

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of

PUGET SOUND ENERGY

Report Identifying Its 2016-2025 Ten-Year Achievable Electric Conservation Potential and Its 2016-2017 Electric Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010

DOCKET UE-152058  
DOCKET UE-152042

PETITION OF PUGET SOUND ENERGY SEEKING AUTHORIZATION TO APPLY EXCESS CONSERVATION SAVINGS TO FUTURE DECOUPLING CONSERVATION TARGET SHORTFALL

**I. INTRODUCTION**

1 Puget Sound Energy (“PSE” or the “Company”) respectfully requests that the Commission issue an Order allowing excess electric savings earned in a qualifying biennium to be applied to potential shortfall of its Commission-approved Decoupling Conservation Target in a future qualifying biennium pursuant to WAC 480-07-370, WAC 480-109-100 and RCW 19.285.040(1)(c)(i). PSE files this petition in response to Commission Staff’s Open Meeting Memorandum dated August 12, 2016, in Dockets UE-132043 and UG-132044, in which Staff recommended that PSE file a petition with the Commission to address this issue.

2 PSE is engaged in the business of providing electric and natural gas service within the State of Washington as a public service company and is subject to the regulatory

authority of the Commission as to its retail rates, service, facilities and practices. Its full name and mailing address are:

Puget Sound Energy, Inc.  
Attn: Ken S. Johnson  
Director of State Regulatory Affairs  
P.O. Box 97034  
Bellevue, WA 98009-9734

PSE's representatives for purposes of this proceeding are:

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3 The following rules or statutes may be brought into issue by this Petition: RCW 80.01.040, RCW 19.285.040, WAC 480-109-100, and WAC 480-07-370.

## II. BACKGROUND

### A. PSE Commits To Achieve 105% of its Conservation Target in Decoupling

4 In Docket UE-121697, PSE committed to accelerate its acquisition of energy efficiency resources as part of the Amended Decoupling Petition. Specifically, PSE agreed to accelerate its acquisition of cost-effective electric efficiency resources to achieve 105 percent of the targets set by the Commission.<sup>1</sup> For purposes of this Petition, this is referred to as PSE's "Decoupling Conservation Target." The Commission approved the decoupling

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<sup>1</sup> *In re Petition of PSE and NWECA 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 *et al.* ("Decoupling Final Order"), ¶¶ 108-112 (June 25, 2013) (citing Amended Petition for Decoupling at 17).

mechanisms including PSE's commitment to accelerate its conservation savings.<sup>2</sup>

**B. RCW 19.285.040 Amended To Allow Carryover of Excess Conservation**

5 The Washington State Legislature amended RCW 19.285.040 in 2014<sup>3</sup> to allow cost-effective conservation achieved by a qualifying utility in excess of its biennial acquisition target to be used to help meet the immediately subsequent two biennial acquisition targets, effective January 1, 2014. The relevant section of the statute, as amended provides as follows:

Except as provided in (c)(ii) and (iii) of this subsection, beginning on January 1, 2014, cost-effective conservation achieved by a qualifying utility in excess of its biennial acquisition target may be used to help meet the immediately subsequent two biennial acquisition targets, such that no more than twenty percent of any biennial target may be met with excess conservation savings.<sup>4</sup>

6 The Commission amended its rules to similarly allow utilities to use excess conservation savings in future years. WAC 480-109-100(3)(c) provides as follows:

Excess conservation. No more than twenty-five percent of any biennial target may be met with excess conservation savings allowed by this subsection. Excess conservation may only be used to mitigate shortfalls in the immediately subsequent two biennia and may not be used to adjust a utility's ten-year conservation potential or biennial target. The presence of excess conservation does not relieve a utility of its obligation to pursue the level of conservation in its biennial target.

(i) Cost-effective conservation achieved in excess of a biennial conservation target may be used to meet up to twenty percent of each of the immediately subsequent two biennial targets.<sup>5</sup>

**C. PSE's Achieved Excess Conservation Savings For the 2014-2015 Biennium**

7 In Docket UE-132043, the Commission reviewed PSE's conservation achievement

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<sup>2</sup> *Id.*

<sup>3</sup> See House Bill 1643 (63rd Legislature 2014, 2014 Regular Session).

<sup>4</sup> RCW 19.285.040(1)(c)(i).

