**UTC STAFF COMMENTS REGARDING ELECTRIC UTILITY REPORTS ON**

**TEN-YEAR ACHIEVABLE CONSERVATION POTENTIAL AND**

**BIENNIAL CONSERVATION TARGETS**

**DOCKET UE-152058 (PUGET SOUND ENERGY)**

**DOCKET UE-152076 (AVISTA CORPORATION)**

**DOCKET UE-152072 (PACIFIC POWER & LIGHT COMPANY)**

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# ****BACKGROUND****

On October 29 and 30, 2015, Puget Sound Energy (PSE), Avista Corporation (Avista) and Pacific Power & Light Company (Pacific Power) timely filed their respective Biennial Conservation Plans (BCPs or Plans) with the Washington Utilities and Transportation Commission (Commission), as required by the Energy Independence Act (EIA),[[1]](#footnote-2) WAC 480-109-120, and prior Commission orders.

Commission Staff (Staff) participated in the development of the Plans through advisory groups for all three companies, and conducted a thorough review of the Plans as filed. Staff’s review focused on verifying: that the companies used methodologies consistent with the Northwest Power and Conservation Council’s (Council) most recent final Power Plan;[[2]](#footnote-3) that proposed program changes are appropriate; and that each Plan complies with the statutory requirement to “pursue all available conservation that is cost-effective, reliable and feasible.”[[3]](#footnote-4)

These are the first Plans to be filed since the Commission adopted a new rule for EIA enforcement in March 2015.[[4]](#footnote-5) Since biennial conservation planning began in 2010, Staff has worked with the utilities and stakeholders to address issues not anticipated in the statute and to develop best practices for implementing the EIA’s energy efficiency requirements. Many of the conventions developed through the first three biennia were codified in the new rule, including the advisory group process, reporting schedule and content, cost recovery, and low-income programs. Many of the issues identified in Staff’s comments on previous Plans were also addressed by the new rule.

Here, Staff’s comments summarize the target-setting process and discuss a handful of minor outstanding issues. Staff will present the final recommendations and the proposed conditions for approval at the Commission’s December 17, 2015, Open Meeting.

# TARGET SETTING

The target setting process begins with the development of the Conservation Potential Assessments (CPA), which establish the savings potential in a utility’s service territory over twenty-, ten- and two-year periods. Once the potential is set, the utilities may make necessary adjustments to derive their biennial conservation target. Examples of the changes that might be made include updating savings estimates based on new information, adding savings associated with measures not captured in the CPA (such as behavioral efficiency), and removing savings that will be achieved through regional programs, such as the market transformation work done by the Northwest Energy Efficiency Alliance (NEEA).

## Conservation Potential Assessments

The EIA requires a utility to use a methodology consistent with the Northwest Power and Conservation Council in preparing its assessment of conservation potential.[[5]](#footnote-6) The Council builds the regional conservation portfolio from the bottom-up; the methodology consists of a three-step process.

1. **Technical Potential:** The Council identifies the conservation that could be physically achieved through all known avenues regardless of cost (including the utility’s own conservation programs, regional conservation programs provided by other entities, updates to building codes and standards, federal energy efficiency standards, etc.).
2. **Achievable Potential:** The Council identifies the portion of the economic potential that can be directly obtained given the inhibiting barriers (penetration and ramping rates, which are fixed at 85 percent for retrofit measures and 65 percent for lost-opportunity measures).
3. **Economic Potential:** The Council develops a cost-effectiveness screen, also called the estimated avoided cost, and applies it to the achievable potential for each individual measure.

This is a simplified summary of the Council’s methodology; it is not intended to be a linear model. In practice, the companies may use an integrated resource plan (IRP) to establish the estimated avoided cost and apply it to the technical potential in a more iterative process, which is acceptable as long as the total potential used as an input to the IRP has only been reduced by the Council’s definition of achievable potential.

