

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	DOCKET UE-210822
PUGET SOUND ENERGY'S	ORDER 01
2020-2029 Ten-Year Achievable Electric Conservation Potential and 2022-2023 Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010	ACCEPTING 2020-2029 TEN-YEAR ACHIEVABLE CONSERVATION POTENTIAL AND 2022-2023 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 10-year achievable conservation potential and its biennial conservation target every two years.²

¹ RCW 19.285.040(a) requires each electric utility to identify its 10-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 10-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 that two-year period of its cost-effective conservation potential for the subsequent two-year period.

² WAC 480-109-120.

2 On October 29, 2021, Puget Sound Energy (PSE or Company) filed its 2022-2023 Biennial Conservation Plan (BCP or Plan) identifying a 2020-2029 ten-year achievable conservation potential of 2,487,820 megawatt-hours (MWh) and a 2016-2017 biennial conservation target of 497,564 MWh.

3 Table 1 compares PSE’s 2022-2023 electric expected savings with expected savings from the 2020-2021 biennium.³

Program	2020-2021 Projected Savings (MWh)	2020-2021 Budget	2022-2023 Projected Savings (MWh)	2022-2023 Budget
Residential Total	179,873	\$66,140,635	145,746	\$76,790,558
<i>Low-income</i>	<i>3,916</i>	<i>\$12,289,871</i>	<i>3,955</i>	<i>\$12,216,392</i>
Non-Residential	306,027	\$88,854,942	346,845	\$116,229,191
Pilots	15,080 ⁴	\$3,991,170	4,725 ⁵	\$1,693,034
Regional ⁶	25,064	\$9,841,195	40,382	\$10,915,695
Administration/Other ⁷	-	\$25,048,847	-	\$34,477,328
Total	526,044	\$193,876,789	537,698⁸	\$240,105,807

³ 2020-2021 expected savings are as of the Company’s April 2020 “Petition to Modify the Biennial Conservation Target, Penalty Threshold, Decoupling Commitment, and Ten-Year Potential,” approved by the Commission in May 2020. Docket UE-190905, Order 02.

⁴ Includes only pilots with uncertain savings. In the 2020-2021 biennium this included the Retail Choice Pilot, the Home Energy Assessment Behavioral Pilot, the Advanced Metering Infrastructure Small & Medium Business Enhanced Engagement Pilot, the Advanced Metering Infrastructure Single-Family Home Enhanced Engagement Pilot, and the Pay for Performance Pilot.

⁵ 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.

⁶ Savings and budgets associated with NEEA, the Company’s Targeted DSM Pilot, and the Generation, Transmission, & Distribution Efficiency program.

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

⁸ The difference between this figure and that in Table 1 in Staff’s comments is a small amount of additional savings that PSE believes it can realize during the 2022-2023 biennium. This additional savings is beyond that which is accounted for in its calculated EIA Target or EIA Penalty Threshold.

4 As with previous biennia, Commission staff (Staff), the state’s five electric and gas utilities, and various stakeholders have negotiated a set of conditions that PSE agrees to adhere to throughout the biennium. These are included as Attachment A to this Order.

5 On December 17, 2021, The Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel), The Energy Project (TEP), and the NW Energy Coalition (NWEC) submitted comments on the Plan. Public Counsel recommends the Commission approve the Plan subject to the conditions noted in Attachment A. While TEP and NWEC did not recommend approval, they are generally supportive and have no significant concerns. Both TEP and NWEC echoed Staff’s concern that the non-energy impact study conducted by the consulting firm DNV was conservative and urged PSE to engage its Conservation Resource Advisory Group (CRAG) more proactively as this research evolves.

6 TEP further noted concern that the data used by PSE for its low-income needs assessment was underestimating the number of high-energy-burden households and recommends additional CRAG discussions on this issue and refinement of the research. Staff agrees with this proposal.

7 Additionally, NWEC had suggestions for PSE’s implementation of its hybrid heat pump pilot and gas building envelope program offerings. NWEC also suggests that the Company continue discussions with the CRAG about how to provide customers access to financing for energy conservation measures. Staff agrees with these suggestions.

8 Staff also filed responsive comments on the Plan on December 17, 2021.⁹ Those comments detailed PSE’s expected electric and gas savings in the 2022-2023 biennium, some of the programs the Company will run to achieve those savings, and an analysis of the Plan.

