



Customer Solutions

# Energy Efficiency

## Attachment 8

2011 Low Income Weatherization  
Renewable Energy Credit (REC) Report

*June 1, 2012*

# 2011 Residential Low Income Weatherization (LIW) Program

Final Report

Use of Proceeds from the Sale of Renewable Energy  
Credits

By WUTC Order 05, Docket No. UE-070725

Denying PSE Petition for Reconsideration; Denying Energy Project Petition for  
Reconsideration; Granting in Part Staff Petition for Reconsideration

June 1, 2012

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# Applying Renewable Energy Credits to Low Income Weatherization Conservation Initiatives

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## Purpose of This Report

Pursuant to the Washington Utilities and Transportation Commission's (WUTC's) Order 05, Docket No. UE-070725, this report details electric expenditures for the 2011 Residential Low Income Weatherization (LIW) Program and the electric conservation savings achieved. The purpose of this report is to meet the reporting requirement as stated by the Commission in paragraphs 43 and 48 of Order 05.

## Summary

On August 31, 2010, the WUTC (Commission) issued Order 05 which allowed PSE to use up to \$2.285 million in Renewable Energy Credit (REC) proceeds to fund low-income conservation in 2011. The Commission did so:

“...with the condition that PSE, in consultation with the CRAG and low-income agencies, must spend the dollars with an eye to striking an appropriate balance between funds for repairs and funds for energy efficiency measures so that the conservation captured by the use of these funds is, in fact, cost effective.”<sup>1</sup>

Further, the Commission stated that:

“...in future program periods, revenue collected via Schedule 120 and allocated to low-income conservation can balance the expenditures for repairs and expenditures for efficiency measures in a way that the captures additional cost-effective conservation.”<sup>2</sup>

The Commission required that:

“...PSE file a report within six months following the end of the current low income conservation program period detailing its expenditures by fund source and the conservation savings achieved.”<sup>3</sup>

This requirement was reiterated with slightly different language in paragraph 48 as well.

## Detail of Electric Expenditures by Fund Source and Conservation Savings Achieved

Table 1 provides a summary of 2011 Low Income Weatherization electric expenditures and the corresponding electric conservation savings for both the electric tariff program<sup>4</sup> as well as REC-funded conservation results.

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<sup>1</sup> Page 14, paragraphs 42 of the WUTC Order 05, Docket UE-070725.

<sup>2</sup> Ibid., ¶ 41.

<sup>3</sup> Page 15, paragraphs 43.

<sup>4</sup> PSE electric tariff Schedule 201. Also referred to as “Tariff Electric” in Tables 1 through 3.

# Applying Renewable Energy Credits to Low Income Weatherization Conservation Initiatives

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**Table 1: 2011 LIW Electric Expenditures and Savings by Fund Source**

Fund Source	Spending	Savings (kWh)
<b>Tariff Electric</b>	\$2,287,825	1,965,464
<b>REC</b>	\$1,925,015	1,750,266

## Consultation with CRAG

In accordance with paragraph 42, Final Order 05, PSE met with members of the Conservation Resources Advisory Group (CRAG) on November 4, 2010 to present a proposed use of REC and Tariff Electric funds to achieve cost-effective conservation. PSE proposed that for those funds that must meet a cost effectiveness standard, up to 30% could be applied to energy-related repairs to effect the installation of other cost effective measures, while maintaining overall program cost-effectiveness. This proposal was also presented to low-income agencies with the opportunity to provide input.

After the presentation and the opportunity to provide input, CRAG members and low-income agencies agreed the proposal met the conditions outlined in Order 05.

In the program year 2011, low-income agencies tracked the cost-effective application of PSE Tariff Electric and REC proceeds to fund repair measures necessary for enabling weatherization, through tools made available in January 2011 in the PSE online tracking and reporting system.

Table 2 provides an overview of 2011 expenditures for energy-related repairs as a percent of program cost by funding source.

**Table 2: 2011 Repairs as a Percent of Program Costs**

Fund Source	\$ Repairs	\$ Program Cost	% Repairs
<b>Tariff Electric</b>	\$378,457	\$2,287,825	17%
<b>REC</b>	\$330,411	\$1,925,015	17%

# Applying Renewable Energy Credits to Low Income Weatherization Conservation Initiatives

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## Cost-Effectiveness

The application of funds in 2011 met Low Income Weatherization program cost-effectiveness requirements stipulated by this Order, as represented by the Total Resource Cost (TRC). Table 3 summarizes the Low Income Weatherization program cost effectiveness by fund source.

**Table 3: 2011 LIW Cost-Effectiveness by Fund Source**

Fund Source	TRC
Tariff Electric	1.86
REC	1.88

## Remaining Dollars

Order 05 requires that funds not expended during 2011 be booked to a deferral account<sup>5</sup>. As of December 31, 2011, of the \$2.285 million, \$360,219.91 remained unspent and was transferred to the deferred REC liability account number 25400221 in January of 2012. PSE returned the unspent dollars, along with any REC proceed balance, back to customers via Schedule 137 (REC credit) on May 14, 2012 when new rates went into effect.

## Conclusion

This report details the expenditures and the conservation savings achieved by fund source of the 2011 Low Income Weatherization program. This report has been submitted within six months of the end of the 2011 program and is in the form of a “subsequent filing” in accordance with WAC 480-07-885. As such PSE concludes it has fulfilled the reporting requirements of paragraphs 43 and 48 of Order 05.

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<sup>5</sup> Page 16, paragraph 49 of the WUTC Order 05, Docket UE-070725.