Through the Regional Technical Forum (RTF), the Council establishes unit energy savings (UES) values – the energy savings that can be expected from the implementation of a given measure. The Commission, through the conditions it has imposed in accepting previous BCPs, has ordered the companies to use those RTF figures wherever possible, and to justify and document any deviance.[[6]](#footnote-7)

Staff identified a potential issue relating to Avista’s CPA. Specifically, Staff questions why Avista’s CPA identified a lower potential than Pacific Power’s even though its load is substantially larger. Avista identified a 10-year conservation potential of 391,000 MWh and a 2016-2017 biennial target of 72,461 MWh. Pacific Power identified a 10-year potential of 457,530 MWh and a biennial target of 87,814 MWh. Pacific Power’s 10-year potential is 17 percent higher than Avista’s, and its biennial target is 21 percent higher. Staff finds this outcome puzzling, given that Avista’s total 2014 load in Washington was 38 percent higher than Pacific Power’s. It is even more puzzling given that the two utilities used the same contractor for the CPA.[[7]](#footnote-8) Neither Avista nor the contractor was able to readily explain the source of this discrepancy, which Staff is actively investigating.

## UES Values

The utilities differ in how frequently they update their plans to incorporate changes in UES values. PSE updates these values every year; Avista and Pacific Power update only at the beginning of a new biennium. In the current biennium, those two utilities agreed to identify what the impact on their reported savings would have been had they done an annual update as PSE does. Since that information was not yet available when the companies made their BCPs for the upcoming biennium, Staff and the advisory groups for Avista and Pacific Power agreed that those companies could continue locking their UES values for the 2016-2017 biennium. Staff will review the companies’ reports of the impact of a moving UES value and make a recommendation on whether Avista and Pacific Power should use that approach in the 2018-2019 biennium.

Staff’s experience in the current biennium, however, suggests that there may be value in the utilities conducting utility-deemed UES value reviews earlier in the biennial review process. During PSE’s 2014-2015 Biennial Electric Conservation Achievement Review, third-party reviewer SBW recommended decreasing the PSE-deemed UES for a few measures. SBW made these recommendations, PSE accepted them, and updated the savings values for 2015. This is the process agreed upon by PSE’s advisory group in the evaluation, measurement and verification framework. Staff agrees that PSE, the advisory group, and SBW handled the issue appropriately.

However, this issue raised a question about when is the appropriate time to begin the third-party review process. In the case of each utility, the 2014-2015 third-party reviewers did not begin their work until the middle of 2014. Certainly, verifying the acquisition of savings requires a retrospective review, but the review of utility-deemed UES assumptions does not. Like the other two companies, PSE built its 2014-2015 biennial conservation plan in 2013. When SBW made recommendations well after the development of the BCP, the recommendations could not go into effect until 2015, halfway into the biennium. For Pacific Power and Avista, who “lock” in the UES values for the entire biennium, the new savings numbers would not go into effect until 2016.

There may be value in beginning the third-party review of utility-deemed UES values while the companies are developing the BCPs. This change could be especially beneficial for the company that does not lock in its UES values, PSE. SBW’s recommendations significantly revised the UES values downward, which made it more difficult for PSE to meet its target. Had PSE had this information when it was building its BCP, it could have used the lower UES values to develop its target and not suffered the savings degradation in the second year of the biennium.

Staff encourages each of the company advisory groups to consider beginning the third-party review of utility-deemed UES values during the development of the BCPs.

## Home Energy Reports

Administered through third-party contractor Opower, the Home Energy Reports (HER) measure is a behavioral program consisting of an individualized, detailed billing statement that shows how the customer’s usage is trending over time and how it compares to similar customers in the surrounding area. The goal of this program is to provide a social incentive for high-usage customers to become more efficient.[[8]](#footnote-9) The reports also provide simple, energy-saving tips to further encourage conservation and participation in utility rebate programs.

Although all three companies used the same contractor in the 2014-2015 biennium, each company used a different methodology for determining the savings that can be attributed to the Home Energy Reports. The forthcoming 2016-2017 represents the first biennium the utilities appear to have converged on a common methodology for claiming savings from Opower.

In its BCP comments in the previous biennium, Staff noted inconsistencies between the utilities on measure life and persistence assumptions. Although questions regarding the persistence of HER savings still linger, Staff does not believe this is an issue that needs resolved at present.[[9]](#footnote-10) This is because all three utilities now assume a two-year measure life that corresponds to each company’s biennial plan, with a complete repurchase of savings in the third year (i.e. the first year of the next biennium). Therefore, given the common analytical construct, all utilities assume there is no persistence from biennium to biennium.

Although this is not a perfect representation of reality, the two-year measure life assumption is appropriate as it aligns well with biennial planning and reporting and avoids complicated analyses involving questionable persistence assumptions. Using a two-year measure life also aligns HER program costs and energy savings with the biennial conservation cycle, thereby facilitating program reporting and cost-effectiveness calculations.

