

Conservation Working Group Topical Issues Summary 6/16/2011

The Washington Conservation Working Group met from February through the end of June 2011 to explore issues common to the three regulated electric investor-owned utilities. Good progress was made on a number of issues while other issues were either not addressed due to time constraints or agreement between the participants was not reached. The following table provides an overview of issues and the status of those issues as of the end of June 2011.

Topical Issue Status Summary

Topic	Issue	Resolution	Outstanding	Is this a Near-Term Topic Candidate for a Statewide Forum
What is Conservation?	How is conservation defined?	General agreement on the legal terms used in statute was reached. Foundational Definitions document memorializes this understanding.		No
Methods consistent with NWPCC	How do companies calculate Avoided Costs?	Companies are consistent with council methodology		No
	How do companies calculate the Total Resource Cost Test (TRC)?	Companies are consistent with council methodology		No
	Saving counted at generator busbar or customer site?	Council uses busbar in their plan but derives this from customer level savings. Companies use customer level savings. This technical difference is OK as long as companies are consistent from year to year and across measures.		No
Setting 10-Yr Conservation Potential	How should conservation potential be developed?	Use language from consensus document.		Yes

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	What should be counted towards conservation potential?	General agreement that conservation potential should reflect measurable conservation programs that the companies run, fund, or significantly influence.	Need to clearly define what is always in, always out, or optional for inclusion in conservation goals.	Yes
Setting and Achieving Biennial Targets	Is the Biennial Acquisition Target the metric associated with the statutory penalty of \$50/MWh?	Agreement that this is the metric <u>and can be expressed in a range.</u>	Several parties feel that meeting the biennial target is the only compliance requirement.	No
	Other metrics to demonstrate pursuing all <u>available, cost-effective, reliable and feasible</u> conservation?	<u>There may be metrics other than MWh determinations such as energy usage per customer. The CWG discussed some but there was no consensus.</u>	Staff questions whether only meeting the target is legally correct or matches current practice of various measures the companies already report. Likely needs to be resolved by Commissioners' interpretation.	Yes, guided by Commissioners' direction.
	During the biennium how are savings counted if new information about assumed unit energy savings values change?	Unit energy savings values used to establish the target should be used throughout the biennium to measure achievement of those targets.		No
	During the biennium how are savings counted when installation and other factors are taken into account that do not directly affect individual unit energy savings?	Installation realization rates will be applied.		No.

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	What should be counted towards conservation biennial acquisition targets?	<p>If a company includes certain measures and programs in its plan, the verified savings from those measures and programs can be counted towards their target. Other unplanned but documented and verified savings can also count. <u>A guiding concept is that the a utility should be held accountable for what they control or influence.</u></p>	Need to clearly define what is always in, always out, or optional for inclusion in development of the biennial targets.	Yes

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	<p>Do specific resource types require different treatment? Should there be a uniform set of protocols and methods to ensure like treatment for similar resources? How do you count:</p> <ul style="list-style-type: none"> a. DSM b. Demand response c. Fuel switching d. Base case for thermal generation efficiency? e. Jointly-owned resources with co-owners outside of WA f. Resources outside of service territory/WA g. Power purchases h. Eligible forms of distribution efficiency? a. Preferred methodology, if any, for calculating distribution savings i. Behavioral programs 	See conditions list for RTF language.	Some of these specific issues were discussed but not fully documented. No uniform protocol or methods were developed.	Yes

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	<p>How are extra-territorial or non-programmatic savings claimed?</p> <ol style="list-style-type: none"> 1. Naturally-occurring conservation that happens outside of utility programs? 2. Conservation that is incited/facilitated by the utility but occurs outside of service territory count? 3. Building codes 4. How would utility-sponsored efforts/investments to improve code-compliance (e.g., training, home inspections) be treated? 5. How would utility efforts to support adoption of more stringent codes be treated? (For purposes of cost recovery as well as credit towards achieving target) 6. Non- programmatic adoption of cost-effective efficiency measures (NEEA?) 	<p>NEEA Net Market Effects savings have been counted by the companies. In the current biennium and future biennia, both Naturally Occurring Baseline and Net Market Effects may need to be accounted for. Building Code savings calculated by NEEA may be claimed.</p>	<p>Other sub-issues have not been fully vetted yet. Additional building code savings may be counted by companies if they use NEEA methods.</p>	<p>Yes</p>

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	How would earlier-than-expected or later-than-expected adoption of energy codes (especially unanticipated) or federal manufacturing standards be treated?	All federal energy changes have at least a three year lead time between adoption and implementation. Not anticipated to be a problem for federal standards. <u>WA building codes are adopted every three years in a process that is typically about 18 months long. Therefore unanticipated WA codes could change within a biennium. For purposes of reaching targets set at the beginning of the biennium, code assumptions are frozen for counting conservation savings.</u>		Possibly
	What if a significant shift in economic conditions affects conservation acquisition and prevents a utility from meeting its targets?		Has not been fully vetted.	Yes
	Can adjustments to savings assumptions or targets be made mid-biennium if EM&V reports or other external factors indicate new information?	No. The biennial conservation acquisition targets and underlying assumptions for savings per unit are fixed during the biennium. New EM&V information will be used to inform future targets.		No

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Incentives (conservation acquisition payments)	How should incentive levels be established, reviewed and adjusted?	A two-page guideline of principles and example best practices for setting incentive levels has been developed.	Some parties believe there may be a need for uniform protocol and criteria for selecting appropriate incentive levels to implement the guidelines.	Possible
Planning and Reporting	Should the current schedule of reports, plans and tariffs be repeated in future years?		Much discussion on this issue but no resolution yet.	Possible
	Should biennial conservation plans follow a template?	Some value depending on level of detail.	Utilities say this would need to be phased in. Some parties say yes.	Possible.
Evaluation Measurement and Verification (EM&V)	Is a uniform guidance document or protocol needed to fairly implement EM&V for all companies?		Companies believe they are currently doing adequate EM&V. Staff would like to develop guidance or protocol to uniformly examine EM&V.	Yes
	Should there be a uniform cycle of years for periodically evaluating measures and programs?	Companies have established or are in the process of establishing a periodic review of all programs and measures, typically a 2-4 year cycle.		No
	Should reported savings always be verified by an independent third party?			Yes.

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<p>All cost-effective conservation</p>	<p>All available conservation that is cost-effective, reliable and feasible.</p>	<p><u>Typically, this will be addressed at the utility level, discussed in utility's respective advisory group processes, and presented to the Commission for review.</u></p>	<p><u>There are general methods and issues, principles, and special cases that have statewide significance and are best vetted at a state-level forum to advise all IOUs simultaneously and foster uniformity when appropriate.</u></p>	<p>Possible.</p>