

Puget Sound Energy
RCW 19.29A.090 (voluntary option to purchase qualified alternative energy resources — rates, terms, and conditions — reports) Annual Report
September 2010 – August 2011

Description of Alternative Energy Resource Options

The Puget Sound Energy (PSE) Green Power program has been available to customers through Schedule 135 since January 1, 2002. Customers can enroll over the phone, on-line, through bill inserts in their monthly bills, or via business reply cards distributed through brochures, at events, or in direct mail pieces. Customers have the option to buy green power in increments of \$2.00 per month, with a \$4.00 per month minimum; or they can elect to purchase enough to cover 100 percent of their electric usage, kilowatt hours (kWh) usage multiplied by \$0.0125. On average, participating residential customers purchase over \$7.00 of green power per month and commercial customers participate at an average of just under \$30.00 per month. The green power charge reoccurs each month until the customer either notifies PSE to stop or moves to a new location outside of our service territory. Since July 2005, the program has also included a large volume rate option under Schedule 136. Customers must purchase 1,000,000 kWh or more and make a purchase commitment for a minimum of one year. Twenty-four businesses and government agencies are currently enrolled in this program under the large volume rate.

Notable Marketing Activity

- PSE is now in its third full year of a performance-based contract with 3Degrees -- an outreach firm dedicated to advancing renewable energy markets. Since we began working with 3Degrees in January 2009, participation in the program has grown by 45 percent.
- PSE continued to use direct mail as an outreach method to increase enrollments. Data analysis is utilized to select the customers who receive a letter and postage paid business reply card. Customers can also enroll online or by calling a PSE Energy Advisor. The October 2011 letter yielded positive results with a nearly 1 percent response rate. Another direct mail campaign piece went out in mid-September.
- Similar to the direct mail campaigns described above, PSE developed a new customer mailer which will go out to a select number of new PSE electric customers each month. We hope this piece will make new customers more aware of the offering, and that many will take the opportunity to enroll.
- 3Degrees continues to hire and train PSE Green Power program outreach staff to attend local area fairs and events as well as tabling at retail locations and libraries. Direct community outreach accounts for more than one-third of PSE's Green Power program enrollments.
- In 2011, PSE partnered with the City of Olympia and the City of Lacey to conduct the Flip the Switch to Green Power campaign – a challenge to increase the enrollments in those two cities by 1,011 in 2011. If the goal is met, PSE has committed to providing the City of Olympia with a \$40,000 grant and the City of Lacey with a \$20,000 grant to be used for solar demonstration projects. Thurston Energy and InterCity Transit are also sponsoring the challenge.
- In May of 2011, the Green Power Rewards program was expanded from a Thurston County pilot to including all residential green power customers. Customers received discounts at approximately 40 participating green power business locations throughout PSE's electric service territory. The purpose of the program is to attract new residential and business customers, as well as support greater customer loyalty. We will continue to seek out and add new green power businesses to offer rewards.
- In November and December of 2010, PSE partnered with Theo Chocolate of Seattle to offer new customers a free holiday-themed chocolate bar for signing up. The campaign was promoted through newsletters, our website, bill inserts, and PSE Energy Advisors.
- In May and June PSE offered new customers a PSE Green Power program branded, stainless steel water bottle for enrolling, or upgrading their participation in the program. Similar to other

campaigns, the incentive was offered through bill inserts, the EnergyWise and ForYourHome newsletters, the PSE website, and PSE Energy Advisors.

- Beginning in July, PSE launched a Solar Sweepstakes campaign. PSE customers that enroll or upgrade their participation in the Green Power program will be automatically entered to win a PV system for their home valued at \$10,000. PSE is working with Promotions.com to administer the sweepstakes and comply with all WA laws. The campaign will run through October 30th, and is being promoted through all the means outlined above, plus a direct mailing that went out in mid-September, and at events such as Rock the Bulb.
- In addition to the campaigns listed above, PSE continued to communicate to existing and potential customers through bill inserts, newsletters sent out twice a year, a final version of the coupon book featuring green power businesses, and newspaper advertisements featuring leading green power businesses.
- PSE's current three-year agreement with 3Degrees for marketing support ends on December 31, 2011. Therefore, in August PSE issued an RFP for third-party marketing support. We received an Intent to Bid from three organizations, and proposals from two. After careful review we have selected 3Degrees for another three year agreement, which we are currently negotiating.

Green Power Program Rate of Customer Participation

31,209 Customers Total

30,295 Residential (electric meters)
914 Commercial (electric meters)

Qualified Alternative Energy Resources Purchased by Green Power Customers between September 1, 2010 and August 31, 2011.

335,859 Megawatt Hours (MWh) Total

214,962 Residential
120,896 Commercial

Utility Investment in Qualified Alternative Energy Resources

For the period September 1, 2010 through August 31, 2011, PSE paid \$2,386,447 for renewable energy credits (RECs). Sources of those RECs included the Bonneville Environmental Foundation and 3Degrees for wind, biomass and solar RECs; VanderHaak Dairy, Qualco Dairy, Farm Power Rexville, and Farm Power Lynden for animal waste to energy RECs; the Ellensburg Community Solar project for solar RECs; and Nooksack Falls for qualified, low-impact hydro RECs. In addition, we are sourcing some out-of-region wind RECs from the South Dakota Tatanka Wind Farm for our large volume customers.

Other Renewable Investments

PSE provided a \$15,000 grant to the Vashon community as recognition of a very successful community challenge in 2010. The community chose to apply the funding toward increasing the size of a solar installation that had been planned for Vashon High School as part of PSE's Solar for Schools program; and to seed the Vashon Island Community Solar project being organized by the Backbone Campaign. In addition, PSE made a \$50,000 payment to Farm Power Lynden for the first 6,250 RECs produced by the project. This payment helped the project developer overcome some of the high up-front costs of the project.

Results in Pursuing Aggregated Purchasing Opportunities

N/A