The two-year measure life also ensures that savings achieved within a biennium are not counted twice (once for each year) for meeting a utility’s target. The only savings that may be counted in year two of the biennium are savings that are *incremental* to the savings in year one. This is consistent with the notion that we only allow utilities to claim first-year savings toward meeting their targets. The allowance of *incremental* savings from year two is to acknowledge that there may be a “phase-in” period before Opower savings are realized.

## NEEA

In the 2010-11 and 2012-13 biennia, the utilities claimed savings acquired on their behalf by NEEA toward meeting their biennial conservation targets. As the utilities did not use a consistent approach to claim NEEA savings, the Commission ordered them to develop a joint proposal for treatment of NEEA savings. The companies proposed to exclude NEEA savings from establishing the EIA targets at the beginning of a biennium and from claiming savings at the end of a biennium; the Commission accepted this proposal for the 2014-15 biennium on the condition that the utilities continued to fund NEEA activities as part of their obligation to “pursue all available conservation that is cost-effective, reliable, and feasible.”[[10]](#footnote-11)

After reviewing the impacts of this approach during the current biennium, Staff and the advisory groups for the three utilities have agreed to maintain NEEA savings outside of the utilities’ targets. Staff’s primary concern with excluding NEEA from biennial targets was that utilities would waver in their commitment to and funding of NEEA. The Commission’s newly adopted EIA rule addressed this concern by defining market transformation as part of a utility’s statutory obligation to “pursue all” available conservation.[[11]](#footnote-12)

With Staff’s concern resolved, excluding NEEA from the target makes sense because an individual utility has limited control over whether those savings are achieved. There are a number of risk factors that may impact NEEA’s market transformation efforts, including product under-performance, unexpected market barriers, insufficient market data, and broad economic conditions. While the utilities that fund NEEA also have a strong voice in directing the agency’s work, there are factors beyond the control of NEEA – and therefore well beyond the control of a single utility funder – that may result in portfolio underperformance. Given NEEA’s track record of consistently outperforming its projections, Staff believes that this risk is low, and that treating NEEA savings outside of the target is an appropriate means of managing that risk.

Staff’s primary concern in the treatment of NEEA savings is that they be handled symmetrically. That is, if they are not included when a utility sets its target, then they cannot be used to meet that target or be used as excess conservation used to meet future targets. Likewise, if NEEA is included in the target-setting process, then its savings should be used to meet the target. Since the utility-backed proposal is in harmony with this principle, and it allows the utilities to participate in regional market transformation without risk of missing their EIA targets, Staff continues to support the utilities’ proposal for treatment of NEEA savings.

## Decoupling Targets and Excess Savings

In addition to their statutory biennial conservation targets, PSE and Avista have agreed to achieve an additional 5 percent of their target each biennium as part of their respective decoupling mechanisms.[[12]](#footnote-13)

Earlier this year, the EIA was amended to allow utilities to save the conservation that they achieve in excess of their target for a given biennium and use it toward a subsequent biennial target.[[13]](#footnote-14) This change raised a potential issue with conservation reporting wherein a utility may claim savings in excess of its statutory target toward its decoupling commitment in one biennium, then claim those same excess savings toward its target in a subsequent biennium.

The integrity of the distinct conservation requirements (e.g., the EIA target and the decoupling target) demands that utilities do not double count the same conservation energy savings for multiple targets. Once a utility uses a specific MWh of conservation to comply with a conservation requirement, the utility cannot use that MWh of conservation to satisfy any other conservation requirement in the current or subsequent biennia.

As PSE and Avista both have decoupling targets, and Pacific Power has a requested a decoupling mechanism in its recently filed rate case, Staff recommends that the Commission clarify in its order to each company in these dockets that utilities may apply each verified MWh of conservation acquired in excess of the EIA Target to meet biennial conservation requirements related to either the decoupling target or to an EIA target shortfall in one of the subsequent two biennia, but that utilities may not use the same MWh of conservation to comply with multiple targets.

# COMPANY TARGETS AND PLANS

## Puget Sound Energy (Docket UE-152058)

For the 2016-2025 period, PSE estimates that its 10-year achievable conservation potential is 2,715,486 MWh (309.9 aMW), as measured at the customer meter. The majority of the savings come from energy efficiency measures. PSE also plans to achieve approximately 55,177 MWh in distribution efficiency.

