

Agenda Date: December 29, 2011
Item Number: A3

Docket: UG-112068

Company: Northwest Natural Gas Company
Staff: Vanda Novak, Regulatory Analyst

Recommendation

Take no action, allowing Northwest Natural Gas Company's (NW Natural or company) proposed natural gas energy efficiency tariff change in Docket UG-112068 to become effective on January 1, 2012, by operation of law.

Background

On December 1, 2011, Northwest Natural Gas Company (NW Natural or company) filed revisions to its tariff Schedule G which includes revisions to the Energy Efficiency Plan (EE Plan or Plan) and new program offerings as well as budget and performance metrics for the 2012 calendar year.

The energy efficiency program for NW Natural was created out of an agreement with parties in UG-080546 and directed by the Washington Utilities and Transportation Commission's Order No. 04. The program is administered by the Energy Trust of Oregon (Energy Trust)¹ and reviewed with the Energy Efficiency Advisory Group (EEAG).

Discussion

NW Natural's Energy Efficiency Plan provides general information on the programs offered, administration of the program, cost recovery, the 2012 performance metrics² and the budget and funding schedule for the upcoming program year.

For 2012, the total expected costs of the residential and commercial energy efficiency program will be between \$1,432,000 and \$1,615,000. The expected therms saved will be between 212,500 and 250,000.

Given the program budget for 2012, and modeling the mid-point of the budget range, a residential (schedule 2) customer will eventually pay about \$1.56 per month for EE program costs, which will be a monthly bill impact of 2.36%. However, no rate changes are included in this filing. Given the delay in recovery due to the deferral of expenses, the impact will likely be in late 2013.

¹ Order 05 in docket UG-080546

² The 2012 performance metrics include items such as estimated program costs, estimated therms saved, average levelized cost for the portfolio of measures (not to exceed \$0.65 per therm) and target value for total resource cost and utility cost at a portfolio level (at least one to be a cost-effective portfolio).

In 2011, as of quarter three, ending September 30, 2011, NW Natural saved 79,616 therms and expects to reach its 2011 goal of 158,822 therms. As of quarter three, \$661,809 was spent of the 2011 budget of \$1,207,000.

The measures which NW Natural is adding to its energy efficiency program are two new residential measures and three new commercial measures. The first residential measure is for clothes washers with gas water heat. The second residential measure is for high-efficiency windows for existing single family and manufactured homes. Both residential measures are projected to be cost-effective. The first commercial measure is insulation which provides attic, wall and roof insulation in commercial buildings using gas as heating fuel. The second commercial measure is rooftop unit tune-up incentives which are basically improvement to fossil fuel rooftop units which function as HVACs. The third commercial measure is the greenhouse thermal curtain which essentially traps heated air to reduce conduction losses through the roof of the structure, thus preventing heat loss from customers heating their facilities with natural gas. All three commercial measures are projected to be cost-effective.

Conclusion

The proposed program measures included in the budget for 2012 and the expected therm savings show greater investments by NW Natural in their energy efficiency programs from the prior year. The additions of new cost effective measures provide greater breadth to NW Natural's programs.

Recommendation

Take no action, allowing Northwest Natural Gas Company's proposed natural gas energy efficiency tariff change in Docket UG-112068 to become effective on January 1, 2012, by operation of law.