

TIER Environmental Forecast Group
advocates for the West
irWorks, Inc.
Alaska Housing Finance Corporation
Alliance to Save Energy
Alternative Energy Resources Organization
American Rivers
BlueGreen Alliance
Bonville 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
DF Renewable Energy
Formative 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
Meridrola Renewables
Naho Conservation League
Naho Rural Council
Naho Rivers United
Interfaith Network for Earth Concerns
Norcross 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
The 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
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.

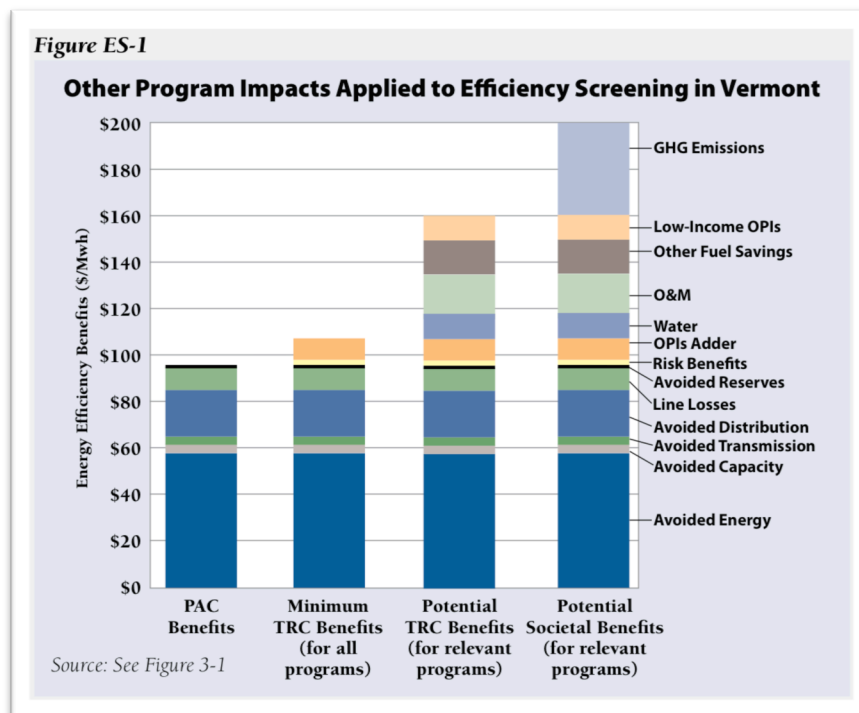
The Commission has solicited feedback for the following five questions:

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

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

¹ “Energy Efficiency Cost Effectiveness Screening: How to Properly Account for ‘Other



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 measurable 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?

A. 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.

B. 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.

C. 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.

D. 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?

E. 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