

3TIER Environmental Forecast Group

Advocates for the West

AirWorks, Inc.

Alaska Housing Finance Corporation

Alliance to Save Energy

Alternative Energy Resources Organization

American Rivers

BlueGreen Alliance

Bonneville Environmental Foundation

Centerstone

Citizens Utility Board of Oregon

City of Ashland

City of Seattle Office of Sustainability & Environment

Clackamas County Weatherization

Climate Solutions

The Climate Trust

Community Action Partnership of Oregon

Community Action Partnership Assoc. of Idaho

Conservation Services Group

David Suzuki Foundation

Earth and Spirit Council

Earth Ministry

Ecova

EDF Renewable Energy

eFormative Options, LLC

Emerald People’s Utility District

The Energy Project

Energy Trust of Oregon

Environment Oregon

Environment Washington

Friends of the Earth

Grasslands Renewable Energy

Home Performance Guild of Oregon

Home Performance Washington

Housing and Comm. Services Agency of Lane Co.

Human Resources Council, District XI

Iberdrola Renewables

Idaho Conservation League

Idaho Rural Council

Idaho Rivers United

Interfaith Network for Earth Concerns

Laborers International Union of North America, NW Region

League of Women Voters – ID, OR & WA

Local Energy Alliance of Washington

Metrocenter YMCA

Montana Audubon

Montana Environmental Information Center

Montana Renewable Energy Association

Montana River Action

Montana Trout Unlimited

The Mountaineers

National Center for Appropriate Technology

Natural Resources Defense Council

New Buildings Institute

Northern Plains Resource Council

Northwest Energy Efficiency Alliance

Northwest Energy Efficiency Council

Northwest Renewable Energy Institute

Northwest Solar Center

NW Natural

NW SEED

Olympic Community Action Programs

Opportunities Industrialization Center of WA

Opportunity Council

One PacificCoast Bank

Oregon Energy Coordinators Association

Oregon Environmental Council

Oregon HEAT

Oregonians for Renewable Energy Policy

Pacific Energy Innovation Association

Pacific NW Regional Council of Carpenters

Pacific Rivers Council

The Policy Institute

Portland Energy Conservation Inc.

Portland General Electric

Puget Sound Alliance for Retired Americans

Puget Sound Cooperative Credit Union

Puget Sound Energy

Renewable Northwest Project

River Network

Salmon for All

Save Our wild Salmon

Seattle Audubon Society

Sea Breeze Power Corp.

Seattle City Light

Sierra Club

Sierra Club, Idaho Chapter

Sierra Club, Montana Chapter

Sierra Club, Washington Chapter

Silicon Energy

Smart Grid Oregon

Snake River Alliance

Solar Oregon

Solar Washington

South Central Community Action Partnership

Southeast Idaho Community Action Partners

Southern Alliance for Clean Energy

Spokane Neighborhood Action Programs

Student Advocates for Valuing the Environment

SustainableWorks

Sustainable Bainbridge

Sustainable Connections

Trout Unlimited

Union Of Concerned Scientists

United Steelworkers of America, District 12

Washington Environmental Council

Washington State Department of Commerce

Washington State University Energy Program

A World Institute for a Sustainable Humanity

World Steward

April 8, 2013

Steven V. King

Acting Executive Director and Secretary

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Dr. S.W.

PO Box 47250

Olympia, WA 98504-7250

**RE: Docket No. UG 121207, Commission Investigation into Natural Gas Conservation Programs**

Dear Mr. King:

The following comments are provided by the NW Energy Coalition (“Coalition”) in response to the Commission’s March 22, 2013 Notice of Opportunity to File Written Comments on the Commission Investigation into Natural Gas Conservation Programs.

The Commission has solicited feedback for the following five questions:

1. Should Commission continue to use the Total Resource Cost (TRC), or switch to using the Utility Cost Test (UCT), to evaluate the cost-effectiveness of the portfolio of natural gas conservation programs?