PSE’s identified potential for the 2016-2017 biennium is 554,132 MWh (63.3 aMW), including 11,035 MWh of distribution efficiency. PSE then made two adjustments to derive its biennial conservation target. First, PSE’s CPA does not include behavioral savings, so the company added 5,722 MWh of projected savings from its existing Home Energy Reports initiative to the target. Next, PSE subtracted 22,776 MWh of savings attributable to NEEA programs from the biennial conservation target. These adjustments resulted in a 2016-2017 biennial conservation target of 537,078 MWh (61.3 aMW).

PSE’s business plan also includes an expansion of the Home Energy Reports (HER) as a pilot that it anticipates can generate 17,347 MWh of savings. Due to the uncertainty of pilot savings, PSE did not include the HER expansion savings in its target. In addition, because of PSE’s decoupling mechanism in Docket UE-121697, the company has committed to achieve five percent above its biennial conservation target. In this biennium, PSE’s decoupling commitment is an additional 27,993 MWh.[[14]](#footnote-15) The company’s 2016-2017 total projected portfolio savings is 605,194 MWh. Table 1 compares PSE’s current and upcoming biennial targets and budgets:

**Table 1. PSE Conservation Savings and Budgets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2014-2015**[[15]](#footnote-16) **Biennial Target** | **2016-2025**  **10-year potential** | **2016-2017 Biennial Target** | **2016-2017 Portfolio Total[[16]](#footnote-17)** |
| **Savings** | 485,770 MWh (55.5 aMW) | 2,715,486 MWh (309.9 aMW) | 537,078 MWh (61.3 aMW) | 605,194 MWh (69.1 aMW) |
| **Budget** | $188,784,000 | - | - | $196,440,000 |

PSE plans to spend $196,440,000 to achieve the total portfolio savings of 605,194 MWh, which includes NEEA savings, the HER expansion pilot and the decoupling commitment savings. The company also plans to spend $2,730,000 on net metering and the electric vehicle charger incentive programs, whose revenue is collected through the electric conservation service Schedule 83. The biennial budget is about five percent greater than the previous biennial budget. The decrease in expected savings from NEEA is the primary driver of the 2016-2017 target increase over the previous biennium.[[17]](#footnote-18) The company expects its total portfolio to achieve a Total Resource Cost (TRC) ratio of 1.69 and a Utility Cost Test (UCT) ratio of 2.22, indicating that the portfolio is cost-effective.

The primary drivers of the changes to the savings portfolio are familiar issues from previous biennia, including the decoupling commitment, decreased NEEA savings, changing UES values, and the HER expansion pilot. Consistent with the 2014-2015 biennium, PSE’s business plan intends to achieve 105 percent of the 2016-2017 biennial conservation target due to the requirements of its decoupling mechanism. Also as part of its decoupling settlement agreement, PSE has increased funding for low-income weatherization by $500,000. Despite the increase in funding, the company expects roughly the same amount of savings as the previous biennium, in part due to decreasing RTF savings and increasing agency administrative costs.

Staff finds that the company used methodology consistent with the Council’s 6th Northwest Power Plan, as required by WAC 480-109-100(2)(b) and WAC 480-109-999(1)(a), to develop its conservation potential assessment. The company highlighted a few minor differences in approach; however, none were significant enough to be considered a departure from the Council methodology.

The number of controversial issues raised during the BCP filing has diminished in each subsequent biennium, in part due to the robust and engaged Conservation Resources Advisory Group (CRAG). The company and the CRAG have recognized and dealt with issues early and transparently in this biennium. Consequently, there are comparatively few issues to consider at this time. Staff appreciates the amount of time that the company and the members of the CRAG have devoted to resolving these issues before the company filed the BCP.

## Avista (Docket UE-152076)

Avista’s 2015 IRP identified a 10-year conservation potential of 391,000 MWh (44.6 aMW) in its Washington territory.[[18]](#footnote-19) By rule, Avista’s biennial target must be at least 20 percent of the 10-year target. Given that Avista’s 2-year potential, as initially calculated, was substantially below the pro rata share of the 10-year potential, the pro rata share of Avista’s 10-year potential will be the basis for the company’s target. Thus, the starting point for Avista’s biennial target is 78,200 MWh (8.9 aMW).

