December 5, 2019

Mark Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

Re: Docket No. UE-190905, Puget Sound Energy’s Ten-Year Achievable Conservation Potential, Biennial Conservation Target, and Biennial Conservation Plan for 2020-2021

The NW Energy Coalition (NWEC or Coalition) appreciates the opportunity to comment on Puget Sound Energy’s (PSE or the Company) 2020-2021 Biennial Conservation Target and Biennial Conservation Plan (BCP). The Coalition is an active participant in the Company’s Conservation Resource Advisory Group (CRAG) and in the Company’s Integrated Resource Plan Technical Advisory Group (IRP TAG), both of which help guide the utility’s acquisition of conservation. We were also a participant in the Statewide Advisory Group (SWAG), which discussed issues in 2018 and 2019 related to the treatment of NEEA savings, in addition to other issues of common interest.

The passage of Clean Energy Transformation Act (CETA) underlines the continued importance of conservation and customer-side programs and thus this BCP process: one of the core requirements of CETA is that every utility must reduce or manage their overall load through cost effective, reliable and feasible conservation, energy efficiency and demand response measures, and this requirement in CETA is specifically prior to the requirement to achieve 100% clean energy to meet demand. We understand that, with current rulemakings in process affecting utility resource and system planning, the context in which the Company is developing its 10-year conservation potential, the two-year target, and its BCP are in a state of flux. However, we expect the Company to pursue robust customer-side programs and initiatives to fulfill the intent of CETA, in addition to EIA requirements.

We generally support PSE’s initial filing and look forward to an update in the spring of 2020 that includes an updated target that incorporates a social cost of greenhouse gases (GHGs) and description of how the Company will change its programming to reflect that update.
We appreciate the Company’s thorough filing and the CRAG meetings held throughout the year to incorporate advice and share information. Below are a few additional comments for the Company and the Commission to consider.

**NEEA Savings**
We concur with the agreement made related to the treatment of NEEA savings in an EIA target for 2020-2021, as discussed in the SWAG memo.\(^1\) We would note, however, that with the implementation of new legislation, there may need to be changes in how market transformation savings and achievement will be treated in other utility targets in the future.

**Hard-to-Reach and Underserved Markets and Highly Impacted and Vulnerable Communities**
In the past few years, stakeholders have spoken about hard-to-reach and underserved markets, and the recent CETA legislation references highly impacted and vulnerable communities, in reference to those being served or not served by clean energy and efficiency programs and their related benefits. While there are some differences in definition for all these terms, we group them together here as there is likely substantial overlap in the kinds of groups who are hard-to-reach or underserved and those who are highly impacted or vulnerable.

During the 2018-2019 biennium, PSE participated in two efforts related to assessing conservation acquisition in hard-to-reach and underserved markets:

1. **Northwest Power and Conservation Council’s “Northwest Under-served Energy Efficiency Markets Assessment.”**\(^2\) This report included data and analysis from multiple utilities assessing their programs and whether particular customer segments are underserved. While the NW Energy Coalition raised concerns that this report did not truly fulfill the intent of the related 7th Power Plan Action item in finding ways to achieve conservation from underserved and hard-to-reach markets\(^3\), we appreciated that Puget Sound Energy took efforts to analyze its program data from different perspectives, including participation, utility savings, and investment.

2. A manufactured home study, in conjunction with UTC staff and Cadmus, with advice from a workgroup.\(^4\) Overall, we found this study to be interesting analysis of the segment of the market that we have not seen in other research venues, so we

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\(^3\) See Comments of NW Energy Coalition, July 5, 2018. Available at: [https://nwcouncil.app.box.com/s/ymtc9wtyunoipoq0x1prn26alutip44/file/303892232054](https://nwcouncil.app.box.com/s/ymtc9wtyunoipoq0x1prn26alutip44/file/303892232054)

appreciate PSE and Cadmus undertaking this work. This report highlights that there is still significant potential for conservation in these homes in PSE’s service territory, but that there are unique or amplified programmatic barriers that may prevent manufactured homes residents from taking advantage of conservation programs, as compared to other those living in site-built homes.