<sup>5</sup> WAC 480-109-100(3)(c).



for the 2014-2015 biennium. The Commission issued a Final Order finding that PSE has achieved 552,596 megawatt-hours (“MWh”) of conservation during the 2014-2015 biennium, exceeding its target of 485,770.<sup>6</sup> The Commission further ordered that PSE “has applied 27,920 megawatt-hours of conservation during the 2014-2015 biennium towards satisfying its decoupling conservation commitment” and that PSE “achieved 38,906 megawatt-hours of excess conservation during the 2014-2015 biennium.”<sup>7</sup>

8           In Comments submitted in Docket UE-132043, Commission Staff opined that excess conservation savings may be used to meet decoupling shortfalls in future biennia:

There is some question as to whether the excess savings may be used towards meeting the additional conservation decoupling commitment with the Commission. Staff believes that excess savings may be used to meet decoupling commitment shortfalls in future biennia. A decoupling commitment asks a utility to go above-and-beyond its achievable biennial potential to realize future savings now, and Staff believes that the Company should not be penalized if it falls short in a future biennium because of its prior success. Additionally, while the legislature did not appear to consider decoupling, the passage of HB 1643 indicates general approval that excess conservation should be available to mitigate any future shortfalls that occur despite the pursuit of all available conservation.<sup>8</sup>

9           Additionally, in the Staff Open Meeting Memo dated August 12, 2016, Commission Staff stated that “[o]n the question of whether excess savings should be allowed to make up for a future shortfall in PSE’s decoupling commitment, Staff recommends that PSE file a petition with the Commission . . . .” Accordingly, PSE filed this Petition with the Commission seeking authorization to apply excess conservation savings to its Decoupling Conservation Target.

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<sup>6</sup> *In re Puget Sound Energy’s 2014-2015 Biennial Conservation Target Under RCW 19.285.040*, Docket UE-132043, Order 05, ¶ 12 (August 15, 2016).

<sup>7</sup> *Id.*, ¶¶ 17-19

<sup>8</sup> *Id.*, Staff Comments dated July 21, 2016 at 4-5.

10 PSE proposes the following protocols for using excess conservation savings. First, this Petition addresses how to establish the amount of excess conservation. Second, this Petition discusses Decoupling Conservation Target-setting and accounting. Third, this Petition addresses how to prevent the double counting of conservation savings. Fourth, this Petition discusses the potential effect on future target-setting.

### III. ESTABLISHING THE AMOUNT OF EXCESS CONSERVATION

11 In order to discuss the application of excess electric savings, it is first necessary to agree on a consistent excess electric savings calculation methodology. Although this Petition's focus is on the recommendation to allow the application of excess savings to a future potential shortfall in PSE's Decoupling Conservation Target, it is helpful to have a consistent methodology to identify and calculate excess electric savings. As discussed in more detail below, PSE proposes to use its existing conservation calculation methodology, which PSE's Conservation Resource Advisory Group ("CRAG") has become familiar with over the past several years.

12 For the past two biennia, PSE has partnered with its CRAG to establish its biennial conservation targets. This process spans approximately six months each odd year, and results in the development of PSE's Biennial Conservation Plan ("BCP"), consisting of numerous documents and exhibits. The BCP is then submitted to the Commission for approval. One of these documents is the table "Building the Electric Target," shown below as Table 1. This Table is frequently referenced in PSE's Exhibit 1: Savings and Budgets, in PSE's Annual Reports of Energy Conservation Accomplishments, and during CRAG biennial planning meetings.



**Table 1: Building the Electric Target: 2014-2015 Biennium**

2014-2015 Electric Portfolio Savings				
Description	MWh	aMW	Comment	Calculation
a Total Biennial Potential	551,880	63.0		Figure 5, Exhibit i
b Plus legacy HER	6,420	0.7		line l of Exhibit 1
c Total "base" savings	558,300	63.7		
d Less NEEA	72,530	-8.3		line ab of Exhibit 1
<b>e Total Biennial EIA Target</b>	<b>485,770</b>	<b>55.5</b>		<b>c - d</b>
f Decoupling Commitment (5% add)	27,920	3.2		$c * 0.05$ ("base" * 5%)
<b>g Total savings subject to decoupling penalty</b>	<b>513,690</b>	<b>58.6</b>	Penalty: \$50/MWh shortfall	<b>e + f (EIA target + D.C.)</b>
h Individual Energy Reports (IER)	34,900	4.0		line aa of Exhibit 1
<b>i 2014-2015 Portfolio Total</b>	<b>621,120</b>	<b>70.9</b>	Biennial budget is built to achieve this	<b>c + f + h</b>

13 The “Building the Electric Target” table can be used as the basis for establishing PSE’s excess (or shortfall) electric savings in future biennia, by using the same steps that built up to the Target to then disaggregate its key components and determine—with minimal chance of double-counting—any resulting excess savings.