Avista then made a number of adjustments to reflect activities not covered, or covered inaccurately, in the CPA. The company removed 7,972 MWh reflecting the pro rata share for market transformation activities, added 2,082 MWh for distribution and street light efficiency, and added 151 MWh for generation efficiency. The final adjusted EIA target, as proposed by Avista, is 72,461 MWh. This number is adjusted in the table below to reflect the correct starting point.

Table 2. Avista Conservation Savings and Budgets (subject to change)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2014-2015 Biennial Target** | **2016-2025**  **10-year potential** | **2016-2017 Biennial Target** | **2016-2017 Portfolio Total[[19]](#footnote-20)** |
| **Savings** | 64,956 MWh  (7.4 aMW) | 391,000 MWh  (44.6 aMW) | 72,461 MWh  (8.3 aMW) | 78,681 MWh  (9.0 aMW) |
| **Budget** | $22,107,757 | - | - | $25,880,000 |

Three substantive issues need to be resolved before Staff can recommend approval of Avista’s 10-year potential and biennial target. Those issues are:

1. The CPA itself has produced questionable results, thereby casting doubts on Staff’s ability to recommend approval of Avista’s 10-year potential and, by extension, its biennial target.
2. NEEA savings projections were not correctly removed from the target.
3. Opower savings were not correctly modeled in the CPA, so the biennial target does not include the correct savings projections for Opower.

First, Staff continues to have concerns regarding Avista’s CPA. It is baffling to Staff that Avista’s 10-year potential is substantially lower than Pacific Power’s 10-year potential, even though Avista has a significantly higher load than Pacific Power. To date, outside of a couple anecdotal explanations for why there *could* be a difference between the utilities, neither Avista nor AEG has been able to determine, specifically, why there is such a discrepancy (AEG conducted the CPA for both Avista and Pacific Power). Without meaningful resolution of this issue, Staff sees no way it can recommend approval of Avista’s biennial target. Staff continues to work with Avista and AEG to resolve this issue.

For the reasons discussed in Section II above, Staff agrees that for this biennium it is appropriate to remove NEEA savings from the companies’ targets. To accomplish this, Avista attempted to identify all NEEA-related market transformation savings in the 10-year potential and pro-rate those savings for the 2016-17 biennium. Although NEEA itself projected 6,220 MWh for the biennium, Avista removed 7,972 MWh from the target. By removing more from the target than what NEEA projects to achieve, Avista not only creates suspicion that it is attempting to artificially deflate its target, but it also violates the spirit of the agreement to allow NEEA savings to be removed from its target in the first place. Given that NEEA savings acquisition is largely outside of the direct control of the utility, the idea is to not hold Avista accountable for what NEEA actually can achieve. Thus, the amount to be removed from the target should correspond exactly to the amount NEEA is projecting.

In Avista’s CPA, AEG attempted to quantify conservation potential associated with behavioral programs. Although Staff believes those savings can, and should, be accounted for in the potential assessment, for the current CPA those savings were not modeled consistent with how behavioral savings are considered from a regulatory perspective. All three utilities now consider Opower’s Home Energy Reports to have a 2-year measure life with a complete re-purchase of savings upon a new biennium. AEG modeled behavioral measures as a 3-year measure life, and it appears that the savings repurchase was not considered in the model. As a result, the 2-year potential for behavioral programs in the CPA was ten times less than Opower’s projection for the biennium. The biennial potential for behavioral programs must be corrected and properly incorporated into Avista’s biennial target before it could be approved.

## Pacific Power (Docket UE-152072)

Pacific Power’s 2015 IRP identified an initial 10-year conservation potential of 423,100 MWh (48.3 aMW) in its Washington territory.[[20]](#footnote-21) In preparing the 2016-2025 conservation forecast, the company made a number of adjustments that fall into two general categories: revised UES values based on RTF updates or company program evaluations, and technologies not considered in the CPA, but evaluated through other studies.[[21]](#footnote-22) On balance, these adjustments increased the 10-year conservation forecast to 457,530 MWh (52.2 aMW).[[22]](#footnote-23)

Virtually all of the conservation identified in Pacific Power’s 10-year potential is associated with the energy efficiency measures identified in the 2014 CPA prepared by AEG. Pacific Power used the inputs from the CPA in the 2015 Integrated Resource Plan, which screened them for cost effectiveness against other supply-side options. For the BCP, Pacific Power updated a handful of UES values to align with RTF updates made subsequent to the CPA’s preparation. The company also updated its identified potential for its Opower program based on program evaluations and to reflect a two-year measure cycle.

