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June 29, 2023

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Ms. Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: PSE Conjunctive Demand Service Option Pilot Program Compliance Filing
June 30, 2023 CDSO Pilot Progress Report per Orders 8 and 13 in
Docket UE-190529**

Dear Ms. Maxwell:

Pursuant to Orders 08 and 13 in Docket UE-190529 (“Order 08” and “Order 13”), Puget Sound Energy (“PSE”) hereby submits to Washington Utilities and Transportation Commission (“Commission”) PSE’s June 30, 2023 Conjunctive Demand Service Option (“CDSO”) Pilot Progress Report (“Progress Report”).

The Commission-approved CDSO pilot under electric service Schedule 26-Large Demand General Service (“Schedule 26”) and Schedule 31-Primary General Service (“Schedule 31”) allows an eligible customer with multiple Points of Delivery to aggregate their hourly demands for purposes of billing their demand charge under CDSO Conjunctive Maximum Demand Charge in place part of their demand charges under Schedule 26 or 31. Demand charges are designed for the recovery of power and transmission costs. From the perspective of power and transmission cost causation, customers served by PSE through multiple Points of Delivery look no different to PSE (*i.e.*, have no materially different cost of service) than a single customer with similar load characteristics. Larger customers with many business locations often consider themselves one customer, not many, with respect to their purchasing of products or services. Under the CDSO, they are treated in a similar manner by PSE for part of their demand charges. Customers with a sufficient number of Points of Delivery that take service under Schedule 26 or 31 only for electric vehicle (“EV”) charging, can also choose CDSO and reduce their demand charges by recognizing the benefit of diversifying charging across their multiple charging locations.

This Progress Report is part of the reporting commitments PSE made in its CDSO replacement report filing dated June 4, 2021, after working collaboratively with the Commission staff

(“Staff”) since the effective date of Order 13 on March 8, 2021. Order 13 rejected the report PSE filed on January 13, 2021, and required PSE to work with the Commission staff to amend the deficient areas. The June 4, 2021 replacement report addressed two electric CDSO pilots and incorporated Staff’s pricing pilot design and evaluation elements (“Replacement Report”). The Replacement Report includes two attachments, 1) Attachment A: Schedules 26 and 31 Conjunctive Demand Service Option Pilot Monitoring and Reporting Plan (“Attachment A”), and 2) Attachment B: Electric Charging Conjunctive Demand Service Option Pilot Monitoring and Reporting Plan (“Attachment B”). The Commission on July 6, 2021, acknowledged the Replacement Report and authorized PSE’s implementation of the CDSO pilot.

This new optional service is the first test case for PSE to implement an alternative way to measure and bill demand charges. Accordingly, PSE needed to make enhancements to its billing system and business process to allow for the aggregation of meter reads of the participating Points of Delivery, the determination of billing quantity for the Conjunctive Maximum Demand Charge, and preparing summary invoices for the CDSO participants. Following the necessary upgrades, in September 2021, PSE began enrolling Schedule 26 and Schedule 31 customers for the CDSO pilot. However, the implementation of the CDSO pilot had its challenges. In August 2022, PSE noted that when a customer elected the CDSO and another optional electric service, all charges for the other optional service were dropped off from the calculation causing the need for a billing correction. Further, in early 2023, PSE discovered that the calculated hourly demand quantities for the determination of the Conjunctive Maximum Demand Charge for some customers were not calculated correctly. The old calculation did not apply the individual meter multiplier to the measured amounts for each of the individual participating Points of Delivery before combining them for the aggregated hourly demand. Both issues have since been fixed, however the billing corrections, in addition to the existing complicated summarized CDSO invoicing, caused some negative customer experiences.

PSE committed to produce two reports on the progress of the CDSO pilot in Attachments A and B to the Replacement Report as shown below.

Report	Reporting Period	Due Date
Progress Report	December 1, 2020, (i.e., the first date that Customers may request potential participation in CDSO) through December 31, 2022	June 30, 2023
Final Report	December 1, 2020, through December 31, 2025	June 30, 2026

Electric Vehicle Charging Conjunctive Demand Service Option Pilot

As of June 28, 2023, PSE does not have any CDSO customers that are using their Schedule 26 or 31 service only for electric vehicle (“EV”) charging. PSE has been facilitating the CDSO election process for two prospective Schedule 26 customers with multiple Points of Delivery dedicated to EV charging since November 2022. However, these prospective customers are still at the evaluation stage. Therefore, PSE did not include any information in this report pertaining to the CDSO EV charging customer reporting requirements in Attachment B.

