

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY

2022-2023 Biennial Acquisition Target  
Under RCW 80.28.380

DOCKET UG-210823

ORDER 01

ACCEPTING 2022-2023 BIENNIAL  
ACQUISITION TARGET, SUBJECT TO  
CONDITIONS

**BACKGROUND**

- 1 On October 29, 2021, Puget Sound Energy (PSE or Company) filed its 2022-2023 Biennial Conservation Plan (BCP or Plan) identifying a 2022-2023 biennial acquisition target of 9,262,931 therms.
- 2 Pursuant to Revised Code of Washington (RCW) 80.28.380, gas companies must establish an acquisition target every two years and must demonstrate that the target will result in the acquisition of all resources identified as available and cost-effective.

**Table 1 Natural Gas Savings and Budgets from PSE’s 2020-2021 and 2022-2023 BCPs.**

<b>Program</b>	<b>2020-2021 Projected Savings (therms)</b>	<b>2020-2021 Budget</b>	<b>2022-2023 Projected Savings (therms)</b>	<b>2022-2023 Budget</b>
Residential	4,389,196	\$18,670,776	5,856,444	\$25,165,847
<i>Low-income</i>	<i>49,918</i>	<i>\$2,543,666</i>	<i>41,487</i>	<i>\$2,033,572</i>
Non-Residential	3,294,086	\$10,105,714	3,968,826	\$13,925,172
Pilots	320,000 <sup>1</sup>	\$201,825	65,250 <sup>2</sup>	\$3,740
Regional <sup>3</sup>	0	\$3,864,081	0	\$3,745,032
Administration/ Other <sup>4</sup>	-	\$4,379,258	-	\$5,683,740
<b>Total</b>	<b>8,003,282</b>	<b>\$37,221,653</b>	<b>9,890,520<sup>5</sup></b>	<b>\$48,523,531</b>

3 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.

4 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 (NVEC) submitted comments on the Plan. Public Counsel recommends the Commission approve the Plan, subject to the conditions noted in Attachment B to Staff’s memo. While TEP and NVEC did not recommend approval, they are generally supportive and have no significant concerns. Both TEP and NVEC echoed Staff’s

<sup>1</sup> Includes only pilots with uncertain savings. In the 2020-2021 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 Pay for Performance Pilot.

<sup>2</sup> Includes only pilots with uncertain savings. In the 2022-2023 biennium this includes the Retail Choice Pilot, the Home Energy Assessment Behavioral Pilot, and the Advanced Metering Infrastructure Small & Medium Business Enhanced Engagement Pilot.

<sup>3</sup> Savings and budgets associated with NEEA and the Company’s Targeted DSM Pilot.

<sup>4</sup> “Other” includes the Company’s demand response pilot.

<sup>5</sup> 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 Biennial Acquisition Target.

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.

5 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 recommended additional CRAG discussions on this issue and refinement of the research. Staff agrees with this proposal.

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

7 Staff also filed responsive comments on the Plan on December 17, 2021.<sup>6</sup> 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.

8 Staff recommends the Commission issue an order accepting PSE's Two-Year Conservation Target of 9,262,931 therms; Two-Year Decoupling Commitment of 463,147 therms, pursuant to Order 08 in Docket UG-170034; total Two-Year Utility Conservation Goal of 9,791,327 therms; and subject to the conditions set out in detail in Attachment B to Staff's memo.<sup>7</sup> 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.

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<sup>6</sup> 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.

<sup>7</sup> Docket UG-170034, Order 08, ¶250, 261.

The Total Two-Year Utility Conservation Goal incorporates the Two-Year Conservation Target, the Decoupling Commitment, projected Northwest Energy Efficiency Alliance (NEEA) savings (if any), and any additional conservation savings that PSE expects to achieve above and beyond these targets, such as pilots or other savings.