14 A key tenet in PSE’s proposal is that programs and initiatives that comprise its complete conservation portfolio but were excluded from the EIA Target calculation should also be excluded from any excess electric savings determination. This is consistent with comments received from CRAG members with respect to PSE’s 2014-2015 Biennial Conservation Report. For example, comments from the Industrial Customers of Northwest Utilities (“ICNU”) included the following:

ICNU’s view is that savings that are not eligible to count toward the current biennium’s conservation achievement under the EIA should also not be eligible to count toward a future biennial target. In other words, ICNU agrees with PSE that the calculation of excess conservation should remove NEEA and individual energy pilot programs.<sup>9</sup>

<sup>9</sup> *Id.*, Comments of ICNU, 2014-2015 Biennial Conservation Report.

15                    Additionally, Commission Staff also supported this view:

Staff believes that it is in the public interest that savings from pilot programs may be claimed as excess savings as long as the program's potential is accounted for in the formal target setting process. In future biennia, staff believes the potential of any pilot program must be approved by the advisory group and may be as low as zero.<sup>10</sup>

16                    In Table 1 above, those exclusions consist of Northwest Energy Efficiency Alliance (“NEEA”), shown on line d, and Individual Energy Reports (“IER”), shown on line h. In future biennia, the table can be easily modified to accommodate future potential exclusions. In Table 2,<sup>11</sup> on page 8, the “Building the Electric Target” table has been expanded to accommodate biennial results, making it possible to quickly and clearly determine PSE's earned excess electric savings. Table 2 demonstrates that in the 2014-2015 Biennium, PSE achieved excess electric conservation of 38,906 MWh, shown on line n, which may be applied to potential biennial electric savings target shortfall reported in either of the next two biennia. Lines k through m of Table 2 show the calculations used to determine the current year's eligible excess electric savings. Lines n through q of Table 2 describe the disposition of all eligible excess savings. This table format is consistent in all PSE conservation planning documents, enhancing familiarity for stakeholders, and PSE recommends that it be used as the basis for calculations in future biennia.

17                    As previously noted, Commission Staff agrees with the results of the calculation as shown in Table 2. At the August 12 recessed open meeting Commission Staff stated in its memo: “For the 2014-2015 biennium, staff agrees that PSE's original recommendation of

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<sup>10</sup> *Id.*, Commission Staff recessed open meeting memo at 2, ¶ 3.

<sup>11</sup> Table 2 is an extract of the electronic Microsoft® Excel™ table. For presentation purposes, PSE removed the “Comment” column from the electronic file in order to fit the page. In the actual Attachment 1, the column is not hidden.