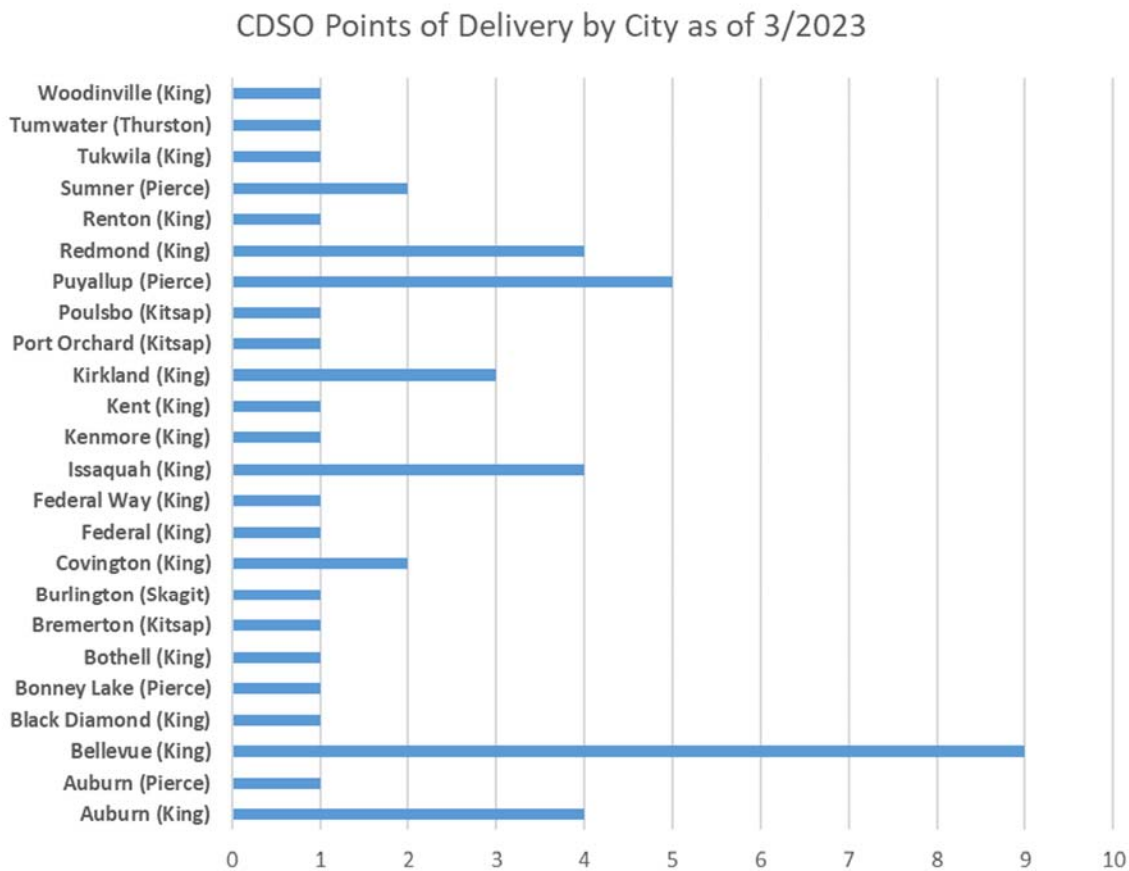
Schedules 26 and 31 Conjunctive Demand Service Option Pilot

This following section covers the reporting elements outlined in Attachment A: Schedules 26 and 31 Conjunctive Demand Service Option Pilot Monitoring and Reporting Plan and other relevant information.

About CDSO Customers

PSE currently has eight aggregated Schedule 26 CDSO customers with 41 Points of Delivery and three aggregated Schedule 31 CDSO customers with eight Points of Delivery. Most of the CDSO Points of Delivery are located in King County as shown in the following figure.

Figure No. 1: Count of CDSO Points of Delivery by City



These 11 CDSO customers are in various type of business. For the purpose of this Progress Report, the 11 customers are categorized into to three reporting groups:

- “Retail” includes supermarkets, wholesale warehouses, and their process centers
- “Industrial” includes manufacturers and large industrial electricity users
- “Service” includes institutions that provide service for public goods.

