

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	DOCKET UE-230892
PUGET SOUND ENERGY's	ORDER 01
2024-2033 Ten-Year Achievable Electric Conservation Potential and 2024-2025 Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010	ACCEPTING 2024-2033 TEN-YEAR ACHIEVABLE CONSERVATION POTENTIAL AND 2024-2025 BIENNIAL CONSERVATION TARGET, SUBJECT TO CONDITIONS

BACKGROUND

- 1 Under the Energy Independence Act (EIA or Act), electric utilities with 25,000 or more customers are required to set and meet energy conservation targets every two years.¹ The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA, which further require that each utility must file a report with the Commission identifying its ten-year achievable conservation potential and its biennial conservation target every two years.²
- 2 On November 1, 2023, Puget Sound Energy (PSE or Company) filed its 2024-2025 Biennial Conservation Plan (BCP or Plan) identifying a 2024-2033 ten-year achievable conservation potential of 1,521,999 megawatt-hours (MWh) and a 2024-2025 biennial conservation target of 304,400 MWh.

¹ RCW 19.285.040(a) requires each electric utility to identify its ten-year achievable cost-effective conservation potential using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan. At least every two years, a utility must also review and update its assessment for the subsequent ten-year period. RCW 19.285.040(b) requires each qualifying utility to establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in RCW 19.285.040(a) and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than the qualifying utility's pro-rata share for those two years of its cost-effective conservation potential for the subsequent two-year period.

² WAC 480-109-120.

- 3 Table 1 compares PSE’s expected electric savings and budget for the 2022-2023 biennium to the 2024-2025 biennium.

Table 1 – Electric Savings and Budgets from PSE’s 2022-2023 and 2024-2025 BCPs

Program	2022-2023 Projected Savings (MWh)	2022-2023 Budget	2024-2025 Projected Savings (MWh)	2024-2025 Budget
Residential Total ³	145,746	\$76,790,558	158,100	\$87,471,328
<i>Low-income</i>	3,955	\$12,216,392	4,308	\$21,532,138
Commercial/Industrial	346,845	\$116,229,191	195,510	\$93,671,718
Pilots	4,725 ⁴	\$1,693,034	-	\$10,920 ⁵
Regional ⁶	40,382	\$10,915,695	53,454	\$10,882,372
Administration/Other ⁷	-	\$34,477,328	-	\$54,251,126
Total	537,698	\$240,105,806	407,064	\$246,287,464

- 4 Commission staff (Staff) and PSE negotiated a set of conditions that PSE agrees to adhere to throughout the biennium. These are included in Attachment A to this Order.

- 5 Staff filed responsive comments on the Plan on December 22, 2023.⁸ Those comments detailed PSE’s expected electric savings in the 2024-2025 biennium, some of the programs the Company will run to achieve those savings, and an analysis of the Plan.

³ Residential Total includes low-income.

⁴ Includes only pilots with uncertain savings. In the 2022-2023 biennium this includes the Retail Choice Pilot, the Home Energy Assessment Behavioral Pilot, the Advanced Metering Infrastructure Small & Medium Business Enhanced Engagement Pilot, and the Advanced Metering Infrastructure Single-Family Home Enhanced Engagement Pilot.

⁵ The pilot costs noted in the 2024-2025 budget are for PSE’s discontinued Home Energy Display program, which has December 2023 billing that should be received in January 2024.

⁶ Savings and budgets associated with Northwest Energy Efficiency Alliance (NEEA), the Company’s Targeted Demand Side Management (DSM) Pilot, and the Generation, Transmission & Distribution Efficiency program.

⁷ “Other” includes net metering and the Company’s demand response pilot.

⁸ *In re PSE’s Biennial Conservation Plan*, UE-230892, Commission Staff Comments Regarding Electric Utility Conservation Plans Under RCW 19.285 and 80.28 and WAC 480-109 (Dec. 22, 2023).

6 Staff recommends the Commission issue an order accepting PSE's ten-year electric conservation potential of 1,521,999 MWh; Two-Year EIA Target of 304,400 MWh; Two-Year EIA Penalty Threshold of 268,702 MWh; Two-Year Decoupling Threshold of 15,220 MWh, pursuant to Order 07 in Docket UE-121697; and a total Two-Year utility conservation goal of 397,620 MWh, subject to the conditions set out in detail in Attachment A to Staff's memo. In summary, the conditions require the Company to:

- Continue to invest in regional studies and market transformation, in collaboration with funding from other parties and with other strategic market partners in this biennium, that complements PSE's energy efficiency programs, planning, services, and measures.
- Retain sole responsibility for complying with RCW 19.285 and WAC 480-109.
- Continue to use its advisory group and Integrated Resource Planning advisory group, including notifying and consulting with the groups in a variety of circumstances.
- Provide Annual Budgets in a detailed format including energy savings and a reasonable allocation towards pilot programs, research, and data collection.
- Maintain and provide specific program details in its conservation tariffs and notify Advisory Group of filings.
- Follow approved strategies for selecting and evaluating energy conservation savings.
- Follow program design principles.
- Use the Total Resource Cost Test (TRC).
- Demonstrate progress towards equitable distribution of nonenergy benefits.
- Use funds collected through the Electric Conservation Service Rider on approved conservation programs and their administrative costs.
- Continue to review the feasibility of pursuing cost-effective conservation in the form of reduced electric power consumption resulting from increases in the efficiency of energy use at electric power production facilities it owns in whole or in part.
- Avoid double-counting of efficiency savings achieved at electric power production facilities owned in whole or in part.

