

**COMMENTS OF UTILITY CONSERVATION SERVICES, LLC (UCONS)
ON PUGET SOUND ENERGY'S 2019 ANNUAL CONSERVATION PLAN**

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I. INTRODUCTION

Utility Conservation Services, LLC (UCONS) filed comments on Puget Sound Energy's Biennial Conservation Plan (BCP)¹ and participated in the Commission's open meeting on that BCP on January 10, 2018. In our comments and at the open meeting, we urged the Commission to direct further work by PSE in the manufactured home (MH) market given data that show that there exists cost-effective conservation that can be acquired in that market. Because Washington's Energy Independence Act, RCW 19.285.040(1), requires utilities to "pursue *all* available conservation that is cost-effective, reliable, and feasible," pursuit of such available cost-effective conservation in the MH market is required. We further urged the Commission to require PSE to "adaptively manage" its conservation portfolio between BCPs to take advantage of this conservation opportunity. The Commission, in requiring utilities to "adaptively manage" their portfolios in WAC 480-109-100(1)(a)(iv), recognized that meeting the "all cost-effective conservation" requirement in I-937 is not a once-every-two-years effort.

At the January 10, 2018, open meeting, Chairman Danner expressed his view that he would like to see some progress this year in the MH market.² A representative of the Northwest Energy Coalition also expressed the view that PSE should not wait two years for the next BCP, urging adaptive management to focus on this market before then.³

To facilitate such adaptive management, UCONS prepared and filed in this docket a proposed energy efficiency program for low-income customers for consideration by PSE and the

¹ Comments of Utility Conservation Services, LLC (UCONS) on Puget Sound Energy's Biennial Conservation Plan, December 1, 2017; Reply Comments of Utility Conservation Services, LLC (UCONS) on Puget Sound Energy's Biennial Conservation Plan, December 18, 2017. In those filings, and in the subsequently filed Proposed Energy Efficiency Program, we provided the Commission with data on the opportunities for acquiring conservation in the MH market and how that class of customers has been underserved compared to other customer classes.

² January 10, 2018, Open Meeting Recording at 57:10.

³ Open Meeting Recording at 1:03:02.

Commission.⁴ As pointed out in that filing, after the urging of Chairman Danner to make progress this year, UCONS consulted with members of the Conservation Resource Advisory Group (CRAG) and representatives of the manufactured home industry.

However, for reasons that escape us, we have seen no progress in serving this customer class. And though we are disappointed in the lack of progress, we appreciate the work of the Commission Staff in continuing to be receptive to our ideas and for continuing to focus on the conservation opportunities in hard-to-reach markets, including the MH market.

II. PUGET SOUND ENERGY'S ANNUAL CONSERVATION PLAN FAILS TO ADDRESS THE AVAILABLE CONSERVATION IN THE MH MARKET.

We had hoped that PSE would make more progress in the MH market through adaptive management of its portfolio in 2018. At the very latest, we hoped that PSE would refocus its efforts in the context of its Annual Conservation Plan.

However, PSE's Annual Conservation Plan falls short in several respects:

- *It fails to focus on the HTR market segment, particularly on the MH market.* Indeed, in the development of its BCP, PSE launched a single-family rental pilot program and, in doing so, purported to adopt ideas put forth by UCONS. However, that program overlooked the fact that in the MH market over 80 percent of the customers own their homes. Therefore, those customers would not be eligible for this new PSE effort. In any event, PSE has put this program "on hiatus" due to higher than anticipated operational costs.⁵ Consequently, even the small fraction of MH customers who rent their homes are shut out of this program. PSE stated that it "is evaluating the most cost-effective way to deliver this service to its rental customers utilizing existing delivery channels."⁶ However, PSE should focus on its artificial limit to rental customers, which excludes MH customers who own their homes, but rent the land on which the home is placed.
- *It fails to recognize that the inequity in services provided to the MH market.* The Northwest Power and Conservation Council recognized the need to serve all customer groups on an equitable basis. In its Annual Plan, PSE suggests that it is meeting this goal, citing a PowerPoint presentation to PSE's CRAG indicating that customers in HTR markets participate to the same extent as customers in the general market.⁷ However, that

⁴ Proposed Energy Efficiency Program submitted on behalf of Low-Income Customers in Manufactured Homes in Puget Sound Energy's Service Territory, by Utility Conservation Services (UCONS), June 19, 2018.

⁵ Puget Sound Energy, 2019 Annual Conservation Plan, Overview (PSE Plan Overview), at 18.

⁶ PSE Plan Overview, at 68.

⁷ PSE Plan Overview, at 16.

presentation focusses on the wrong data. The number of customers receiving service is not a valid measure of effort. A better measure is the amount spent on such customers. The data show that while MH customers constitute 5% of PSE's load, only 1% of PSE's conservation budget is directed to this class.

- *It fails to pursue "all" cost-effective conservation in low-income sectors.* While PSE suggests that it works with the low-income agencies to serve low-income customers, it recognizes that those agencies, as dedicated as they are, have limits on how many customers they can serve with their programs.⁸ PSE's obligation to acquire cost-effective conservation on behalf of low-income customers is not so limited. If there is such conservation available, then PSE must pursue it. Accordingly, PSE can and must pursue such programs outside of the processes of the low-income agencies. That is the case in other states, such as California. With a properly scoped program, such as the one UCONS filed with the Commission on June 19, 2018, a greater number of low-income customers can be served.

III. RECOMMENDATIONS

We reiterate our previous recommendations:

- The Commission should condition its acknowledgement of PSE's Annual Conservation Plan on providing by early 2019 options for acquiring conservation in the MH market;
- The Commission should require PSE to report its efforts to adaptively manage its conservation portfolio to more fully serve the underserved class of customers in the MH market by July 1, 2019; and
- As we have urged in other Commission proceedings, the Commission should assume a stronger and more aggressive role for it and its Staff in the development of utility conservation plans, looking to California as a model, and a greater role for competitive processes in the development and implementation of those plans.⁹

We make this last recommendation with due regard to the Commission's historical reliance on the CRAG to influence utility conservation plans. Though UCONS has high regards for each of the CRAG members, we remain concerned that I-937 goals (and the ability of hard-to-reach

⁸ PSE Plan Overview at 16.

⁹ See Reply Comments of Utility Conservation Services, LLC (UCONS) on Proposed Rules Regarding Competitive Resource Acquisition by Request for Proposals (RFP), WAC 480-107, UTC Dkt. No. U-161024, October 26, 2018; Comments of Utility Conservation Services, LLC (UCONS), Rulemaking for Integrated Resource Planning, UTC Dkt. No. U-161024, November 1, 2016.

customers to receive equitable conservation services) cannot be achieved when CRAG members do not have the staff support or financial means to independently verify and corroborate that PSE representations to them are accurate and fulfilling the requirements of I-937. Accordingly, we urge the Commission supplement CRAG efforts with a greater Staff role, more akin to the process in California.

Again, UCONS appreciates the work of Commission Staff in this and in other dockets on these issues and looks forward to continued Commission efforts through the I-937 processes.