38,906 MWh should be identified as excess savings.”<sup>12</sup>

**Table 2: Expanded Building the Electric Target**

Puget Sound Energy 2016-2017 Electric Portfolio Savings					
	Description	MWh Target	MWh Actuals	Achieved Tests	Calculation Unless otherwise noted, references indicate target-setting sources. Calculations used for savings results are noted in <i>green italicized text</i> .
<b>(1) Add</b>					
a	Total Biennial Potential <i>IRP Guidance</i>	554,132			Figure 3, Exhibit i
b	Plus Legacy HER	5,722			line f of Exhibit 1 Portfolio View
c	Total Base Savings	559,854			= a + b
d	Plus Decoupling Commitment (5% add)	27,993			= c * 0.05 ( <i>"base" * 5%</i> )
e	Plus Energy Reports Pilots Without Verified Savings	17,347			line z of Exhibit 1 Portfolio View
f	<b>Total 2016-2017 Portfolio Savings</b>  (Includes single large facilities, where savings are managed in Schedule 258, Large Power User/Self-Directed program.)	<b>605,194</b>	598,000		= c + d + e; lines bb & bf of Exhibit 1 Portfolio View  Unique tracking system reports to compile specific site data.
<b>(2) Exclude</b>					
g	NEEA Savings	-22,776	-22,000		line aa of Exhibit 1 Portfolio View. Results: Annual Report Exhibit 1
h	Energy Report Pilots	-17,347	-17,000		= e Results: Annual Report Exhibit 1
i	Decoupling Commitment Amount	-27,993	Calculated		= d Results: Annual Report Exhibit 1.
j	Total Exclusion	-68,116	-39,000		= g + h + i
<b>(3) Resultant Targets</b>					
k	Total Utility Savings	565,071	559,000		= l + m Results: Annual Report Exhibit 1. Portfolio total, less [NEEA + Pilots]
			Difference		
l	EIA Penalty Target	537,078	21,922	Achieved	= f + j Results: k(actual) - l(target)
			Difference		
m	Decoupling Commitment	27,993	-6,071	Shortfall	= d Results: ([l MWh Actual Difference] - [m Target]) This represents the final excess/(shortfall) for the current biennium.
<b>(4) Excess Savings Disposition (as determined by Commission order in the year subsequent to the concluding biennial year.)</b>					
n	Current biennium's excess savings	2016-2017	(6,071)		Import results from current BCR.
o	Past biennium's excess savings	2014-2015	38,906		Import results from previous BCR.
p	Penultimate biennium's excess savings	2012-2013	0		Import results from applicable BCR.
q	Total remaining excess savings available	Total	32,835		

<sup>12</sup> In re Puget Sound Energy's 2014-2015 Biennial Conservation Target Under RCW 19.285.040, Docket UE-132043, Commission Staff recessed open meeting memo at 2, ¶ 4.



#### IV. DECOUPLING CONSERVATION TARGET SETTING AND ACCOUNTING

##### A. Application of Excess Conservation Savings Is Consistent With the Law

18 RCW 19.285.040(c) addresses excess savings relative to a utility's "biennial acquisition target" and allows a utility to apply excess savings to the immediately subsequent two biennial targets:

Except as provided in (c)(ii) and (iii) of this subsection, beginning on January 1, 2014, cost-effective conservation achieved by a qualifying utility *in excess of its biennial acquisition target* may be used to help meet the immediately subsequent two biennial acquisition targets, such that no more than twenty percent of any biennial target may be met with excess conservation savings.<sup>13</sup>

19 Although the law does not expressly address a Decoupling Conservation Target, PSE requests that the Commission allow excess conservation savings to apply to future Decoupling Conservation Target shortfalls in a similar manner. In its Decoupling commitments, PSE agreed to go above and beyond the savings required by the EIA and increase its conservation savings by five percent above its biennial acquisition target. The Commission approved this commitment.<sup>14</sup> Therefore, it is reasonable that the Commission-approved Decoupling Conservation Target should be considered as an equivalent of the EIA Target for purposes of applying excess conservation savings to future biennia. PSE should not be penalized for a shortfall in any form of conservation savings if it has achieved and has available excess savings from previous biennia. This is consistent with the general policy set forth in the legislation that excess conservation should be available to mitigate any future shortfalls that occur despite the pursuit of all available conservation.

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<sup>13</sup> RCW 19.285.040(c)(i)(emphasis added).

<sup>14</sup> Decoupling Final Order ¶¶ 108-112 (citing Amended Petition for Decoupling at 17).

20 In light of the Legislature’s modification to the EIA, which allows utilities to use excess conservation to help meet their EIA target in future biennia, it seems inconsistent to preclude PSE from similarly using excess electric savings to help meet a potential Decoupling Commitment Target, if in a future biennium PSE faces a shortfall.

**B. Identifying Excess Savings To Be Applied To a Future Biennium Shortfall**

21 In Order 03 of Docket No UE-132043, the Commission set a Decoupling Conservation Target of 27,920 MWh for PSE. It is important to note that the decoupling value is based on the higher total “base” savings (line c in Table 2) of 558,300 MWh, rather than the Commission-approved EIA Target of 485,770. PSE suggested this approach to the CRAG during the 2014-2015 target development discussion in the second half of 2013. The CRAG agreed that the higher figure reflects the spirit of the commitment.

