

Agenda Date: April 26, 2012
Item Number: A3

Docket: UG-120369

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-120369 to become effective on May 1, 2012, by operation of law.

Background

On March 19, 2012, 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) and new program offerings. It also revises the guidelines for the Company's annual filing for program cost recovery and adds language to establish a monthly bill message to customers, stating how much of the currently billed amount is being collected for residential and commercial energy efficiency programs.

NW Natural created the energy efficiency program following an agreement with parties in Docket UG-080546. The program is administered by the Energy Trust of Oregon¹ and reviewed with the company's advisory group.

NW Natural's EE 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.³

Discussion

NW Natural commits to separate out program cost recovery from the PGA (Purchased Gas Cost Adjustment) and present it in a stand-alone tariff filing to allow for a separately docketed public process. Staff has worked with Public Counsel to establish a more transparent process for the cost recovery of NW Natural's energy efficiency programs, and believes that this proposed method is a positive step.

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).

³ See Docket UG-112068.

NW Natural is adding two new residential measures to its energy efficiency program. The first residential measure is an incentive for installing a 67 percent efficient gas tank water heater. The second residential measure is for solar thermal pool heating. Both residential measures are projected to be cost-effective at the gas utility system level (Utility Cost test ratio is greater than one), but the water heater falls just short of being cost effective at the societal level (Total Resource Cost test ratio is less than one)⁴. However, the inclusion of this measure does not cause the energy efficiency program portfolio Total Resource Cost test ratio to fall below one. This is in line with the cost-effectiveness standard on NW Natural's schedule G, which states that the portfolio of programs offered through the Energy Trust will be deemed cost-effective if the portfolio's Total Resource Cost test and Utility Cost test exceeds one.

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

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⁴ The resource cost tests are a ratio which expresses the quantified benefits divided by the costs of energy efficiency measures.