

Washington Conservation Working Group

Working Document as of 2/17/11 With Edits from Avista, PacifiCorp, Public Counsel and PSE

[This represents Kristi Wallis' understanding of the 2/17/11 discussion, and everyone will be given an opportunity at the 3/16/11 Working Group to agree/disagree and make appropriate modifications]

Areas of Conceptual Consensus

What should be the RCW 19.285 PSE +937 Target - a utility's IRP target, other program targets, or something else? What should count towards achieving that target? PSE

- Strong preference by staff (PacifiCorp) for using the companies' IRPs to set RCW 19.285¹ PSE +937 targets
- As a general concept, the utilities should be held responsible for what they can control² (responsibility should be linked to authority). RCW 19.285 PSE +937 targets should not be based on what conservation may naturally occur or what

¹ This should be expanded upon following additional discussion. For example, following a discussion that reaches consensus it should be clarified that the target should be developed based on a comprehensive CPA and the most recent IRP. The target may be adjusted slightly with full documentation to account for changes in utility programs, etc. Any adjustments should be fully supported and vetted with the advisory group. PSE

² Here is how force majeure is defined in PSE's conservation tariff schedule: **Force Majeure** means factors, events or conditions beyond the control of the Company that negatively impact customer participation in its Energy Efficiency Programs, such as, but not limited to, a local economic recession or natural disaster.

Mitigation text from the Electric Conservation Incentive Mechanism (Schedule 121):

The Company may ask the Commission for mitigation of the penalty amount provided the Company can demonstrate that factors occurred after annual energy efficiency targets were established and (i) such factors are beyond the Company's control, and (ii) the factors affected Customer participation in the Company's energy efficiency programs. Factors may include, but are not limited to, significant local economic recession or major natural disaster.

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other programs could achieve. The Working Group wants to think further about some possible exceptions: (1) implementation of code changes mid-biennium (including where utilities have advocated for change) and (2) regional activities to increase conservation. Also, the UTC staff has a question about whether this approach is “consistent with the Council’s methodology³” within the meaning of the law.

Benefits: Certainty (utilities/advisory groups/WUTC know what is expected); assessing compliance is more streamlined (accounting is simplified and relies less upon guesstimates about other sources of conservation); equity (if utilities are subject to penalties, compliance should be within their control to the extent possible and be operational, not academic); *[other?]*

Remaining Work:

- (1) Get greater clarity on what is meant precisely by what the utilities can “control”
- (2) Determine whether there are agreed upon exceptions. Define exceptions [PG]
where conservation efforts outside of utility programs should be in the target or included in determining whether utility met target and if so, define these [PG]
 - a. Early adoption of building code (particularly in regulatory environment where utilities cannot recover expenses relating to policy advocacy)
 - b. Participation in regional conservation efforts - can the utilities be incented/commit to participate in these efforts without having to try to account for results as credit towards RCW 19.285 [PG] 1-937 target?
 - c. Other? Acquisition of conservation outside of a utility’s service territory. [PG]
- (3) Resolve questions regarding consistency with the Council methodology⁴ (the Council looks to conservation across the region and does not draw a distinction between utility and non-utility sources of conservation)
- (4) Define final work product (guidance or something more proactive?) by June 2nd Working Group Meeting

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³ Is WUTC Staff asking whether NEEA funding is consistent with the Council’s methodology? [PG]

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⁴ Should also remember that Company methodology does not need to be consistent with Council methodology, if it is explained, as allowed for in WAC 480-109-010(1)(b)(i): “A utility may, with full documentation on the rationale for any modification, alter the conservation council’s methodologies to better fit the attributes and characteristics of its service territory.” [PG]

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Question B: What counts towards meeting targets? [KMW note to Working Group – the following was the trend of the conversation but I did not expressly test for consensus – let me know what you think]

[Avista's Response: We disagree with the statement as written and disagree that there was consensus. The first sentence needs to have language added such as "...or have an agreed upon methodology to count other savings toward targets." It is unclear to Avista that the second sentence's issue was resolved.]

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[Public Counsel's Response: We generally believe this area needs to be discussed further. What should count is complicated by the fact that for this biennium all three utilities used different approaches to develop or identify a target.]

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[PacifiCorp's Response: I feel these are two different thoughts here. Utilities only being able to count what they put in their plan is vague in that technically our conservation forecast is based on the same premise as the councils, that over time 85% of what's possible is saved, whether or not it comes through our programs. The targets are driven by this fact which sets us up for failure longer term depending on how we resolve the pro rata issue in setting our targets. As written if we ignore my previous point your reference to "with the exception of early adoption of building codes" there may be other exceptions i.e. ARRA funding and customers leveraging that subsidy and not the utilities. The site and bus bar isn't related to your first thought in the context we discussed.]

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"Count what they put in their plan" has at least one more variant and could be expanded by thinking about measures vs. deemed savings values. Count savings from efficient appliances if they were used to establish targets in a case of measure is in the target and the savings from the measure should be counted toward meeting the target. An example of values is what happens if the qualifying equipment efficiency or savings value per unit changes (or should be changed) during the biennium? How is this counted toward meeting the target? I think we want to have a discussion at broader level with some specific cases including the cases outlined above in addition to early adoption of building codes. The understanding or approach to counting may (will likely?) vary by these different types of subsets.

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Consensus: There should be consistency with what is counted and what was used to develop a utility's conservation target, utilities should only be able to count what they have put in their plan [PC]⁵, with the possible [PC] exception of early adoption of building codes. For example, whether savings should be counted at the site⁶ or at the bus bar would be determined by how

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⁵ This phrase needs to be clarified because utilities can count achieved savings that go beyond their targets and utilities can count achieved savings that come from enhanced and expanded programs during the biennium. [PSE]

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⁶ PSE specified this when it filed its target "at the customer meter level". [PSE]

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<http://www.wutc.wa.gov/rms2.nsf/177d98baa5918c7388256a550064a61e/6f6031c4720c2d0f8825774a005635b8!OpenDocument> [PSE]

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savings were described in the plan. The Commission is not obligated to accept savings identified in the plan and the utility must demonstrate the prudence and cost-effectiveness of its conservation programs to the Commission after the savings are achieved. **PC**

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Differing Perspectives Where the Working Group has not Reached Agreement

Foundational Materials/Sources

Statutory

Energy Independence Act - Chapter 12.285 RCW

Administrative Rules

Acquisition of Minimum Quantities of Conservation and Renewable Energy as Required by the Energy Independence Act - Chapter 480-109 WAC (WUTC)

Secondary Materials

Administrative Rules

Energy Independence Act – Chapter 194-37 WAC (Department of Commerce)⁷

Noting that these are not the Commission’s Rules, the Commission never approved these rules, PSE (and the other IOUs) did not participate in this rulemaking process, and there was never any expectation that these rules would apply to PSE and the other IOUs. PSE

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⁷ While this may be interesting to look at as a secondary material, it needs to be noted that using this chapter of the WAC, will raise several concerns, such as (but not limited to):

These are not the Commission’s rules; the Commission never approved these rules; PSE and the other IOU’s did not participate in this rulemaking process; and there was never any expectation that these rules would apply to PSE and other IOUs. PSE

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