



RESOLUTION NO. U-11412

1 A RESOLUTION related to the Department of Public Utilities, Light Division
2 (d/b/a "Tacoma Power") adopting a ten-year, 2024 - 2033 achievable
3 economic conservation potential of 208,768 megawatt hours ("MWh")
4 and a two-year 2024 - 2025 conservation target of 55,992 MWh, as
5 required by RCW 19.285.040 and WAC 194-37-070(4).

6 WHEREAS the Washington State Energy Independence Act ("EIA")
7 requires Tacoma Power to pursue all cost-effective conservation, and

8 WHEREAS the Department of Commerce regulations implementing the
9 Energy Independence Act (the "ACT") requires that utilities adopt a ten-year
10 conservation potential and a two-year conservation target by action of the
11 utility's governing board in a public meeting that provides an opportunity for
12 public comment, and

13 WHEREAS adoption of the two-year target sets the standard by which
14 the utility will be judged for compliance with the Act; if Tacoma Power were to
15 fail to achieve the two-year conservation target, the utility would face penalties
16 of \$50 per MWh (2007 dollars) for every MWh short of the target, and

17 WHEREAS the Act requires Tacoma Power to identify its ten-year
18 achievable cost-effective conservation potential and two-year conservation
19 target by January 1, 2024, and

20 WHEREAS the ten-year conservation potential must be developed using
21 methodologies consistent with those of the Northwest Power and Conservation
22 Council, while the two-year conservation target must, at a minimum, be a pro-
23 rata share of the ten-year potential, and
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WHEREAS Tacoma Power has used information from the 2023 Conservation Potential Assessment to identify the ten-year potential and for the two-year target by calculating a pro-rata share of 20 percent for standard conservation measures plus the expected two-year savings from the Home Energy Reports program, and

WHEREAS Tacoma Power has determined that using a methodology consistent with WAC 194-37-070, Tacoma Power's ten-year (2024 - 2033) conservation target is 208,768 MWh and its two-year (2024 - 2025) target is 55,992 MWh, and

WHEREAS the Board has provided public notice and the opportunity to comment on the ten-year and two-year targets as required by WAC 194-37-070(4), and

WHEREAS Tacoma Power recommends the Board approve the ten-year and two-year targets; Now, therefore, and

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the ten-year conservation target of (2024 - 2033) is 208,768 MWh and its two-year (2024 - 2025) target is 55,992 MWh, and both targets are hereby approved.

Approved as to form:	_____
	Chair
_____/s/_____	_____
Chief Deputy City Attorney	Secretary
_____	Adopted _____
Clerk	



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Chris Robinson, Superintendent
MEETING DATE: October 25, 2023
DATE: October 5, 2023

STRATEGIC DIRECTIVE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Strategic Directives is supported by this action.

- | | |
|--|---|
| <input checked="" type="checkbox"/> SD1 – Equity & Inclusion | <input type="checkbox"/> SD8 – Telecom |
| <input type="checkbox"/> SD2 – Financial Sustainability | <input checked="" type="checkbox"/> SD9 – Economic Development |
| <input type="checkbox"/> SD3 – Rates | <input type="checkbox"/> SD10 – Government Relations |
| <input type="checkbox"/> SD4 – Stakeholder Engagement | <input type="checkbox"/> SD11 – Decarbonization/Electric Vehicles |
| <input checked="" type="checkbox"/> SD5 – Environmental Leadership | <input type="checkbox"/> SD12 – Employee Relations |
| <input type="checkbox"/> SD6 – Innovation | <input type="checkbox"/> SD13 – Customer Service |
| <input checked="" type="checkbox"/> SD7 – Reliability & Resiliency | <input checked="" type="checkbox"/> SD14 – Resource Planning |

SUMMARY: Tacoma Power seeks Public Utility Board approval to adopt a ten-year achievable economic conservation potential of 208,768 MWh for the period of 2024 through 2033 and a two-year conservation target of 55,992 MWh for 2024 and 2025.

To identify the ten-year potential and two-year target, Tacoma Power used information from the 2023 Conservation Potential Assessment. To determine a two-year target, Tacoma Power calculated the share of the ten-year potential that could be acquired during 2024 and 2025.