The only adjustment that the company made as a result of an external study was for waste heat-to-power technologies, based on a CLEAResult study that identified about 7,500 MWh of potential associated with organic Rankine cycle and steam system optimization, beginning in 2019.

Pacific Power continues to rely on previous studies and pilot projects that were unable to identify cost-effective savings associated with distribution efficiency in Washington. The company previously identified a small amount of conservation opportunities at its generation facilities, but all of those projects have been completed.

After making these adjustments, Pacific Power identified a biennial potential of 93,059 MWh. After removing NEEA’s projected savings, the company’s 2016-2017 biennial conservation target is 87,814 MWh (10 aMW). In its 2014-2015 DSM Business Plan, Pacific Power projects that its company-sponsored programs will achieve 91,630 MWh of savings, exceeding the target by 4.3 percent. When projected NEEA savings are included, Pacific Power projects that it will achieve 96,876 (11 aMW) in the 2016-2017 biennium. Table 3 compares Pacific Power’s current and upcoming biennial targets and budgets:

Table . Pacific Power Conservation Savings and Budgets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2014-2015 Biennial Target** | **2016-2025**  **10-year potential** | **2016-2017 Biennial Target** | **2016-2017 Portfolio Total[[23]](#footnote-24)** |
| **Savings** | 74,703 MWh  (8.5 aMW) | 457,530  (52.2 aMW) | 87,814 MWh  (10 aMW) | 96,876 MWh  (11 aMW) |
| **Budget** | $20,724,657 | - | - | $24,560,529 |

At the total portfolio level, which includes NEEA savings, Pacific Power projects that it will achieve 96,876 MWh of savings over the biennium, at a cost of $24,560,529. An independent review conducted by consulting firm Navigant projects that the company’s portfolio will achieve a TRC ratio of 1.68 and a UCT ratio of 2.22.[[24]](#footnote-25)

Pacific Power’s business plan incorporates a number of proposed program and tariff changes. A number of small measure changes to the residential and commercial/industrial programs have already been discussed with the advisory group, posted to the public, and are scheduled to take place on January 1, 2016.

Pacific Power has filed two proposed tariff changes that will require Commission approval. The first, filed in Docket UE-152173, updates the company’s low-income weatherization tariff to expand eligibility, streamline administrative processes, and include a current list of eligible measures and their UES values. The second proposed change, filed in Docket UE-152237, would cancel the company’s refrigerator recycling program due to a recent independent evaluation that determined that the program is no longer cost effective. Staff has reviewed the support for these two proposed changes and supports them.

Overall, Staff is pleased by Pacific Power’s 2016-2017 BCP, which demonstrates a strong commitment by the company to pursue all reliable, cost-effective conservation. The company’s CPA appears to have followed the Council’s methodology and accurately captured the rapidly evolving energy efficiency industry and identified new opportunities that allowed the company to set a target for the upcoming biennium that is 17.5 percent higher than the current biennial target.

Staff’s lone item of concern with Pacific Power’s plan is the lack of pilot programs. WAC 480-109-100(1)(c) directs utilities to implement pilot projects “when appropriate and expected to produce cost-effective savings within the current or immediately subsequent biennium, as long as the overall portfolio remains cost-effective.” In approving Pacific Power’s 2014-2015 BCP, the Commission authorized the company to spend up to 10 percent of its budget on programs whose savings impact has not yet been measured.[[25]](#footnote-26) Pacific Power’s 2016-2017 plan includes only one such program – Be wattsmart, Begin at Home – that accounts for just 0.5 percent of the two-year budget.

Given that the company has identified a significant amount of potential savings within the next 10 years that are associated with new measures such as organic Rankine cycles and steam system optimization, Staff strongly encourages the company to begin developing pilot programs to pursue those savings. Staff will work with Pacific Power, through the advisory group process, to identify potential pilot programs that will help enable future, cost-effective savings. These kinds of programs should be proposed as part of the December 1, 2016, filing of the annual plan update.

# CONCLUSION

Staff will present its final recommendations at the December 17, 2015, Open Meeting, after stakeholder comments have been received and reviewed.

