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PUGET SOUND ENERGY

The Energy To Do Great Things

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Filed via email

August 2, 2012

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Docket No. UE-100177
***Puget Sound Energy Inc.'s RCW-Required Report, 2010-2011 Biennial
Electric Conservation Achievement Report, as per RCW 19.285.070
Comments of Puget Sound Energy, Inc.***

Dear Mr. Danner:

In response to the Commission's statements regarding provision of another opportunity to file additional written comments in Docket UE-100177, Puget Sound Energy, Inc. ("PSE" or the "Company") offers the following comments regarding its 2010-2011 Biennial Electric Conservation Achievement Report, as per RCW 19.285.070.

PSE asks that the Commission find that PSE's submitted report is in compliance with the reporting requirements in WAC 480-109-040 and RCW 19.285.070. We believe that the Commission can make this determination on August 9, 2012 in PSE's docket (UE-100177). In addition to the request above, PSE offers the following comments on matters raised that do not need to be explicitly decided to render that determination on August 9, 2012.

2. Adjustments to Reported Savings

PSE does not agree that there should be an adjustment to its savings claims based on the SBW Third-Party Portfolio Savings Review as was detailed in their Biennial Filing.

1. SBW recommends a reduction of 17.5 percent in reported savings for the 2010-2011 Resource Conservation Manager (RCM) program. At issue is PSE's billing analysis approach, which SBW believes may overstate savings for the program. The controversial aspect of this approach is that PSE zeroes out sites for which the consumption increased from the baseline year; for instance, those sites with negative savings. SBW says, "The review team is firm in its belief that the claimed RCM savings is very likely overstated, though the magnitude of this discrepancy is uncertain at this point."¹ SBW goes on to say, "Because of the uncertainties around the program savings estimates, the review team recommends performing a full evaluation of the RCM program as soon as is reasonably possible."²

PSE agrees that there is some uncertainty involved in a billing analysis approach, primarily due to what SBW terms "Naturally-Occurring Variations," or "noise."³ PSE also agrees with SBW's recommendation to perform a full evaluation of the RCM program as soon as is reasonably possible. However, PSE does not agree that the billing analysis approach used in the RCM program is overstated. The reported savings should not be reduced by any amount without a full evaluation.

There are two primary reasons:

- i. PSE's billing analysis approach has specifically been developed to mitigate the effect of "Naturally-Occurring Variations." SBW's assertion that "The program's current analytical framework rests on the assumption that all reductions to facility electric usage--aside from those attributable to weather, changes in utilized floor area, or PSE-incentivized capital projects--result from RCM actions and thus should be credited to the program"⁴ is not accurate. PSE fully realizes that there are many factors that can, and do, affect consumption, both up and down.
- ii. PSE's approach is to zero out savings at any site for which the usage has changed from the baseline significantly more than by an amount that can be attributed to an RCM's documented actions. Such "outliers" are suspect, and savings are included only if there is adequate documentation to substantiate that the savings are due to the RCM's efforts. SBW conducted a meeting for interested CRAG members on April 24 to review its draft final report, "*Independent Third-Party Review of PSE's 2010-2011 Electric Conservation Energy Savings*".

¹ "*Independent Third Party Review of PSE's 2010-2011 Electric Conservation Energy Savings*", SBW Consulting, Inc. Final report, May 22, 2012. Page 50, Conclusions and Recommendations, ¶ 3.

² Ibid, "B. Re-evaluate the program sooner rather than later," ¶ 1

³ Ibid, pg 47, Table 15: RCM Savings Diagram.

⁴ "*Independent Third Party Review of PSE's 2010-2011 Electric Conservation Energy Savings*", SBW Consulting, Inc. Final report, May 22, 2012. Page 46, "B. Billing analysis approach may overstate savings attributable to program.", ¶ 1.

Some CRAG members who attended the April 24 webinar submitted email comments suggesting that the initial proposed 35 percent reduction seemed arbitrary and should not be made at this time. Instead, the savings should be determined through a full evaluation.

One commenter said, “A reduction of this magnitude feels premature, given uncertainties, limited data collection, and limited analysis.” Another said, “A closer examination of the savings is likely warranted, but until that work is completed I don’t support an arbitrary reduction of savings for this program.” And another: “I agree that it is premature to reduce the savings for the RCM by such a large amount.”

PSE does not believe the third party recommended reduction in savings is substantiated. The recommended reduction in claimed savings is solely based on concerns regarding analysis methodology, which has not received sufficient review and evaluation to determine a realization with sufficient precision to make a savings claim adjustment.

8. “Pursue all” conservation resources

The WUTC Staff request that the Commission clarify: what is meant by “pursuing all;” how “pursuing all” is distinct from simply meeting the Commission-approved target; and what information would be sufficient for determining whether the companies have indeed pursued all cost-effective, reliable and feasible conservation.

The 2010-2011 biennial conservation target approved by the Commission on October 13, 2010 was “deemed to be all cost-effective, reliable, feasible and available conservation that the Company must pursue for the 2010-2011 biennium.”

In the Washington Conservation Workgroup WUTC Staff was the only party advocating for this view that there are “two targets.”

Nothing in the Chapter 19.285 RCW contemplates another standard under which compliance is measured. The proposed criteria in the Staff memo is highly subjective and subject to interpretation that is not appropriate to this compliance issue for determination in this docket.

PSE appreciates the opportunity to present these additional comments. Please direct any questions regarding these comments to Eric Englert at (425) 456-2312 or the undersigned at (425) 462-3495.

Sincerely,

/s/ Tom DeBoer

Tom DeBoer
Director – Federal & State Regulatory Affairs