BACKGROUND: The Washington State Energy Independence Act requires the Department of Public Utilities Light Division (d.b.a. "Tacoma Power") to pursue cost effective conservation. Department of Commerce regulations implementing the Energy Independence Act (the Act) requires that utilities adopt a ten-year conservation potential and a two-year conservation target by action of the utility's governing board in a public meeting that provides an opportunity for public comment. The adopted two-year target sets the standard by which the utility will be judged for compliance with the Act. If Tacoma Power were to fail to achieve the two-year conservation target, the utility would face penalties of \$50/MWh (2007 dollars) for every MWh short of the target. Resolution history for this request; Resolution U-11107, U-10970, U-10824, U-10667, and U-10499.



Board Action Memorandum

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Choose an item.

The 2024 activity will be funded from the 2023/2024 approved budget.

The 2025 activity is contingent on approval of the 2025/2026 budget.

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.

Energy conservation budgets are a regular component of budgeting and rate making.

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No

ATTACHMENTS: NA

CONTACT:

Primary Contact: Rich Arneson, Senior Conservation Planner, 253.396.3145

Supervisor Contact: Rachel Clark, Assistant Power Manager, 253.502.8291



ENERGY CONSERVATION 10-Year Potential and 2-Year Target

Bryan Russo/Rich Arneson

October 25, 2023



Energy Conservation – State Law

The Energy Independence Act requires qualifying utilities to determine their conservation potential (19.285.040(1)(a) RCW)

Requires qualifying utilities to establish:

- 10-year achievable economic conservation resource potential
- 2-year conservation target that is “no less than its pro rata share of its ten-year potential.”

These metrics must be adopted by the board every two years

We recommend the Board adopt both metrics prior to January 1, 2024

- The target sets the 2024/25 conservation acquisition baseline against which Tacoma Power will be judged for compliance purposes



Metric 1:

Ten-Year Conservation Potential **208,768** MWh

Sector	Economic Achievable Potential (MWh)
Residential	95,033
Commercial	56,951
Industrial*	35,470
JBLM Commercial	10,431
JBLM Residential	1,615
Street Lighting	1,931
Distribution	7,337
Total	208,768

*10-year industrial potential reflects closure of WestRock, which reduced potential by 21,106 MWh.

METRIC 2:

Two-Year Conservation Target **55,992** MWh

Target we are asking the Board to adopt

- Must Hit!
- Failure accomplish the target will result in fines

26.8% of the 10-year potential

- Meets the RCW requirement of "no less than its pro rata share of its ten-year potential."

Annual Objective ~ 27,976 MWh

- About 0.6% of our 2022 retail sales
- Enough to power about 2,420 average dwellings



Next Steps

We request adoption of:

- Metric 1: Ten-year achievable economic potential of 208,768 MWh
- Metric 2: A two-year conservation target of 55,992 MWh

Supplemental Conservation Slides

What is Energy Conservation?

The Northwest Power and Conservation Council defines conservation as:

“Any reduction in electric power consumption as a result of increases in the efficiency of energy use, production, or distribution.”

It excludes other things like....

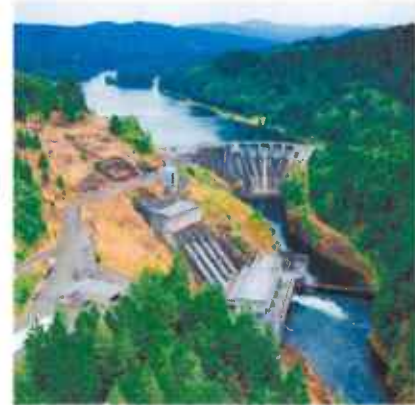
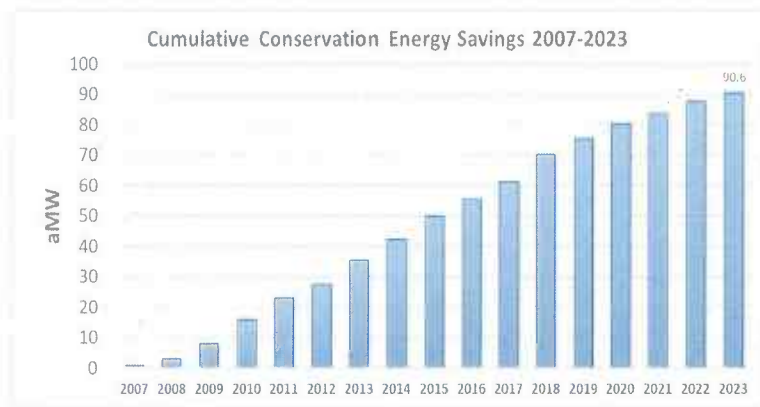
- Cutting back on production or plant closure
- Loss of amenity (shivering in the dark)