DISCUSSION AND DECISION

- 7 We agree with Staff’s recommendation and accept PSE’s BCP subject to certain conditions. We accept PSE’s calculation of its ten-year electric conservation potential of 1,521,999 MWh; Two-Year EIA Target of 304,400 MWh; Two- Year EIA Penalty Threshold of 268,702 MWh; Two-Year Decoupling Threshold of 15,220 MWh, pursuant to Order 07 in Docket UE-121697; and a total Two-Year utility conservation goal of 397,620 MWh, subject to the conditions attached to and incorporated into this Order as Attachment A for the reasons explained below.
- 8 The Company, in collaboration with Staff and advisory groups, developed a BCP using methodologies consistent with the Northwest Power and Conservation Council’s most recent final Power Plan,⁹ which proposed appropriate program changes. The Plan also complies with the statutory requirement to “pursue all available conservation that is cost-effective, reliable, and feasible.”¹⁰
- 9 The Clean Energy Transformation Act (CETA) also significantly expands the requirements related to highly impacted communities and vulnerable populations, mandating that “all customers are benefiting from the transition to clean energy.” In addition, Section 12 of CETA requires the Department of Commerce to collect and report data on energy burden and energy assistance need for each utility beginning July 31, 2020. Furthermore, newly implemented Commission rules related to utility Integrated Resource Planning (IRP), Advisory Groups, and other CETA implementation found under WAC 480-100 provide additional guidance.
- 10 As described above, CETA emphasizes nonenergy impacts which requires utilities to ensure an equitable distribution of benefits. Coinciding, the EIA requires utilities to include quantifiable environmental costs and benefits in their cost-effective conservation calculations. While the Company plans to implement several measures intended to enhance its conservation achievement with this sector of hard-to-reach customers in 2024, we agree with Staff that the public interest requires imposing additional conditions related to non-energy impacts, distribution savings, coordination between utilities, and public involvement to accept the Company’s 2024-2025 BCP. These conditions are outlined in detail in Attachment A to this Order.

⁹ RCW 19.285.040(1)(a).

¹⁰ RCW 19.285.040(1).

11 Accordingly, we accept PSE's calculation of its ten-year electric conservation potential of 1,521,999 MWh; Two-Year EIA Target of 304,400 MWh; Two- Year EIA Penalty Threshold of 268,702 MWh; Two-Year Decoupling Threshold of 15,220 MWh, pursuant to Order 07 in Docket UE-121697; and a total Two-Year utility conservation goal of 397,620 MWh, subject to the conditions attached to and incorporated into this Order as Attachment A.

FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, and affiliated interests of public service companies, including electric companies.
- 13 (2) The Commission has authority to determine investor-owned utilities' compliance with RCW 19.285.040(1) and RCW 19.285.060(6). The Commission has authority to review and decide whether to approve investor-owned utility's conservation targets. The Commission may rely on its standard practice in exercising that authority. See RCW 19.285.040(1)(e). The Commission adopted WAC 480-109-010 to implement RCW 19.285.040(1).
- 14 (3) PSE is an electric company and a public service company subject to Commission jurisdiction. PSE is a qualifying investor-owned electric utility under RCW 19.285.030.
- 15 (4) On November 1, 2023, PSE filed its 2024-2025 BCP identifying a 2024-2033 ten-year achievable conservation potential, 2024-2025 EIA Target, EIA Penalty Threshold, and 2024-2025 Decoupling Threshold.
- 16 (5) This matter came before the Commission at a specially scheduled recessed meeting on January 17, 2023.
- 17 (6) PSE's calculation of its 2024-2033 ten-year achievable conservation potential of 1,521,999 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).

- 18 (7) PSE's calculation of its 2024-2025 biennial conservation target (EIA Target) of 304,400 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 19 (8) It is the Commission's standard practice to remove forecasted savings from previously undertaken market transformation activities when calculating the EIA Penalty Threshold.
- 20 (9) PSE's calculation of its 2024-2025 EIA Penalty Threshold of 268,702 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 21 (10) PSE's calculation of its 2024-2025 Decoupling Penalty Threshold of 15,220 MWh is consistent with Order 07 in Docket UE-121697.
- 22 (11) It is in the public interest to accept PSE's biennial conservation target, as authorized by RCW 19.285.040(1)(e) and WAC 480-109-120(5), subject to the conditions proposed by Staff, as set out in Attachment A to this Order.
- 23 (12) The Commission should accept PSE's calculation of its ten-year electric conservation potential of 1,521,999 MWh; EIA Target of 304,400 MWh; EIA Penalty Threshold of 268,702 MWh; and Decoupling Penalty Threshold of 15,220 MWh; subject to the conditions attached to this Order as Attachment A.

ORDER

THE COMMISSION ORDERS:

- 24 (1) PSE's 2024-2033 Ten-Year Achievable Electric Conservation Potential of 1,521,999 MWh; 2024-2025 EIA Target of 304,400 MWh; 2024-2025 EIA Penalty Threshold of 268,702 MWh; and 2024-2025 Decoupling Penalty Threshold of 15,220 MWh, are accepted subject to the conditions attached to this Order in Attachment A.

- 25 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

Dated at Lacey, Washington, and effective January 17, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner