

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

PUGET SOUND ENERGY

Report Identifying Its 2014-2023 Ten-Year
Achievable Electric Conservation Potential
and Its 2014-2015 Electric Biennial
Conservation Target Under RCW
19.285.040 and WAC 480-109-01

DOCKET UE-132043

COMMISSION STAFF'S
RESPONSE TO COMMISSION
NOTICE OF OPPORTUNITY TO
FILE WRITTEN COMMENTS

1 The Commission issued a Notice of Opportunity to File Written Comments in this docket. The comments requested were to address the application of PSE's commitment to accelerate its acquisition of energy efficiency on its 2014-2015 Electric Conservation Target, established in this docket. Set forth below is Staff's response to the Commission's request for written comments.

I. PSE'S INCREMENTAL CONSERVATION TARGET FOR 2014-2015

2 Staff requests that the Commission expressly establish PSE's incremental conservation target for the 2014-2015 biennium. The Commission's approval of PSE's decoupling mechanism included the requirement that PSE increase its conservation achievement by 5 percent over its Energy Independence Act (EIA) electric conservation target for all biennia in which the decoupling mechanism is in effect. The Commission acknowledged PSE's 2014-2015 Biennial Conservation Plan (BCP) and established the biennial conservation target of 485,770 MWh at the December 18, 2013 open meeting.¹ The

¹ Docket UE-132043, Order 01, ¶ 26.

BCP identified the additional 5 percent decoupling conservation commitment as 27,920 MWh.²

3 Staff recommends that the Commission issue an order establishing PSE's decoupling conservation commitment for the 2014-2015 biennium as 27,920 MWh in excess of 485,770 MWh.³

II. PSE'S CONSERVATION OBLIGATION IN PARTIAL BIENNIA

4 Questions have also arisen over the application of PSE's conservation commitment to partial biennia.⁴ To avoid such questions in the future, Staff supports the Commission's inquiry here and recommends that the Commission look further to the prospective end of PSE's decoupling program.

5 In its response to PSE's Petition for a Declaratory Order, Staff proposed a solution to the issue raised by PSE – whether its conservation commitment applied to the whole 2012-13 biennium or just a fraction of it.⁵ Staff's preferred solution proposed that PSE's conservation commitment be waived for the 2012-2013 biennium. In return, PSE would be obligated to fulfill its conservation commitment for any full biennia during which its decoupling program is in effect. Staff sees efficiency in dealing only with full biennia; thus avoiding the complications associated with determining compliance over a partial biennium.

² Docket UE-132043, Puget Sound Energy 2014-2015 Biennial Conservation Plan, Overview, Executive Summary, page 10. The identified 27,920 MWh is five percent of PSE's "base" savings of 558,300 MWh, which includes expected savings from the Northwest Energy Efficiency Alliance (NEEA). The decoupling commitment would be 24,288 MWh if calculated from the EIA target, which excludes NEEA savings. Staff acknowledges that a target calculated from the "base" savings would exceed the requirements of the decoupling mechanism.

³ Should PSE fail to achieve the 27,920 MWh, the company could be subject to a penalty equivalent to that set forth in the EIA. As the decoupling conservation commitment is in addition to the EIA target, administration of any associated penalty would fall outside the scope of the EIA. Staff therefore believes that the Commission would retain discretion in administering a penalty for failure to meet the decoupling commitment.

⁴ Docket UE-141357, Petition for a Declaratory Order, at 2.

⁵ Docket UE-141357, Commission Staff Response to Petition for Declaratory Order.

6 To be clear, Staff is not proposing here that PSE's conservation commitment be extended beyond the term approved by the Commission.⁶ It is only seeking clarification on how the Commission prefers to deal with PSE's conservation commitment in partial biennia. Once the Commission's expectations are known, the parties will understand the rules and how best to address them.

7 To clarify what is being requested, Staff preferred solution is expressed in bullet points below:

- Staff will not dispute PSE's compliance with the Final Decoupling Order as it relates to its conservation performance during the 2012-13 biennium, and for purposes of settlement will agree that PSE fully met its conservation commitment for that biennium.
- In return, PSE will agree to exceed its commission-approved biennial conservation target by five percent (5%) for any biennium in which its approved decoupling program is in effect.
- Should PSE's decoupling program be terminated or withdrawn prior to the end of a biennium, PSE agrees to exceed its commission-approved biennial conservation target by five percent (5%) for the full biennium.

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⁶ *In re Petition of Puget Sound Energy, Inc. and Northwest Energy Coalition For an Order Authorizing PSE To Implement Electric and Natural Gas Decoupling Mechanisms and To Record Accounting Entries Associated With the Mechanisms*, Dockets UE- 121697 and UG-121705, Order 07, Final Order Granting Petition at ¶136.

III. CONCLUSION

Staff recommends that the Commission issue an order in Docket UE-132043 that:

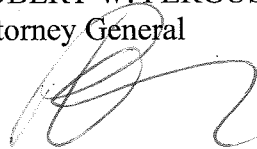
- Establishes PSE's 2014-2015 decoupling conservation commitment as 27,920 MWh; and,
- Requires PSE to perform its decoupling conservation commitment for the full duration of the 2014-2015 biennium and for any biennium during which its approved decoupling program is in effect.

This would be a fair result that avoids the complications inherent in disaggregating program performance into partial biennia for the purpose of making a compliance finding.

DATED this 28th day of August 2014.

Respectfully submitted,

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