- Participate in the Northwest Energy Efficiency Alliance's (NEEA) gas market transformation program through the end of NEEA's 2020-2024 funding cycle.
- Retain sole responsibility for complying with RCW 80.28.380.
- Follow the Conservation Potential Assessment provisions.
- Follow the provisions for acquiring, planning, and reporting all conservation resources.
- Continue to use its advisory group, including notifying and consulting with the group 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).
- File recovery through a Gas Conservation Service Rider.
- Demonstrate progress towards equitable distribution of nonenergy benefits.
- Consult with the Advisory Group to determine implementation of RCWs 80.28.260(2) and 80.28.300.

### **DISCUSSION AND DECISION**

9 We agree with Staff's recommendation and accept PSE's BCP subject to certain conditions. We accept PSE's calculation of its Two-Year Conservation Target of 9,262,931 therms; Two-Year Decoupling Commitment of 463,147 therms, pursuant to Order 08 in Docket UG-170034; total Two-Year Utility Conservation Goal of 9,791,327

therms, subject to the conditions attached to and incorporated into this Order as Attachment A for the reasons explained below.

10 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,<sup>8</sup> 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.”<sup>9</sup>

11 We agree with Staff that the public interest requires imposing additional conditions to accept the Company’s 2022-2023 BCP. The gas plans filed by the utilities, coupled with the proposed conditions, will serve to demonstrate that the gas conservation target will result in the acquisition of all resources identified by the utility as available and cost-effective as required by RCW 80.28.380. These conditions are outlined in detail in Attachment A to this Order.

12 Accordingly, we accept PSE’s calculation of its Two-Year Conservation Target of 9,262,931 therms; Two-Year Decoupling Commitment of 463,147 therms, pursuant to Order 08 in Docket UG-170034; total Two-Year Utility Conservation Goal of 9,791,327 therms; subject to the conditions attached to and incorporated into this Order as Attachment A.

### FINDINGS AND CONCLUSIONS

13 (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 natural gas companies.

14 (2) PSE is a natural gas company and a public service company subject to Commission jurisdiction.

15 (3) RCW 80.28.380 requires natural gas companies to establish an acquisition target every two years and must demonstrate that the target will result in the acquisition of all resources identified as available and cost-effective.

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<sup>8</sup> RCW 19.285.040(1)(a).

<sup>9</sup> RCW 19.285.040(1).

- 16 (4) On October 29, 2021, PSE filed its 2022-2023 BCP identifying 2022-2023 Acquisition Target, and 2022-2023 Decoupling Penalty Threshold.
- 17 (5) This matter came before the Commission at a specially scheduled recessed meeting on January 18, 2022.
- 18 (6) PSE's calculation of its 2022-2023 biennial acquisition target of 9,262,931 therms is consistent with RCW 80.28.380.
- 19 (7) PSE's calculation of its 2022-2023 Decoupling Penalty Threshold of 463,147 therms is consistent with Order 08 in Docket UG-170034.
- 20 (8) PSE's calculation of its 2022-2023 Total Two-Year Conservation Goal of 9,791,327 therms is consistent with RCW 80.28.380.
- 21 (9) It is in the public interest to accept PSE's biennial conservation target, as authorized by RCW 80.28.380, subject to the conditions proposed by Staff, as set out in Attachment A to this Order.
- 22 (10) The Commission should accept PSE's calculation of its Two-Year Acquisition Target of 9,262,931 therms; Two-Year Decoupling Penalty Threshold of 463,147 therms; and a Total Two-Year Conservation Goal of 9,791,327 therms; subject to the conditions attached to this Order as Attachment A.

## ORDER

### THE COMMISSION ORDERS:

- 23 (1) The Commission accepts Puget Sound Energy's Two-Year Acquisition Target of 9,262,931 therms; Two-Year Decoupling Penalty Threshold of 463,147 therms; and a Total Two-Year Conservation Goal of 9,791,327 therms; subject to the conditions attached to this Order in Attachment A.
- 24 (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**