they're at the site or the busbar
- Consistency of definitions and protocols with I-937 energy efficiency reporting by public utilities under the oversight of the Department of Commerce
- Are established incentives based on a rational model and support achieving all cost-effective conservation?

#### Avoided Costs

- Current company methodologies (average and levelized long-term) – what are they and are they consistent with Council methodology?
- More clarity on methodology

#### Total Resource Cost

- How does each company calculate Council version of TRC, including non-energy benefits?
- Can/should group agree on how test and terms are defined and how they will be used?

#### Conservation Targets

##### 10-Year Projections

- How are 10-year projections set?
- What will be the effect of external factors on content of plan? (For example, if federal legislation changes and eliminates high energy use, how would that be considered vis a vis justifications in a 10-year plan?)

##### Target for Next Biennium

How should 10-year projections be turned into realistic 2-year goal (consistently)?

- How do companies currently establish targets?
- What should go into establishing targets?
- Energy codes – should they be included?
- How to create proper balance – provide the right incentive but not unduly penalize

##### Achieving the Biennial Target

- How might UTC and other stakeholders fairly judge the acquired conservation resources by each company in comparison to the approved biennial conservation targets?

- What should companies do in order to avoid penalties?

#### Changed Circumstances During the Biennium

- How will external factors impact ability to hit 2-year target?
- When conservation measure estimates change mid-year or mid-biennium, how are the new measure conservation estimates applied to claimed conservation resource acquisition in that year or biennium? (How should revisions in estimated energy saving within a two-year compliance period be treated?)
- How would earlier than expected adoption of energy codes (especially unanticipated) or federal manufacturing standards be treated?
- What if savings estimates change due to significant shift in economic conditions?
- Timing of adjustments from externalities/information from EM&V
  - Adjustments to savings
  - Adjustments to targets
  - Relationship to penalties
- If changes result in adjustment to biennium target, and company was on track before but not after adjustment, if there is penalty, should/can the penalty be prorated?

#### EM&V

- Recognizing the utilities are at very different places with EM&V, can the Working Group develop clarity/guidance regarding expectations for EM&V (provide a further level of detail - savings estimate, basis, cost-effectiveness test - than in the Commission's current conditions)?
- How will EM&V results fit back in targets?
- Would a forward-looking evaluation in support of DSM business planning be an endorsed use of EM&V resources?
- How to incorporate non-program adoption/activity?

#### Prudency

- What does prudency look like in context of conservation?
- What would support demonstration of prudency?

#### Treatment of Specific Resources

- Should a uniform set of statewide standard protocols and methods be adopted to ensure like treatment for similar resources? If so, how would that be best accomplished?
- How to treat jointly-owned resources with co-owners outside of WA that are used to serve Washington load?
- How to treat resources outside of Washington that are used to serve Washington load?

#### Council Methodology

What are appropriate deviations from Council approach (drawing distinction between method and assumptions)?

#### Reporting

- Is there value in requiring some amount of consistency in basic information to be provided in required reports? (for example, semi-annual reports)
- Are the dates properly stated or, actually, milestones properly defined (or is this utility-specific)?

### Differences in Service Territories

- As underpinning for different treatment/assumptions/methods
- Impact of I-937 on companies serving multiple states

### Utility-Specific Issues

- Is billing analysis properly called out in our respective “10 conditions” and should this be rephrased?
- Should references to a percentage of spending for EM&V be rephrased?
- How to size appropriate to presence in Washington?

### Consistency

- Is it appropriate for everyone to act consistently?
- Where should there be consistency? What sort of consistencies can the Working Group endorse?
- Consistency of definitions and protocols with I-937 energy efficiency reporting by public utilities under the oversight of the Department of Commerce (can some guidance be gained, especially with respect to how they prorate the 10-year goals into a 2-year target)?