22 In Table 2, above, line l (in the “MWh Actuals” column) indicates that, when the EIA Penalty Target of 485,770 MWh is subtracted from the Total Utility Savings of 552,596 MWh, there is a remainder of 66,826 MWh, which exceeds the decoupling commitment of 27,920 MWh (shown on lines d and m) by 38,906 MWh. This method of calculating the excess conservation savings is consistent with most stakeholders’ view that decoupling savings are “on top of” the EIA Target.

23 It is important to note that at the program implementation level, though, that the Decoupling Conservation Target and the EIA Target are intertwined. PSE aims to hit one target each biennium by designing and executing an integrated portfolio of conservation programs. The EIA Target and the decoupling commitment savings are not acquired in sequential steps; i.e. PSE does not achieve decoupling commitment savings after it has



achieved its EIA Target (programmatic) savings.<sup>15</sup>

**C. Hypothetical Illustration Applying Excess Conservation To Future Biennium**

24 The following illustration is helpful to understand how the excess conservation could be applied to a potential future Decoupling Conservation Target shortfall. The hypothetical case illustrated in Table 3 below, uses PSE’s actual excess conservation savings from the 2014-2015 biennium and the actual EIA Target and the Decoupling Conservation Target from the 2016-2017 biennium. For purposes of this illustration, the hypothetical case assumes a shortfall of energy savings for the Decoupling Conservation Target in the 2016-2017 biennium.

25 As shown in Table 3, below, for the 2014-2015 biennium, PSE achieved 107.6% of the “Combined Target” (i.e., the EIA Target and the Decoupling Conservation Target). This resulted in excess savings of 38,906 MWh for the 2014-2015 biennium. If this Petition is granted, and if PSE had a shortfall in its Decoupling Conservation Target in the 2016-2017 biennium, as shown in the hypothetical, PSE would use 6,071 MWh of the existing surplus for the 2016-2017 biennium and would have approximately 32,835 of remaining excess savings available for a potential shortfall in the 2018-2019 biennium.

**Table 3: Hypothetical Example of Use of Excess Savings in Future Biennia**

	Biennium	EIA Target	Decoupling Commitment	Combined Targets	Actual Achieved	Achieved Percent (of Combined)	Savings Excess/Shortfall	Excess Savings Available
a	2014-2015	485,770	27,920	513,690	552,596	107.6%	38,906	
b	2016-2017	537,078	27,993	565,071	559,000	98.9%	-6,071	32,835

<sup>15</sup> Section G, ¶ 31: “...and PSE will agree to voluntarily submit to financial penalties for failing to meet this higher level of conservation achievement.”

**V. PSE WILL UNDERTAKE RIGOROUS ACCOUNTING TO AVOID DOUBLE COUNTING OF EXCESS SAVINGS**

26 To avoid the potential or appearance of double-counting electric savings, PSE will use its “Building the Electric Target”<sup>16</sup> as the basis for future biennial reporting. This Microsoft Excel file is simple to complete. The original table is expanded to include calculations that clearly indicate the accounting applied, ensuring the appropriate counting of savings. In the model, noted in Tables 1 and 2 of this Petition and included in its electronic form as Attachment A, PSE shows a mathematical progression that prevents double-counting, which is described below.

27 After entering the actual, verified electric savings results in line f of the “MWh Actuals” column, the model performs the necessary adjustments (i.e., it extracts those programs or initiatives that were excluded from the EIA Target calculation) and returns the difference of [achieved savings amount – target savings amount]. In Attachment A, this difference is noted on line l of the “MWh Actuals” column: 21,922 MWh. The notation in the “Achieved Test” column indicates the EIA Target was “Achieved.”

28 Next, it is necessary to account for the decoupling commitment, noted on line m. The “MWh Actuals” calculation [line l “MWh Actuals” – line m “MWh Target”] shows that there is a shortfall of 6,071 MWh in this hypothetical example. The notation in the “Achieved Test” column indicates there is a “Shortfall” with respect to the Decoupling Conservation Target.

29 If the Commission allows PSE to apply eligible excess savings as requested to

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<sup>16</sup> CRAG members and Commission Staff are familiar with this table, as it has been used in the past two biennial planning processes and is included in Exhibit 1: Savings and Budgets, in PSE’s biennial filing. Also, it is referenced in Puget Sound Energy Annual Report of Energy Conservation Accomplishments.



potential future Decoupling Conservation Target shortfalls, PSE will check for any available excess savings as discussed below.

