

**REPLY COMMENTS OF UTILITY CONSERVATION SERVICES, LLC (UCONS)
ON PUGET SOUND ENERGY'S BIENNIAL CONSERVATION PLAN**

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I. INTRODUCTION

Utility Conservation Services, LLC (UCONS) appreciates the work of Commission Staff and its willingness to hear our concerns and ideas on how the Commission and Washington's investor-owned utilities should implement the directives of the Northwest Power and Conservation Council's Seventh Power Plan relating to hard-to-reach (HTR) markets.¹ We have reviewed the comments filed in this docket regarding Puget Sound Energy's (PSE's) Biennial Conservation Plan (BCP), including the Staff Recommendation, and offer these summary comments and suggestions for consideration by the Commission.

PUGET SOUND ENERGY'S BIENNIAL CONSERVATION PLAN VIOLATES I-937 BY IGNORING A SIGNIFICANT SOURCE OF COST-EFFECTIVE CONSERVATION FROM THE MANUFACTURED HOME SECTOR.

PSE's BCP is not in compliance with I-937 or the goals of the 7th Power Plan. In earlier filings, we have focused on the availability of cost-effective conservation in the HTR markets, concluding that there is a realistic conservation potential of 10.6 aMW during the 5-year period of the 7th Plan (2016 – 2020) for this HTR customer class.² The Commission should be able to verify this level of remaining conservation potential through data provided by PSE.

We continue to believe that PSE's obligation under Initiative 937 to pursue all cost-effective conservation requires that this source of energy efficiency not be overlooked in this biennial period. Accordingly, we urge the Commission to require as a condition to BCP approval that PSE revisit this issue and report back to the Commission and interested parties by early 2018 in time for an amendment to the BCP and its conservation target. At the very latest, PSE should address this in its annual update late 2018, after some process with Commission Staff and stakeholders.

¹ 7th Power Plan at 4-12 (recommendation MCS-1).

² UCONS Comments, pt. IV.

II. NEED FOR RULEMAKING

As stated in our opening comments, and in other communications to the Commission, we believe that the existing processes by which PSE developed its conservation target did not provide the appropriate guidance to the utility to pursue all cost-effective conservation. Accordingly, again, we urge the Commission to consider rule amendments or additions to address these institutional shortcomings. Such rules should require:

- Greater involvement of Commission Staff (and the Commission) in the development of utilities' conservation plans, looking to California as a potential model, in addition to the work of the existing advisory groups;
- Use of third party programs, with Commission oversight;
- Greater transparency of a utility's avoided costs;
- Independent third-party evaluations of utility RFIs and RFPs at the front end of the process, again with Commission oversight, to ensure that all options for cost-effective conservation are solicited and evaluated; and
- Better segmenting of data by customer group to facilitate further evaluation of conservation potential from such groups.³

We also encourage the Commission hold a workshop to consider better incentives for utilities to pursue all cost-effective conservation. It seems clear to us that simple reliance on the mandates of I-937 and revenue decoupling is not enough to fulfill the State's policies on making energy efficiency the first resource.

III. SUMMARY OF RECOMMENDATIONS

In summary, UCONS recommends that the Commission:

1. Require PSE to reevaluate the availability of cost-effective energy efficiency from the MH sector and work with Commission Staff and stakeholders to develop a proposal for an amendment to the BCP for consideration by the Commission in early 2018. At the latest, that proposal should be included as part of PSE's annual update.
2. Direct Commission Staff to evaluate institutional barriers to the pursuit of all cost-effective conservation in the context of the existing IRP rulemaking proceeding or, if necessary, in another proceeding.

Again, UCONS appreciates the work of Commission Staff in this and in other dockets on these issues.

³ UCONS Comments, pt. VI.
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