The following table provides the distribution of the CDSO customers and participating CDSO Points of Delivery.

Table 1: Count of CDSO Customers and Points of Delivery by CDSO Reporting Group

Reporting Group	Count of CDSO Customers	Count of CDSO Points of Delivery
Retail	5	29
Industrial	3	12
Service	3	8
Total	11	49

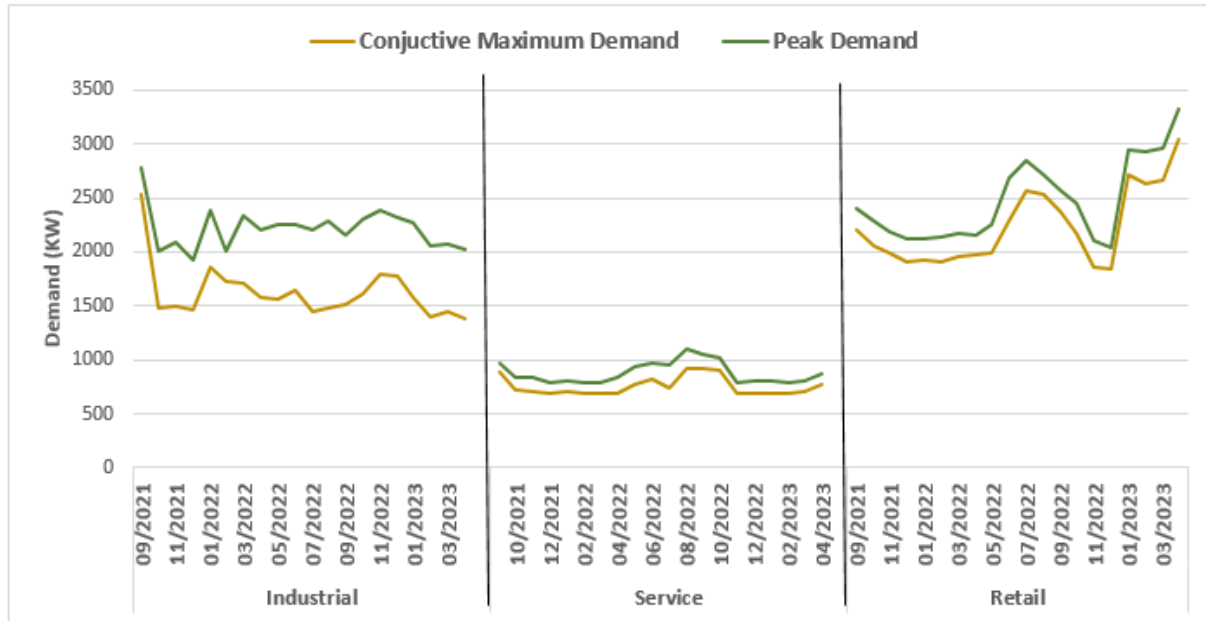
PSE is not aware of any current CDSO customers that have any Points of Delivery with electric vehicle charging load therefore PSE does not have information on the number or location of EV charging stations or the number of new EV chargers due to CDSO according to the information provided by the CDSO customers.

During the second quarter of the 2023, PSE conducted a brief customer survey of these 11 CDSO customers and received some feedback from 10 of these customers. Four customers responded that financial savings are the main reason for their participation in the CDSO pilot. One noted the potential to reduce peak demand, and another one appreciated the fairness aspect of CDSO rate design for multi-site organizations. PSE also learned that most of the retail Points of Delivery have already installed some sort of building controls, and/or energy monitoring software. When asked to provide further comments, couple customers appreciated the saving from the CDSO participation. Two customers expressed their concerns about the CDSO summary invoicing such as receiving CDSO invoices later than other non-CDSO locations and loading a CDSO summary by participating site to their utility bill management platform. Overall, majority of the customers were satisfied or very satisfied with the CDSO and would keep the pilot.