- 1) Excess savings from qualifying previous biennia (noted as lines n, o, and p in Attachment A). These figures will be updated biennially, following the Commission's Final Order on PSE's biennial achievement. This section will clearly indicate how many megawatt-hours are available from each of the previous biennia.
- 2) In the Attachment A example, PSE's 2016-2017 savings shortfall of 6,071 is entered on line n. This value is added to the other, eligible excess savings value. Line q in the example indicates that when the 2016-2017 shortfall of -6,071 MWh is added to the remaining eligible excess of 38,906 MWh, the remainder is 32,835 MWh of excess savings that could be used for a shortfall in the 2018-19 biennium.<sup>17</sup>
- 3) Lines n through p represent a "rolling" two-biennia archive, where PSE will:
  - a. Delete the oldest available excess (line p, which will—at the time of the future biennium's report—no longer meet the qualifications),
  - b. Archive the last biennium's excess to become the "older" of the two (line o),
  - c. Archive the current excess/shortfall (line n).

30 The table in Attachment A will ensure proper savings accounting while limiting the potential for double-counting savings—either achieved or excess.

## VI. IMPACT ON FUTURE TARGET SETTING

31 PSE recognizes the concern that allowing the Company to apply excess electric savings to potential decoupling commitment shortfalls could result in PSE scaling back its

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<sup>17</sup> Since, in this example, the eligible excess savings was recognized in the 2014-2015 biennium, and the 2016-2017 shortfall made use of that excess, the remaining excess may only be used for potential shortfall in the 2018-2019 biennium. If it is not used then, those savings must be expunged.

conservation efforts.<sup>18</sup> However, there are substantial checks and balances in the existing laws, rules and programs to prevent any scaling back of PSE conservation programs. PSE is required to base its biennial electric savings on the conservation potential assessment built into its Integrated Resource Plan. The resulting two-year conservation is well-vetted with the CRAG and Commission Staff. PSE has closely engaged the CRAG in its target-setting process for the past two biennia and is required to do so for all future plans. Moreover, consistent with the requirement in WAC 480-109-100(2)(c) that “the presence of excess conservation does not relieve a utility of its obligation to pursue the level of conservation in its biennial target,” PSE’s efforts to achieve its Decoupling Conservation Target will remain commensurate with its EIA Target efforts. PSE commits to continuing its high level of engagement and transparency with the CRAG to ensure that PSE pursues all available, feasible, and cost-effective conservation in accordance with RCW 19.285, WAC 480-109 and Commission orders.

## VII. CONCLUSION

32 For the reasons set forth in this Petition, PSE respectfully requests that the Commission order that PSE may apply excess electric conservation savings earned in a qualifying biennium, including the excess of 38,906 MWh for the 2014-2015 biennium, to a potential shortfall of its Commission-approved Decoupling Conservation Target in a future qualifying biennium, in a manner consistent with RCW 19.285.040(1)(c).

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<sup>18</sup> See, e.g., Comments of ICNU, 2014-2015 Biennial Conservation Report, UE-132043, Page 2, ¶ 1.



DATED this 24 day of October, 2016.

**PERKINS COIE LLP**



Sheree Strom Carson, WSBA #25349  
Attorneys for Puget Sound Energy


STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

Robert Stolarski, being first duly sworn, deposes and says that he is the Director, Customer Energy Management, for Puget Sound Energy; that he has read the foregoing Petition of Puget Sound Energy and knows the contents thereof; that the facts set forth therein are true based on his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes them to be true.



SUBSCRIBED and SWORN to before me this 24th day of October, 2016,  
by Robert Stolarski



  
Print Name: CYNTHIA MAIN  
Notary Public in and for the State of WA,  
residing at Kimberland  
My commission expires: 9-29-2019

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**CYNTHIA MAIN**

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SEPTEMBER 29, 2019  
STATE OF MAINE  
CLERK OF SUPREME COURT  
MAINE STATE HOUSE  
CYNTHIA MAIN



# ATTACHMENT A

**Attachment A: Hypothetical 2016-2017 Electric Portfolio Results**

Illustrating the application of eligible excess to potential decoupling commitment shortfall.

