

Agenda Date: December 17, 2015

Item Numbers: A2 and F2

Dockets: UE-152058 and UE-152042

Company: **Puget Sound Energy**

Staff: Brad Cebulko, Regulatory Analyst
Jennifer Snyder, Regulatory Analyst

Recommendation

Issue an order approving Puget Sound Energy's (PSE's) 10-year conservation potential of 2,715,486 megawatt-hours (MWh) and biennial conservation target of 537,078 MWh, subject to the conditions in Attachment A, and allowing tariff revisions filed by PSE in Docket UE-152042 to take effect January 1, 2016, by operation of law.

Background

On October 29, 2015, PSE filed its "2016-2017 Biennial Conservation Plan" (BCP or Plan) with the Washington Utilities and Transportation Commission (commission) under Docket UE-152058. The Plan identifies a 2016-2025 achievable conservation potential of 2,715,486 megawatt-hours (MWh), a 2016-2017 biennial conservation target of 537,078 MWh, and business plan to implement conservation programs to achieve that target. Staff filed responsive comments on the Plan on December 3, 2015.

Also on October 27, 2015, PSE filed tariff changes under Docket UE-152042 to provide for continuation of PSE's electric conservation programs, which are set to expire on December 31, 2015. The tariff changes make a couple of minor programmatic changes, but do not effect rates.

PSE serves approximately 1.2 million electric customers in Island, King, Kitsap, Kittitas, Pierce, Skagit, Thurston and Whatcom counties.

Biennial Conservation Target and Portfolio Savings

As described in staff comments, PSE conducted a conservation potential assessment study, which evaluated the 2016-2025 achievable conservation potential resulting in a 10-year potential of 2,715,486 MWh. The two-year share of PSE's 10-year potential is 554,132 MWh (63.3 aMW) including 11,035 MWh of distribution efficiency. PSE then made a couple of adjustments to derive its biennial conservation target. First, PSE's study 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, for the reasons discussed in staff's December 3 comments. These adjustments resulted in a 2016-2017 biennial conservation target of 537,078 MWh (61.3 aMW).

Table 1. Development of PSE’s 2016-2017 Biennial Conservation Target and Portfolio Savings

Savings Category	Savings (MWh)
End-Use Efficiency Measures (CPA)	554,132
Less NEEA	(22,776)
Plus Existing Home Energy Reports	5,722
2016-2017 Biennial Conservation Target	537,078
Plus Decoupling Commitment (5%)	27,993
Plus NEEA	22,776
Plus Home Energy Reports pilots	17,347
2016-2017 Total Portfolio Savings	605,194

PSE discussed these adjustments with the Conservation Resources Advisory Group (CRAG) during the months leading up to the filing of the BCP.

Biennial Budget and Cost-Effectiveness

The BCP provides budget details regarding PSE’s plan for achieving the savings identified in its biennial conservation target and total portfolio. Table 2, below, is a summary of these details. PSE’s 2016-2017 budget is \$198,985,000, approximately five percent greater than the budget for the 2014-2015 biennium. PSE’s expected total portfolio savings for 2016-2017 are lower than the 2014-2015 biennium, however, the biennial target is greater than the previous biennium. This oddity is due to a decrease in expected NEEA savings, which are removed from the penalty target.

PSE expects its portfolio to achieve a Total Resource Cost (TRC) ratio of 1.7 and a Utility Cost Test (UCT) ratio of 2.2, indicating that the portfolio is still cost-effective.

Table 2. Savings and Budgets from PSE’s 2014-2015 and 2016-2017 BCPs.

Program	2014-2015 Projected Savings (MWh)	2014-2015 Budget	2016-2017 Projected Savings (MWh)	2016-2017 Budget
<i>Residential</i>		\$85,200,200	252,844	\$84,168,816
<i>Low-income</i>	3,140	\$6,198,000	3,120	\$6,761,963

<i>Home Energy Reports¹</i>	6,420	\$320,300	5,722	\$229,221
Residential Total	263,930	\$91,718,500	261,686	\$91,160,000
Non-Residential	243,130	\$68,414,800	300,103	\$75,632,000
Pilots ²	35,330	\$2,870,100	17,347	\$977,000
Regional ³	78,730	\$10,843,100	26,057	\$10,400,000
Administration/Other	-	\$14,937,600	-	\$20,816,000
Total	621,120⁴	\$188,784,100	605,194	\$198,985,000

Conditions List

This is the first Plan to be filed since the commission adopted a new rule for Energy Independence Act enforcement, where many of the existing condition items were codified into rule. Subsequently, staff worked with PSE and CRAG members to eliminate duplicative condition items for PSE’s conservation programs in the 2016-2017 biennium and refine the list to meet the CRAG’s present needs. The resulting conditions list is included as Attachment A.

Proposed Tariff Revisions

To implement the programs described in the BCP, PSE filed tariff revisions in Docket UE-152042. The majority of the revisions reflect updated effective dates, text clarifications and minor administrative changes, and do not impact rates. The company did make two programmatic changes. Schedules 262 and 1262, electric and natural gas Commercial and Industrial Incentive Program were changed to allow farm users in schedules 8, 10, 11, and 12 to use the program. Schedules 250, 251, 252, 258, 262, and 1262 struck language that required customers in Schedules 40, 46, and 49 who are eligible for participation in the Schedule 258 Large Power User Self Directed Program to fully utilize their Schedule 258 funding allocation prior to using other incentive money first. Staff agrees with the company’s tariff changes.

Stakeholder Comments

In its comments filed on December 3, 2015, Public Counsel had no outstanding issues with PSE’s filing and are supportive of the proposed 10-year potential and biennial target, subject to the conditions in Attachment A.

¹ This is PSE’s existing Home Energy Reports program.

² This is the Individual Energy Reports pilots.

³ Savings and budgets associated with NEEA and the Generation, Transmission & Distribution Efficiency program.

⁴ The total 2014-2015 projected savings shown in this table is the amount of conservation PSE’s portfolio is designed to achieve, which is greater than the 2014-2015 biennial target of 485,768 MWh.

Conclusion

Issue an order approving Puget Sound Energy's 10-year conservation potential and biennial conservation target, subject to the conditions in Attachment A, and allowing all other tariff revisions filed by PSE in Docket UE-152042 to take effect January 1, 2016, by operation of law.