Conjunctive Maximum Demand and Peak Demand

The following figure shows the total Conjunctive Maximum Demand Charge quantities and the total Schedule 26/31 peak demand by month and by Progress Report reporting group for the participating CDSO Points of Delivery during the month. As indicated by the CDSO tariff rate design, the sum of the aggregated coincident hourly Conjunctive Maximum Demand quantities is always less than the sum of individual peak demand quantities of the participating CDSO Points of Delivery for all months.

Figure No. 2: Comparison of Total Conjunctive Maximum Demand and Total Schedule 26 and 31 Peak Demand by Month by Reporting Group



CDSO Revenue Impact – Customer Bill Savings

Since their initial participation in the CDSO to the calendar month of March 2023, current CDSO customers would have seen overall bill savings on demand charges ranging from 4% to 16% for the Schedule 26 CDSO customers and from 5% to 22% for the Schedule 31 CDSO customers¹. The amount of CDSO bill savings is estimated based upon the sum of the monthly differences between the monthly CDSO demand charges and the monthly demand charge that would have been if these customers under Schedule 26/31 did not opt into the CDSO. The percentage of savings is the percentage amount of CDSO savings over what the Schedule 26/31 demand charge would have been. These estimated CDSO customer bill savings were adjusted for the billing corrections due to the meter multiplier issue mentioned above and reflected changes in the participating Points of Delivery throughout the years.

¹ Five customers started on September 1, 2021, and six customers started on October 1, 2021.

Figure No. 3: Illustrated CDSO Customer Bill Savings by Rate Schedule and Year

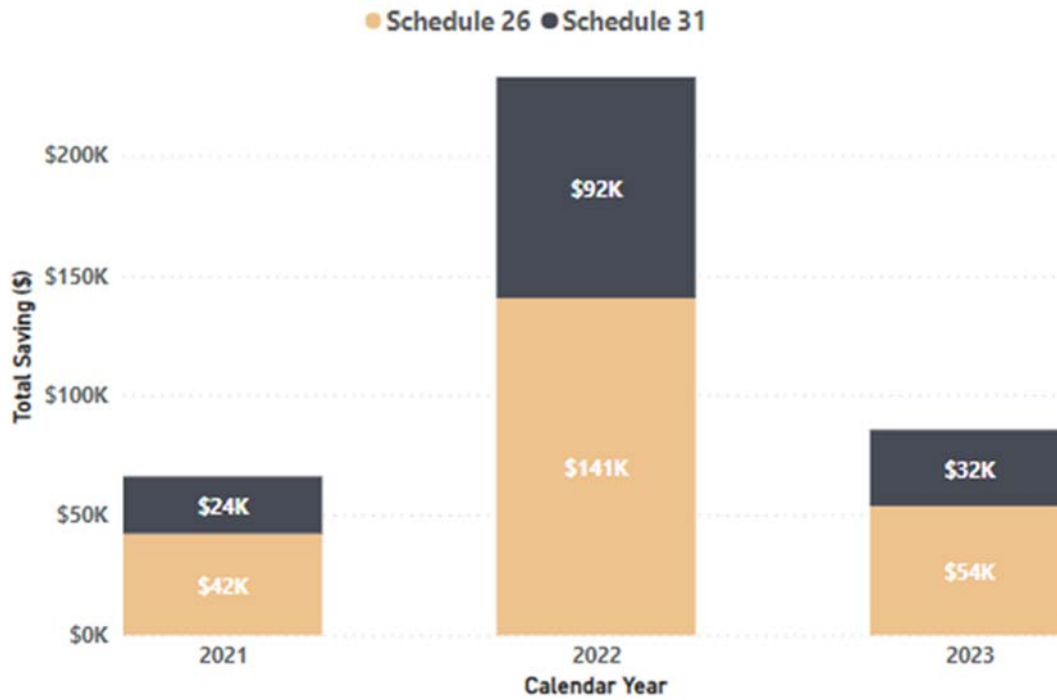
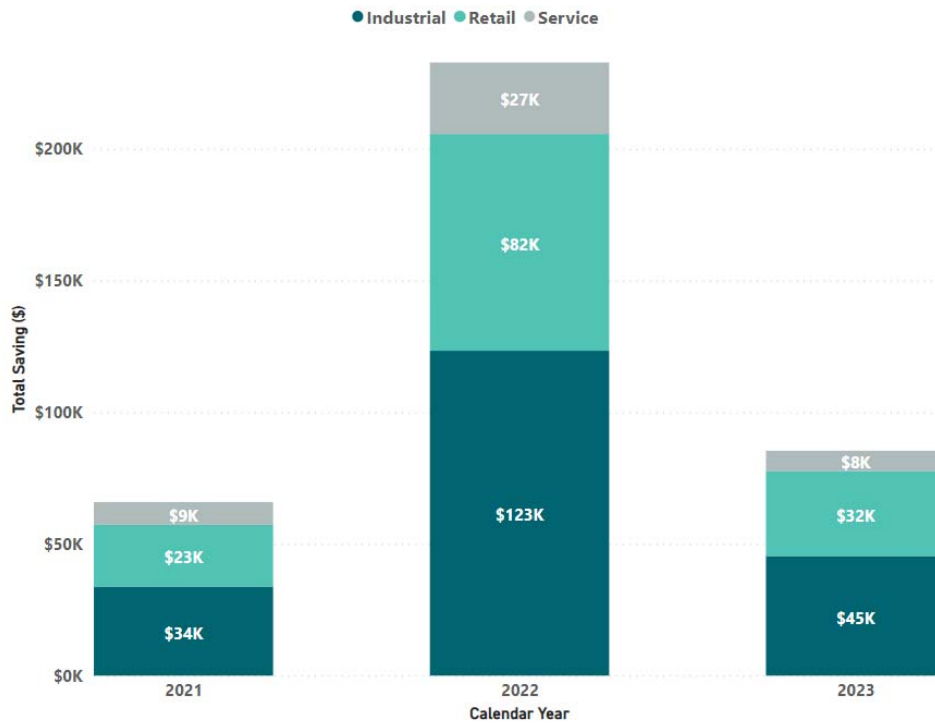