These efforts, while providing valuable insights and information, highlight program data gaps on knowing who is served by programming. Under CETA, one of the intents of the legislation is that all customers, particularly highly impacted and vulnerable communities, will experience equitable energy and nonenergy benefits in the transition to clean energy. Under the 7th Power Plan, there is an acknowledgement that the Region will not be able to meet its efficiency acquisition needs if there are markets underserved by efficiency programming. However, how can these outcomes be measured if we do not have the data? More granular data about customers served and how they are served will become an increasingly important part of measuring program success.

There will many more discussions in the CRAG and other regulatory venues on these topics as CETA is implemented. For the upcoming biennium, we request that PSE find ways to report its program accomplishments in more granular ways—where are participating customers and what are their characteristics? There will likely be a need to collect more information on those customers who are served in order to have a better picture of the needs. This kind of data can help inform a richer discussion on program barriers and opportunities.

The SWAG or another collaborative venue may be a useful group to convene to hold further discussions on data collection and research.

Nonenergy Impacts/Benefits
Related to the above, understanding how nonenergy benefits can flow equitably to all customers will require knowing more about the nonenergy benefits themselves. Staff has proposed some conditions for the utilities related to conducting research on the nonenergy impacts in the coming biennium. We are supportive of these ideas, and encourage Staff to facilitate common venues to discuss this work to minimize duplication.

Financing and Alleviating Upfront Costs of Measures
One of the key reasons that customers do not implement certain efficiency measures is due to the upfront first costs of those improvements. As much of the lighting potential is going away due to increased standards and/or market saturation, the remaining conservation potential throughout the Region is generally higher cost/longer payback measures, such as weatherization, windows, or heat pumps. Low cost and/or accessible financing is a needed tool to help customers be able to purchase these products.

As outlined in the BCP, the Company will continue reviewing options for access to financing for customers and will share the results with the CRAG in 2020. We continue to believe
that access to financing will be very important for acquiring more conservation in the future, and believe that utilities are well-suited to facilitating these transactions.

Pilots
The Company plans to implement a few pilots in the coming biennium, a few of which we provide comment below.

*Home Energy Assessments:* Due to new lighting standards, the previous iteration of the home energy assessments was not cost-effective, as most of the savings had come from lighting installations. A new program pilot will focus on “moderate income and vulnerable communities.” Given the likely overlap with many low-income populations who may qualify for services provided through Community Action Agencies, the contractor implementing the home energy assessments should have a process for how to refer a customer for further services; it seems that this is in place, but we want to iterate its importance. This pilot may also be a good opportunity to survey customers on barriers to participating in other conservation programs, similar to the survey intent in the manufactured home report.

*Continuation of Pay for Performance Pilot:* NWEC is very supportive of the Pay for Performance Pilot that PSE will be continuing in the coming biennium. While we know that participation has thus far been low, we think that there are programmatic changes (which the company is pursuing) and communication work that can be done with vendors who can “sell” the program to building owners. In addition, as the Clean Buildings Act (RCW 19.27A.200-240) is implemented, the marketing for this program could leverage the requirements of that bill to drive more interest. We appreciated the participation of PSE staff in a workshop in September to discuss regional Pay for Performance programs and how to drive more participation.

*Targeted DSM Programming:* In the coming biennium, the Company plans to pursue targeted incentives in at least two geographic areas to avoid more expensive capital investments. We are generally supportive of these efforts, but acknowledge that the roll out of these programs could be challenging and that strong evaluation will be important. We also note that, with the implementation of CETA, avoided energy or capacity costs may not be the only benefit of a program such as this—ensuring the equitable distribution of energy and non-energy benefits could include targeted programs for certain customer groups in the future.

*Other Comments*

*Manufactured Home Programming and Outreach:* The Company noted a number of ways that they plan to specifically address manufactured home customers, leveraging some of the findings of the Cadmus report, noted above. Manufactured homes and how to serve this unique market have been a topic of interest the last few biennia; we propose some discussions with the CRAG in 2020 about how the enhanced offerings or outreach may be working or other ways to adaptively manage these offerings.
Proposed Conditions: Staff has proposed some edits to the conditions that govern the BCPs and Staff and the utilities have iterated on these conditions over the last few months. The NW Energy Coalition has been involved in the discussions and generally agrees with the proposed conditions as provided by Staff on November 27.

Demand Response: If the Company explores demand response programming, we recommend a discussion with the CRAG on how the programming will be rolled out in coordination with efficiency programs.

I plan to attend the December 17 recessed open meeting in person.

Respectfully submitted,

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