1. RCW 19.285. [↑](#footnote-ref-2)
2. RCW 19.285.040(1)(a). [↑](#footnote-ref-3)
3. RCW 19.285.040(1). [↑](#footnote-ref-4)
4. See Docket UE-131723, General Order R-578 (March 13, 2015). The new rule is codified in WAC 480-109. [↑](#footnote-ref-5)
5. The Commission’s rules allow a company to base its CPA on either the company’s own Integrated Resource Plan (IRP) or on the company’s prorated share of the Council’s regional target, based on sales volume. See WAC 480-109-010(1). Each company used its IRP. [↑](#footnote-ref-6)
6. *In re Pacific Power & Light Company’s 2012-2021 Ten-Year Achievable Conservation Potential and 2012-2013 Biennial Conservation Target Under RCW 19.285.040 and WAC 480‑109‑010* Docket UE-111880, Order 01 at ¶ 27; *Puget Sound Energy, Inc.’s 2012-2021 Ten-Year Achievable Conservation Potential and 2012-2013 Biennial Conservation Target Under RCW 19.285.040 and WAC 480‑109‑010* Docket UE-111881, Order 01 at ¶ 35; *Avista Corporation’s 2012-2021 Ten-Year Achievable Conservation Potential and 2012-2013 Biennial Conservation Target Under RCW 19.285.040 and WAC 480‑109‑010* Docket UE-111882, Order 01 at ¶ 28. [↑](#footnote-ref-7)
7. Both Avista and Pacific Power hired Applied Energy Group (AEG) to prepare their CPA. [↑](#footnote-ref-8)
8. See Moore, Michal C., “The Role of Energy Efficiency in Electric Power Systems: Lessons from Experiments in the US.” [↑](#footnote-ref-9)
9. Persistence of savings refers the length of time that the behavior changes effectuated by HER remain in place after reports cease. This is a key question in determining the measure life for HER, i.e,, how frequently the savings must be “re-purchased” by a new cycle of reports. There is a very limited amount of research on this topic. [↑](#footnote-ref-10)
10. RCW 19.285.040(1). [↑](#footnote-ref-11)
11. WAC 480-109-100(1)(b). [↑](#footnote-ref-12)
12. *In the Matter of the Petition of Puget Sound Energy, Inc. and Northwest Energy Coalition For an Order Authorizing PSE to Implement Electric and Natural Gas Decoupling Mechanism and to Record Accounting Entries Associated with the Mechanisms,* Docket UE-121697, Order 07 (June 25, 2013) ¶ 108; *WUTC vs. Avista Corporation d/b/a Avista Utilities*, Docket UE-140188, Order 05 (November 25, 2014) ¶ 26. [↑](#footnote-ref-13)
13. RCW 19.285.040(1)(c)(i). [↑](#footnote-ref-14)
14. PSE’s Decoupling savings is five percent of its base savings (including NEEA) plus HER legacy savings potential, or 559,854 MWh. [↑](#footnote-ref-15)
15. Docket UE-132043. [↑](#footnote-ref-16)
16. Includes NEEA and pilot programs. [↑](#footnote-ref-17)
17. NEEA is expecting fewer savings in 2016-2017 than the previous biennium. Therefore, when PSE subtracts out NEEA savings from its target, there are fewer savings to remove. [↑](#footnote-ref-18)
18. Docket UE-143214, Avista Corporation 2015 Integrated Resource Plan, Appendix C at 65. [↑](#footnote-ref-19)
19. Includes NEEA. [↑](#footnote-ref-20)
20. Docket UE-140546, Pacific Power & Light Company 2015 Integrated Resource Plan, Appendix D at 64. [↑](#footnote-ref-21)
21. Technologies evaluated through outside studies include waste heat to power, regenerative technologies and high efficiency co-generation. The company also continues to rely on previous studies done for production and distribution efficiency opportunities. [↑](#footnote-ref-22)
22. Docket UE-152072, Pacific Power Biennial Conservation Plan at 19. [↑](#footnote-ref-23)
23. Includes NEEA. [↑](#footnote-ref-24)
24. Pacific Power Demand-side Management 2016-2017 Business Plan – Washington at A1-9. [↑](#footnote-ref-25)
25. Docket UE-132047, Order 01, Attachment A at 7. [↑](#footnote-ref-26)