Figure No. 4: Illustrated CDSO Customer Bill Savings by Reporting Group and Year



CDSO Customers Usage

The following figures provide various summaries of CDSO customer usage information, which PSE will provide further analysis in its final CDSO pilot report due on June 30, 2026.

Figure No. 5: CDSO Customers Total Usage by Reporting Group and Year

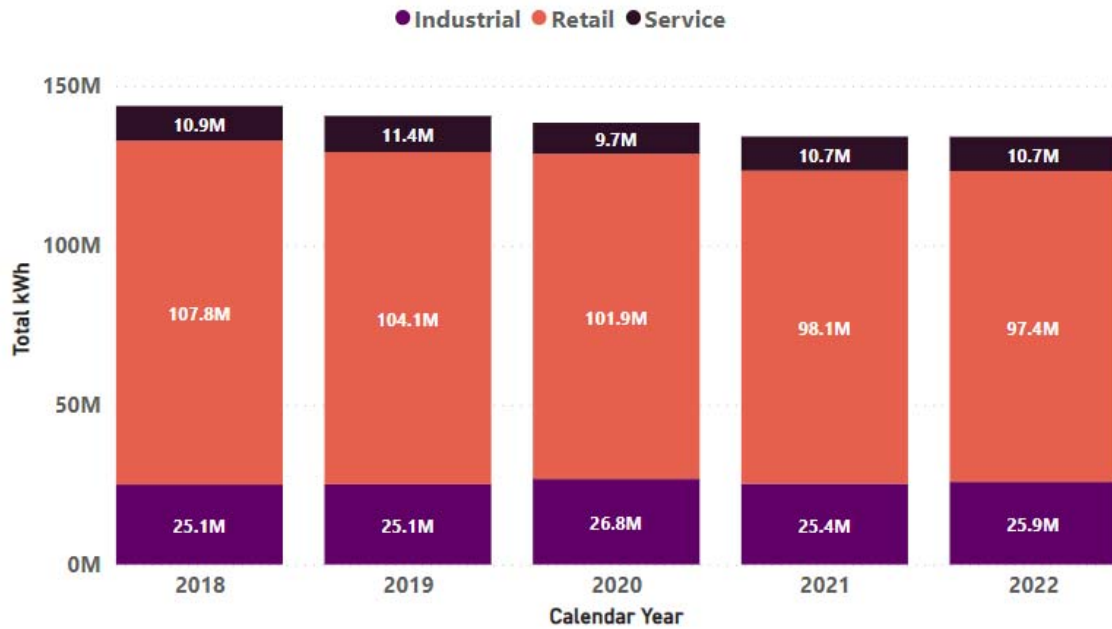


