

# Devilish Details

Conservation History, Design & Targets?

Benchmarks for Measurement?

Impact on Rate Stability?

Windfall?

# History, Design, Targets

- Are targets high enough?
- Who gets the efficiency and who pays?
- Do the measures really capture efficiency?
- Is there a good track record & staff?

# How Are Savings Measured

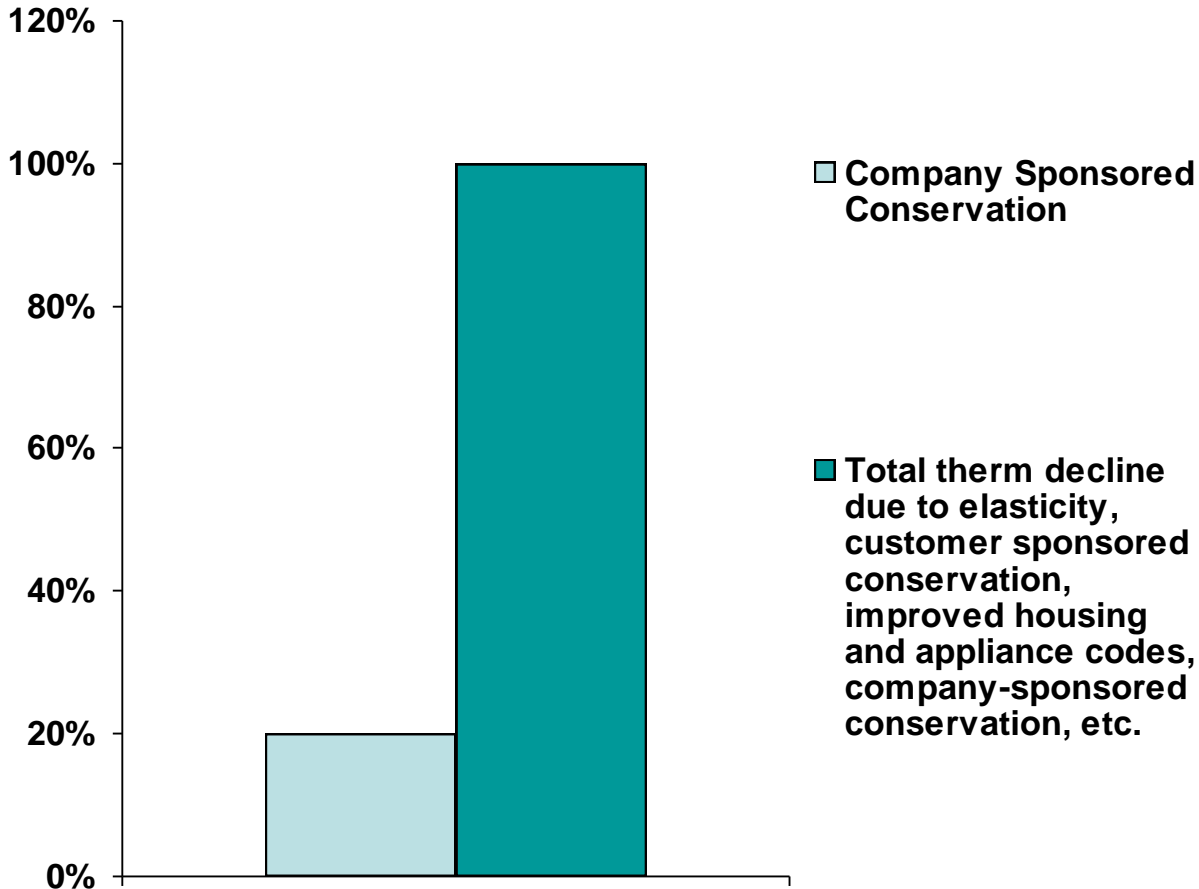
Historic Test Year

All Customer Classes' Conservation?

# Many factors contribute to decline in use per customer

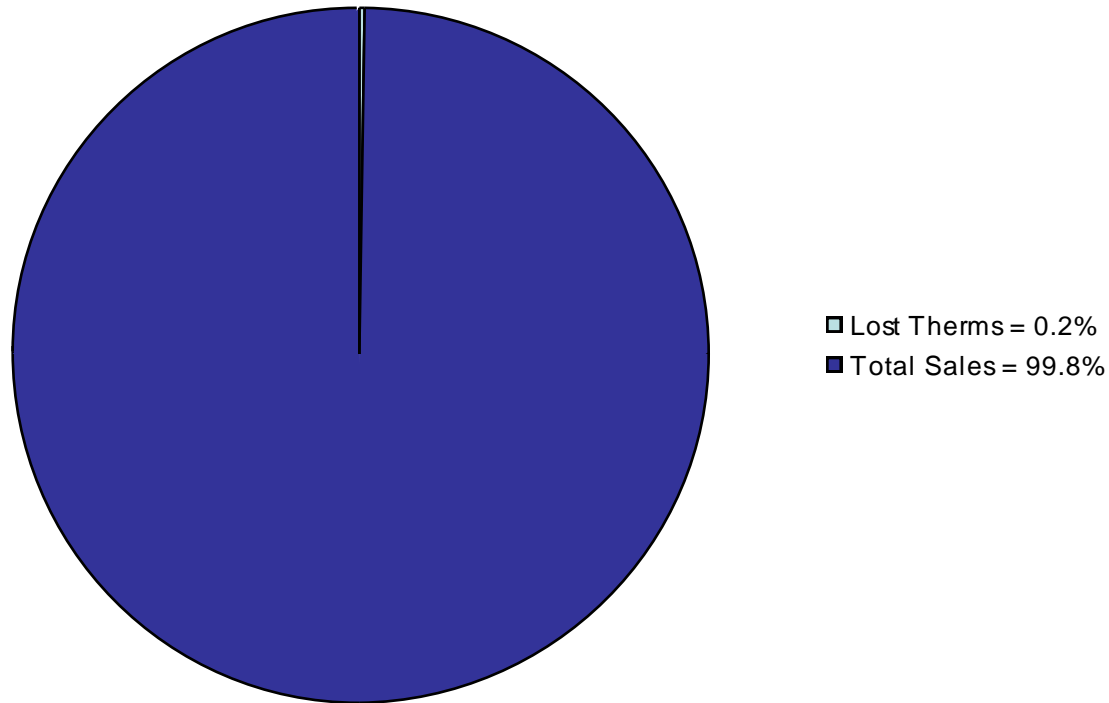
- Price elasticity
- Non-company sponsored conservation
- Federal appliance efficiency standards
- Turnover of housing stock
- More efficient building codes
- Economic conditions
- Company-sponsored energy efficiency

# The Scale of the Problem: Causes of residential therm decline



# Scale of the Problem:

Lost sales from utility conservation programs compared to total sales



# Stability: Revenues or Rates?

- Rates fluctuate with recovery on basis of energy efficiency performance
- Frequency of rate adjustments - “True Ups”

# Piecemeal Ratemaking

# Windfall?

- Utility wants fixed cost recovery of conserved kWh through decoupling.
- Would receive payment per kWh saved.
- They sell those kWh on the market.
- Market price is higher than retail price in their service territory.
- They make money on the sale and recover fixed costs?

# How about an evaluation?

- What are the questions?
- Can the utility supply the data?
- Independent, third party evaluator
- <http://www.wutc.wa.gov/rms2.nsf/vw2005OpenDocket/BF4F8260BEC6E70B8825743B006944CD>