Beyond Regulatory Commitment

- Each biennium we set a conservation target and report it to the state
- We have historically exceeded our targets
- Conservation is a preferred resource choice



Our Conservation Legacy



Since 1980, Tacoma Power made conservation a priority resource

Recent conservation now delivers more than Mayfield dam

Since 2007, we achieved enough conservation to power 69,600 average dwellings

Energy Conservation Potential Assessment

Simply stated, a conservation potential assessment (CPA) is a data driven process that...

- helps a utility identify the full range of conservation opportunities in its service area and...
- establishes an upper bound to what can be called cost effective conservation given the utility's resource avoided costs

Why We Do Conservation Potential Assessments



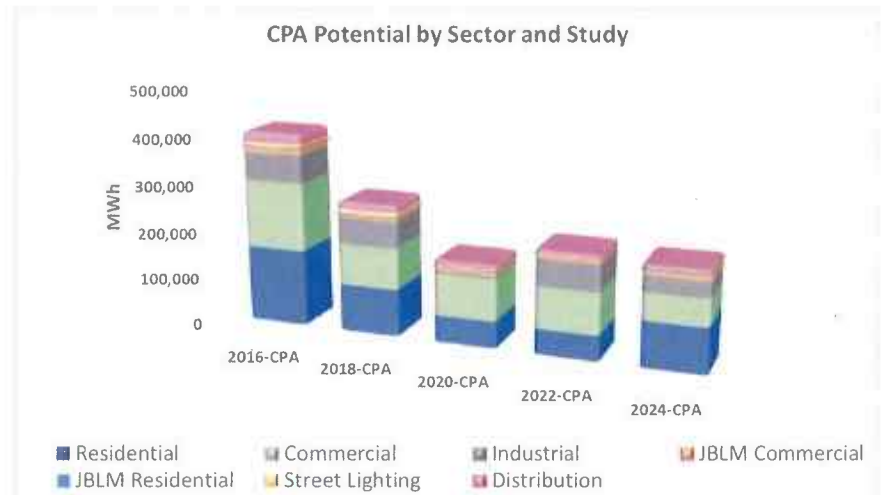
A Two-Year Cyclical Process



Conservation Potential Changes Over Time

Drivers of Change

- Utility accomplishments
- Technology improvement
- Market
- State energy codes
- Efficiency standards
- Avoided costs



Significant Changes Since Last the CPA

Increases to Conservation Potential

- The cost of certain measures dropped
- Certain Energy Star electronic devices became cost effective
- Incorporates updated regional assumptions

Decreases to Conservation Potential

- WestRock closure
- Recent conservation accomplishments
- Improvements to Washington State Energy Code

Top 10 Conservation Measures

Rank	Measure / Technology	Savings (MWh)	Share of 10-Year Total Economic Potential
1	Residential - Water Heater (<= 55 Gal)	37,811	18%
2	Commercial - Linear Lighting	21,051	10%
3	Residential - Connected Thermostat - ENERGY STAR (1.0)	12,742	6%
4	Industrial - Material Handling - Variable Speed Drive	9,923	5%
5	Residential - TVs	9,813	5%
6	Distribution - Distribution Efficiency	7,337	4%
7	Commercial - Chiller - Chilled Water Reset	5,860	3%
8	Residential - Set-top Boxes/DVRs	5,576	3%
9	Residential - Clothes Washer - ENERGY STAR (8.1)	4,827	2%
10	Industrial - Linear Lighting	4,762	2%
Top 10 Measures Potential		119,701	57%
Total Economic Potential		208,768	100%