Puget Sound Energy 2016-2017 Electric Portfolio Savings						
	Description	MWh Target	MWh Actuals	Achieved Tests	Comment <i>(Commission Staff comments on 2014-2015 BCR, UE-132043, in blue italics.)</i>	Calculation Unless otherwise noted, references indicate target-setting sources. Calculations used for savings results are noted in green italicized text.
(1)	<i>Add</i>				<i>These are specific elements that comprise the Portfolio View of Exhibit 1.</i>	
a	Total Biennial Potential <i>IRP Guidance</i>	554,132			Bundle D + DE from IRP	Figure 3, Exhibit i
b	Plus Legacy HER	5,722				line l of Exhibit 1 Portfolio View
c	Total Base Savings	559,854			<i>All available conservation that is cost-effective, reliable, and feasible. No less than the pro rata share of the ten year potential, at least 20%.</i>	= a + b
d	Plus Decoupling Commitment (5% add)	27,993			<i>All programs contribute to the decoupling commitment. Decoupling commitment is based on 5% of "base", rather than the lower 5% of EIA Target.</i>	= c * 0.05 ( <i>"base" * 5%</i> )
e	Plus Energy Reports Pilots Without Verified Savings	17,347			2016-2017 Pilots	line z of Exhibit 1 Portfolio View
f	Total 2016-2017 Portfolio Savings  <i>(includes single large facilities, where savings are managed in Schedule 258, Large Power User/Self-Directed program.)</i>	805,194	598,000		<i>This figure is what Energy Efficiency is managing to. Biennial Conservation Target plus decoupling commitment. This is the "Target" reported to Commerce.</i>  <i>It isn't possible to establish discrete targets for single large facilities. Results can be culled from overall Portfolio results for reporting purposes to ensure that PSE does not claim excess of more than 5% of these savings.</i>	= c + d + e; lines bb & bf of Exhibit 1 Portfolio View  Unique tracking system reports to compile specific site data.
(2)	<i>Exclude</i>				<i>Remove these elements in order to calculate the EIA penalty target.</i>	
g	NEEA Savings	-22,776	-22,000		Savings calculations provided by NEEA.	line aa of Exhibit 1 Portfolio View. Results: Annual Report Exhibit 1.
h	Energy Report Pilots	-17,347	-17,000			= e Results: Annual Report Exhibit 1.
i	Decoupling Commitment Amount	-27,993	Calculated		5% of "base" savings value (line c).	= d Results: Annual Report Exhibit 1.
j	Total Exclusion	-68,116	-39,000		<i>NEEA, pilots. (Potential savings which are speculative in nature are excluded from eligibility for penalty under the Commission's standard practice.)</i>	= g + h + i
(3)	<i>Resultant Targets</i>					
k	Total Utility Savings	585,071	559,000		Total Portfolio savings, less exclusions (NEEA + pilots) Includes any savings applicable the decoupling commitment	= l + m Results: Annual Report Exhibit 1, Portfolio total, less [NEEA + Pilots].
			Difference			
l	EIA Penalty Target	537,078	21,922	Achieved	<i>The Energy Independence Act biennial conservation plan (BCP) energy savings targets approved by the UTC.</i> Result: Line k - ((line k(target)) - (line m(target))) This represents the difference between actual Total Utility Savings (that include decoupling savings) and the EIA Target.	= f + j Results: k(actual) - l(target)
			Difference			
m	Decoupling Commitment	27,993	-6,071	Shortfall	<i>Additional percent of Base UTC Target required per Commission order \$50/MWh shortfall penalty.</i>	= d Results: ((l MWh Actual Difference) - (m Target)). This represents the final excess(shortfall) for the current biennium.
(4)	<i>Excess Savings Disposition (as determined by Commission order in the year subsequent to the concluding biennial year.)</i>					
n	Current biennium's excess savings	2016-2017	(6,071)		If a negative number, indicates a shortfall in either the EIA target or the decoupling commitment.	Import results from current BCR.
o	Past biennium's excess savings	2014-2015	38,906		Last biennium	Import results from previous BCR.
p	Penultimate biennium's excess savings	2012-2013	0		Remove from going-forward archive as a part of Order approving current-biennial savings.	Import results from applicable BCR.
q	Total remaining excess savings available	Total	32,835		Going-forward available excess savings for future qualifying biennia	