The Coalition believes that the TRC remains the best measure for cost effectiveness, but only when applied correctly. Currently, the TRC is not working as well as it could be because it undervalues non-energy benefits. According to research by the Regulatory Assistance Project, these non-energy benefits or “Other Program Impacts” (OPI’s) are frequently excluded from TRC calculations, which results in skewed calculations that undervalue many energy efficiency programs.[[1]](#footnote-1)

The difference can be dramatic, as outlined by the bar graph below:



Regulatory Assistance Project, *Energy Efficiency Cost Effectiveness Screening*,

November 2012

If customer costs are included, then their full benefits need to be included as well. Otherwise, this disparity leads to lost opportunities and reduced customer equity. Some of these customer benefits are admittedly difficult to quantify, but there are methods available to deal with such uncertainty. Utilities are already asked to deal with many uncertainties in constructing their Integrated Resource Plans, from the weather to fuel prices. They don’t get to choose a zero value just because some outcomes are hard to predict. The Coalition recommends quantifying the most readily measureable non-energy benefits and then applying a proxy or adder to account for those that present a greater challenge.

2. What criteria should be met before stopping a portfolio of programs?

1. **Communication with other utilities**

Comparing cost test inputs and publishing technical workbooks are a good first start to understanding why values often differ across utilities. Creating a regional technical forum for natural gas might be an appropriate next step. It may be necessary to create a standardized reporting form in order to more easily compare utility practices.

1. **Consultation with advisory group**

The Coalition supports this directive and encourages utilities to conduct consultation early in the decision making process in order to allow stakeholders meaningful participation.

1. **Issue a request for proposals (RFP) for a conservation services provider.**

The Coalition supports this process and notes that similar practices have already proven beneficial for electric utilities. RFP’s may not be appropriate for low-income programs, however, given the special nature of their delivery model and the need for consistency with federal guidelines.

1. **Restart plan.**

A plan for restarting the conservation program should take several additional questions into consideration: What would the anticipated ramp be to restart the program? What would the timescale be?

1. **A request to discontinue conservation programs should be presented in an Annual Conservation Plan or Biennial Conservation Plan.**

The Coalition has concerns that limiting the timing of requests, particularly over periods as long as two years, might tie utilities’ hands to make appropriate adjustments. This is especially true if the discontinuation applies to programs and not portfolios.

3. Accounting for program start and stop costs in the cost effectiveness test.

The Coalition appreciates the intent of this section, which is to recognize the many impacts that program disruption has on the long-term success of conservation initiatives. We have some concerns, however, that the methodology prescribed could have some unintended consequences. By levelizing the restart costs over the average measure life of the portfolio, this may negatively impact programs with shorter measure lives. We also want to make sure utilities have the flexibility they need to pursue pilot projects, which could also be harder to initiate if they must absorb all costs at their outset.

4. Market transformation programs/ Northwest Energy Efficiency Alliance (NEEA).

The Coalition agrees that natural gas utilities should financially support NEEA’s effort to establish a pilot market transformation program for natural gas conservation.

5. Apply the savings-to-investment ratio test for low-income programs.

The Coalition agrees that the provision of energy efficiency to low-income households is in the public interest, even when such measures fail to meet the Commission’s primary cost test. Low-income ratepayers often have the most to gain in terms of non-energy benefits, particularly in terms of improved health and comfort. We fully support the continuation of low-income programs, whether that occurs through the elimination of cost test requirements, a reduction of the TRC ratio, or the application of a different cost test altogether. We are uncertain what the best means to pursue this policy objective might be but hope that whatever method is chosen will take all of the program’s many benefits into account.

Coalition staff plans to participate in the open meeting scheduled for April 11th. Any questions regarding this submission should be directed to Lynne Dial, 206-621-0094 or lynne@nwenergy.org.

Sincerely,

 

Lynne Dial

1. “Energy Efficiency Cost Effectiveness Screening: How to Properly Account for ‘Other Program Impacts’ and Environmental Compliance Costs”, [Regulatory Assistance Project](http://www.raponline.org/document/download/id/6149) [↑](#footnote-ref-1)