

Agenda Date: December 21, 2012
Item Number: D2

Docket: UG-111880
Company: Pacific Power and Light Company

Staff: Chris McGuire, Regulatory Analyst

Recommendation

Take no action, acknowledging the timely receipt of PacifiCorp's revised 2012-2013 Demand-Side Management Business Plan on November 1, 2012, in Docket UE-111880.

Background

Pacific Power and Light Company (PacifiCorp or company) is currently operating its energy efficiency programs under conditions approved by the Washington Utilities and Transportation Commission (commission) in Order 01 of Docket UE-111880. As outlined in Condition (5) of that Order, PacifiCorp is required to maintain its conservation tariffs on file with the Commission. Program details about specific measures, incentives and eligibility requirements must be filed as tariff attachments or as revisions to PacifiCorp's Demand-Side Management (DSM) Business Plan. PacifiCorp's 2012-2013 DSM Business Plan was originally provided as Appendix 7 in its Ten-year Achievable Conservation Potential and Biennial Conservation Target for 2012 and 2013 filed with the commission on January 31, 2012 in this docket. The 2012-2013 DSM Business Plan was revised on June 4, 2012.

As outlined in Condition (8)(b) of Order 01 in Docket UE-111880, PacifiCorp must file by November 1, 2012, any proposed revisions to the 2012-2013 DSM Business Plan. On November 1, 2012, the company timely filed its revised 2012-2013 DSM Business Plan. Through this filing, PacifiCorp is documenting changes to its electric conservation programs. The company developed the Business Plan and a course of action for its conservation programs in consultation with its Advisory Group. PacifiCorp's revised DSM Business Plan includes minor changes to program details, and an annual budget with reasonable program detail that shows planned expenses and the resulting projected energy savings. The company's biennial 2012-2013 electric conservation target range is 76,291 to 79,322 megawatt-hours.

Discussion

In this revised 2012-2013 DSM Business Plan, PacifiCorp is proposing a 1.4 percent increase in its 2013 conservation budget, increasing from \$9,969,561 to \$9,983,410. The company is also revising its estimated 2012 expenditures downward from \$10,491,396 to \$9,861,211, a 6 percent decrease in 2012 conservation portfolio costs. Overall, the company is reporting a \$616,336, or 3.0 percent, reduction in estimated expenditures for the 2012-2013 biennium, relative to its June 3, 2012, plan update. The company also proposes a 6.6 percent decrease in 2013 conservation expenditures, relative to 2012.

Program Budgets	2012 Budget¹	2013 Budget²	2013 Revised Budget	2012-2013 Change
Residential	\$ 2,694,825	\$ 3,086,335	\$ 2,821,615	5%
Commercial	\$ 1,555,000	\$ 1,543,241	\$ 2,112,327	35%
Industrial	\$ 2,689,000	\$ 3,122,229	\$ 2,970,716	10%
NEEA	\$ 1,157,000	\$ 1,212,456	\$ 1,212,456	5%
Other	\$ 2,598,500	\$ 1,005,300	\$ 866,296	- 66%
Total	\$ 10,694,325	\$ 9,969,561	\$ 9,983,410	- 6.6%

The lower estimated portfolio-level expenditures in this revised plan are driven by reductions in expenditures across several programs, including Low-income Weatherization, Home Energy Savings, industrial-sector Energy FinAnswer and Distribution and Production Efficiency. The most substantial increase in estimated 2012-2013 expenditures is for commercial Energy FinAnswer Express which increased by \$1.2 million due to an acceleration of commercial lighting projects.

PacifiCorp is also increasing its gross savings estimates for 2012 and 2013, relative to its last business plan update. The savings estimate for 2013 has increased by 17.9 percent, from 46,153 MWh to 54,431 MWh, and the savings estimate for 2012 has increased by 11.1 percent, from 39,457 MWh to 43,836 MWh. Overall, the company is reporting a 12,657 MWh (or 15.2 percent) increase in estimated savings for the 2012-2013 biennium. Relative to the goals established in its Biennial Conservation Plan (BCP)³, PacifiCorp is on track to achieve 115 percent if its 2012 target and it expects to achieve 124 percent of its 2012-2013 biennial target. The company also provided staff with detail of its year-to-date progress through September 2012 demonstrating that the company is on track to exceed its 2012 target.

Electric Conservation	BCP Target	Projected Savings	Percent of Target	ACP Target
2012	4.36 aMW	5.00 aMW	115%	5.00 aMW
2013	4.70 aMW			6.21 aMW
2012-2013 Biennium	9.06 aMW			11.21 aMW

The sector-specific 2013 energy savings expectations have increased 44.1 percent for nonresidential programs, and have decreased 1.9 percent for residential programs. The largest drivers of the increase in savings estimates were the commercial-sector Energy FinAnswer

¹ Docket UE-111880, Pacific Power and Light Company, January 31, 2012, "2012-2013 Biennial Conservation Plan," Table 1, 2012 – 2013 Biennial Target Savings and Budget Projections by Program.

² Docket UE-111880, Pacific Power and Light Company, "Demand-side Management 2012-2013 Business Plan – Washington," Revision 1, June 4, 2012, Table 1, 2012 – 2013 Biennial Target Savings and Budget Projections by Program.

³ Filed September 14, 2011, in Docket UE-111880.

Express and the industrial-sector Energy FinAnswer programs, the estimated savings of which were revised upward by 5,694 MWh and 7,271 MWh, respectively. The company has also revised its estimated 2013 savings from the Northwest Energy Efficiency Alliance (NEEA) upward from 8,349 MWh to 9,592 MWh and its estimated 2013 savings from distribution efficiency downward from 2,059 MWh to 1,128 MWh.

This filing also provides information on two changes to program offerings. The first is a change to the company's Energy FinAnswer program, reflecting program changes in response to Order 02 of Docket UE-111880 which directed the company to investigate conservation program design for large industrial customers and implement changes to the company's program no later than November 1, 2012. The company's proposal was filed with the commission on November 1, 2012, under Docket UE-121756 and the program changes became effective December 1, 2012.

The second change is the addition of a new program to replace Schedule 113, the Energy Education in Schools program, which was cancelled following the 2011-2012 school year. The new Energy Education in Schools program is positioned as an education-only program and the company will be claiming no conservation savings for the 2013-2014 school year. Program costs for this program are compliant with Paragraph (7)(d) in Order 01 of Docket UE-111880, which allows the company to spend up to 10 percent of its conservation budget on programs whose savings impact has not yet been measured, as long as the overall portfolio of conservation passes the Total Resource Cost (TRC) test. The expected TRC for PacifiCorp's 2012-2013 conservation portfolio is 2.0.

The overall increase in savings estimates coupled with a decrease in expected expenditures has led to improved portfolio economics for PacifiCorp for the 2012-2013 biennium. Staff believes that savings and expenditures estimates are fairly presented in PacifiCorp's DSM Business Plan, and that the programmatic revisions have been designed appropriately and are accurately captured in this revised DSM Business Plan. Therefore, staff recommends that the commission acknowledge this revised business plan as filed.

Conclusion

Take no action, acknowledging the timely receipt of PacifiCorp's revised 2012-2013 Demand-Side Management Business Plan on November 1, 2012, in Docket UE-111880.