9 Staff recommends the Commission issue an order accepting PSE’s 10-year electric conservation potential of 2,487,820 MWh; Two-Year EIA Target of 497,564 MWh; Two-Year EIA Penalty Threshold of 469,182 MWh; Two-Year Decoupling Threshold of 24,878 MWh, pursuant to Order 07 in Docket UE-121697; and a total Two-Year utility

⁹ Dockets UE-210822 and UG-210823, “Commission Staff Comments Regarding Gas and Electric Utility Conservation Plans Under RCW 19.285 and 80.28 and WAC 480-109 (2022-2023 Biennial Conservation Plans),” filed Dec. 17, 2021.

conservation goal of 536,717 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).
- Develop pilot programs and follow research requirements pursuant to RCW 19.405.120 and RCW 19.285.040(1)(g).
- 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

- 10 We agree with Staff’s recommendation and accept PSE’s BCP subject to certain conditions. We accept PSE’s calculation of its 10-year electric conservation potential of 2,487,820 MWh; Two-Year EIA Target of 497,564 MWh; Two-Year EIA Penalty Threshold of 469,182 MWh; Two-Year Decoupling Threshold of 24,878 MWh, pursuant to Order 07 in Docket UE-121697; and a total Two-Year utility conservation goal of 536,717 MWh, subject to the conditions attached to and incorporated into this Order as Attachment A for the reasons explained below.
- 11 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,¹⁰ 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.”¹¹
- 12 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.
- 13 As described above, CETA places an emphasis on nonenergy impacts that 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 a number of measures intended to enhance its conservation achievement with this sector of hard-to-reach customers in 2022, we agree with Staff that the public interest requires imposing additional conditions related to non-energy impacts, distribution savings, coordination

¹⁰ RCW 19.285.040(1)(a).

¹¹ RCW 19.285.040(1).

between utilities, and public involvement as a condition of accepting the Company's 2022-2023 BCP. These conditions are outlined in detail in Attachment A.

14 Accordingly, we accept PSE's calculation of its 10-year electric conservation potential of 2,487,820 MWh; Two-Year EIA Target of 497,564 MWh; Two-Year EIA Penalty Threshold of 469,182 MWh; Two-Year Decoupling Threshold of 24,878 MWh, pursuant to Order 07 in Docket UE-121697; and a total Two-Year utility conservation goal of 536,717 MWh, subject to the conditions attached to and incorporated into this Order as Attachment A.

FINDINGS AND CONCLUSIONS

- 15 (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, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 16 (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 conservation targets. The Commission may rely on its standard practice in exercising that authority. *See* RCW 19.285.040(1)(e). The Commission has adopted WAC 480-109-010 to implement RCW 19.285.040(1).
- 17 (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.
- 18 (4) On October 29, 2021, PSE filed its 2022-2023 BCP identifying a 2020-2029 ten-year achievable conservation potential, 2022-2023 EIA Target, EIA Penalty Threshold, and 2022-2023 Decoupling Threshold.
- 19 (5) This matter came before the Commission at a specially scheduled recessed meeting on January 18, 2022.
- 20 (6) PSE's calculation of its 2020-2029 10-year achievable conservation potential of 2,487,820 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).

- 21 (7) PSE's calculation of its 2022-2023 biennial conservation target (EIA Target) of 497,564 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 22 (8) It is the Commission's standard practice to remove forecasted savings from previously undertaken market transformation activities when calculating the EIA Penalty Threshold.
- 23 (9) PSE's calculation of its 2022-2023 EIA Penalty Threshold of 469,182 MWh is consistent with RCW 19.285.040(1) and WAC 480-109-120(1).
- 24 (10) PSE's calculation of its 2022-2023 Decoupling Penalty Threshold of 24,878 MWh is consistent with Order 07 in Docket UE-121697.
- 25 (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.
- 26 (12) The Commission should accept PSE's calculation of its 10-year electric conservation potential of 2,487,820 MWh; EIA Target of 497,564 MWh; EIA Penalty Threshold of 469,182 MWh; and Decoupling Penalty Threshold of 24,878 MWh; subject to the conditions attached to this Order as Attachment A.

ORDER

THE COMMISSION ORDERS:

- 27 (1) Puget Sound Energy's 2020-2029 Ten-Year Achievable Electric Conservation Potential of 2,487,820 MWh; 2022-2023 EIA Target of 497,564 MWh; 2022-2023 EIA Penalty Threshold of 469,182 MWh; and 2022-2023 Decoupling Penalty Threshold of 24,878 MWh, are accepted subject to the conditions attached to this Order in Attachment A.
- 28 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

DATED at Lacey, Washington, and effective January 18, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner