BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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| 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  COMMENTS OF PUGET SOUND ENERGY, INC. |

1. **INTRODUCTION**

1. The Commission issued a Notice of Opportunity To File Written Comments in the above-referenced docket. The comments were to address the application of Puget Sound Energy, Inc.’s (“PSE”) commitment to accelerate its acquisition of energy efficiency on its 2014-2015 Electric Conservation Target, established in Docket UE-132043. Set forth below is PSE’s response to the Commission’s request for written comments.

1. **PSE’S 2014-2015 DECOUPLING CONSERVATION COMMITMENT**

2. To PSE’s knowledge, there is no dispute about the implementation of PSE’s decoupling conservation commitment for the current biennium, 2014-2015. Decoupling will be in effect throughout the 2014-2015 biennium, and PSE communicated clearly with its Conservation Resource Advisory Group (“CRAG”) and the Commission as to how PSE would comply with its commitment to accelerate conservation above the amount required under the Energy Independence Act (“EIA”) biennial conservation target.

**A. PSE’s Decoupling Adder Exceeds Five Percent of its EIA Target**

3. PSE was clear and transparent, and engaged the CRAG in key stages in how it calculated the additional five percent decoupling conservation “adder” to its 2014-2015 biennial target. Notably, PSE’s 2014-2015 decoupling adder is more than five percent of the Commission-approved EIA target of 485,770 megawatt-hours (MWh). Rather than base the adder on the EIA target, PSE voluntarily, and through its own initiative, based the five percent decoupling adder on its amended two-year potential of 558,300 MWh. It is important to note that this voluntary commitment represents a commitment to accelerate electric savings by six percent, rather than the five percent decoupling commitment:

485,770 MWh \* 5% = 24,288 MWh

558,300 MWh \* 5% = 27,920 MWh or 6% of 485,770 MWh.

**B. PSE Communicated Its Methodology to the CRAG and Commission**

4. The topic of PSE’s decoupling commitment was reviewed in four separate 2013 CRAG meetings, conducted to specifically discuss PSE’s 2014-2015 Biennial Conservation Plan preparation. PSE reviewed with the CRAG its calculations to achieve five percent above its 2014-2015 EIA target of 485,770 MWh as these meeting progressed.

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| **CRAG Meeting Date** | **Key Topic Related to Establishing the Decoupling 5 Percent Commitment** |
| June 6, 2013 | PSE presented its two-year conservation potential of 551,880 MWh, based on 2013 IRP guidance. |
| July 18, 2013 | PSE shared the effect of accounting for NEEA savings, and then adding five percent to the result. |
| August 22, 2013 | PSE and the CRAG discussed accounting for Energy Reporting pilots. This was the first presentation of the Electric Portfolio Savings table (illustrated below), indicating that PSE intended to add five percent to its two-year potential, rather than the (then draft) EIA target. |
| October 1, 2013 | PSE presented its final Electric Portfolio Savings table, representing that PSE would add legacy[[1]](#footnote-1) Energy Reporting to the “base” savings, upon which the five percent adder would be calculated. |

**C. PSE Was Clear and Transparent with Respect to Establishing Its Decoupling Commitment**

5. PSE coordinated its 2013 CRAG meetings to align with the 2014-2015 Biennial Conservation Plan deliverables, outlined in condition (8)(f) in Order 01 of Docket No. UE-111881. These discussions also included the decoupling commitment figure, as noted in the table above. The decoupling commitment is clearly noted in the 2014-2015 Biennial Conservation Plan documentation in two separate sections of the documentation, which was filed on October 28, 2013, extensively reviewed by Commission Staff, and approved by the Commission.

1. The Biennial Conservation Plan Executive Summary[[2]](#footnote-2)

6. On page 10, Table 1c in the Biennial Conservation Plan Overview illustrates the steps that PSE used to derive the commitment value, and the CRAG approved in its October 1 meeting.



As is clearly noted on line “f”, the adder is based on the two-year potential of 558,300 MWh, rather than 485,770 MWh.

7. This table is also repeated in Chapter 3 of the Overview on page 37, as part of the broader “Key Savings Drivers” discussion, which begins on page 34. Decoupling is thoroughly discussed in this section of the Overview.

1. Exhibit 1: 2014-2015 Savings and Budgets

8. PSE included its decoupling conservation commitment in the 2014-2015 savings and budgets presentation. The commitment to accelerate conservation by five percent in the 2014-2015 biennium is clearly indicated in two pages of this Microsoft® Excel™ workbook:

* “Building the elec. target” page, which contains the same table used in the Overview document, and
* “2014-2015 Portfolio View” page, where the three key electric savings indicators are clearly noted at the bottom of the table.

9. In summary, PSE’s calculated the accelerated conservation under its decoupling commitment in a manner that was transparent, acceptable to all parties, and that exceeded five percent of the Commission-approved EIA target of 485,770 MWh.

1. **RESOLUTION OF DECOUPLING COMMITMENT FOR THE 2012-2013 BIENNIUM AND FOR THE 2016-2017 BIENNIA**

10. PSE maintains that it has fully complied with its decoupling conservation commitment for the 2012-2013 biennium. Not only did PSE achieve 4.8 percent accelerated conservation for the biennium even though decoupling was only in effect for one-quarter of the biennium, the actual conservation PSE’s actual conservation savings for the 2012-2013 biennium, including NEEA savings, exceeded its biennial conservation target by 18 percent.[[3]](#footnote-3) This is reflected in the attached draft revised EIA Report that the Commission requested PSE to file with the Department of Commerce.[[4]](#footnote-4) Notwithstanding the above, in order to lay to rest concerns expressed by Commission Staff, PSE will agree to the following compromise:

* Staff will not dispute PSE’s compliance with the Final Decoupling Order as it relates to 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 after 2012-13 in which its decoupling program is in effect, through December 2017.
* 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%) through the full biennium.

1. **CONCLUSION**

12. PSE’s commitment to achieve an additional 27,290 MWh for the 2014-2015 biennium is consistent with PSE’s decoupling conservation commitment. With respect to the 2012-2013 biennium and the 2016-2017 biennium, PSE requests that the Commission adopt the proposed resolution set forth herein.

Respectfully submitted this 28th day of August 2014

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1. “Legacy” Energy Reporting include Residential Home Energy Reports, included in PSE’s conservation suite of programs since 2009. The CRAG agreed that pilot Energy Reporting (including an expansion of Residential offerings and new Business reporting) are excluded from the 2014-2015 EIA target. [↑](#footnote-ref-1)
2. Energy Efficiency 2014-2015 Biennial Conservation Plan, Overview, Executive Summary, page 10. [↑](#footnote-ref-2)
3. PSE originally reported a deemed savings value of 38,800 MWh attributable to NEEA programs in PSE’s territory. NEEA’s actual savings value, however, was 123,254 MWh in PSE’s territory. PSE’s Commission-approved 2012-2013 EIA target was 666,000 MWh, while the actual total electric conservation achieved was 782,591 MWh. [↑](#footnote-ref-3)
4. The filing of this revised Department of Commerce report is pending. [↑](#footnote-ref-4)