Figure No. 6: CDSO Customers Total Usage by Reporting Group and Month



Figure No. 7: CDSO Customers Total Usage by Rate Schedule and Year

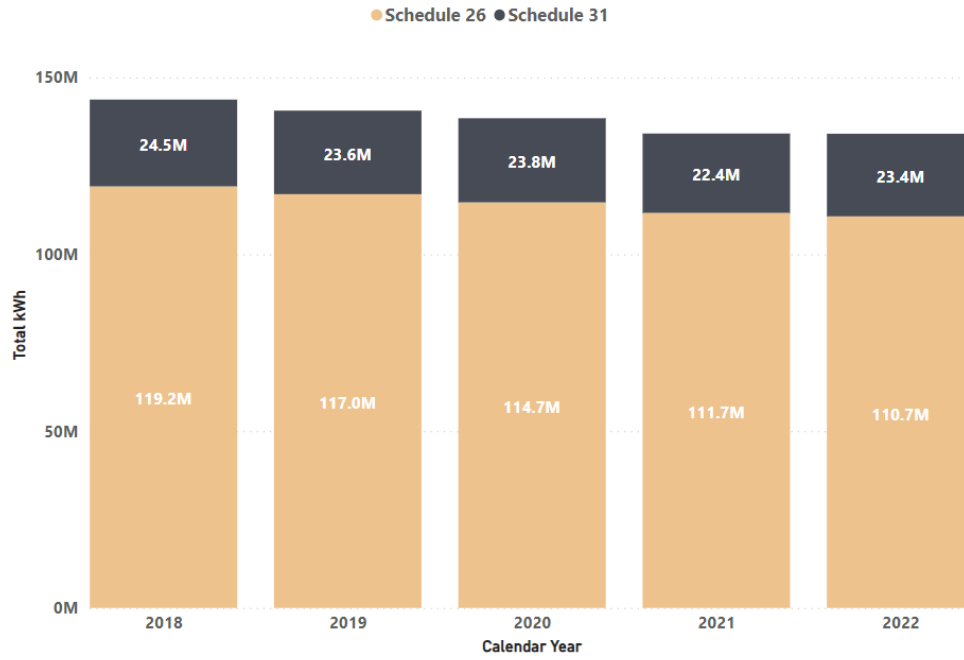
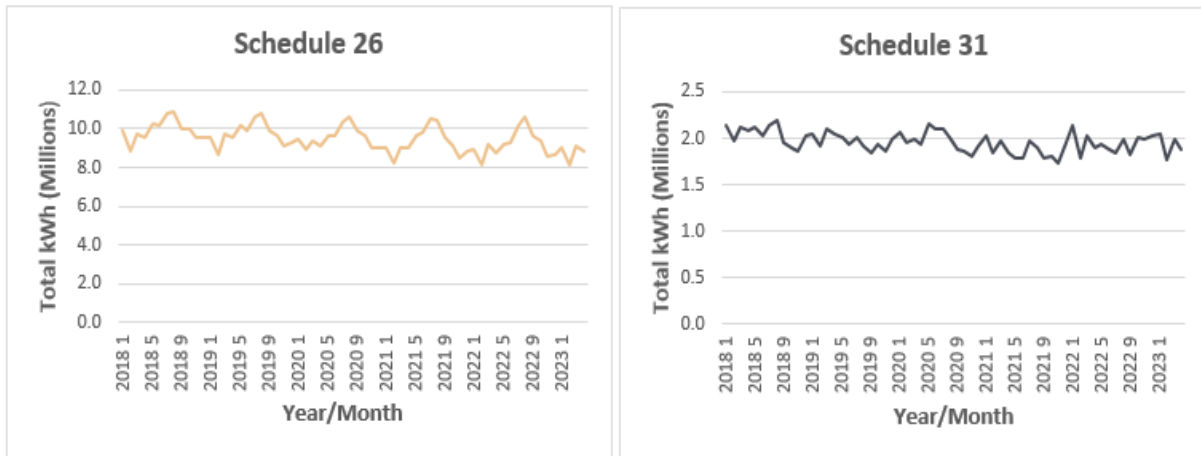


Figure No. 8: CDSO Customers Total Usage by Rate Schedule and Month



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Sincerely,

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