





NW Natural's Response to UG-121207



RESPONSE TO UG-121207: TIMELINE

- April 25: NW Natural and Energy Trust presented proposed
 2015 cost effectiveness strategy. EEAG approved proposal
- Q3: NW Natural and Energy Trust develop 2015 program strategy incorporating EEAG feedback
- September November 2014: NW Natural to update EE plan reflecting UG 121207 cost effectiveness framework
- January 1, 2015: proposed effective date for new changes













PROPOSAL SUMMARY

- Utilize UCT as the primary cost effectiveness screening tool starting with the 2015 calendar year.
- 2) Continue to measure and report program and portfolio level TRC as currently applied.
- 3) Review approach with EEAG when we review the 2015 Annual Report. Consider at this time if changes are needed for 2017.













PROGRAM PRIORITIES: EXISTING HOMES

- Decrease the role of Instant Savings Measures such as aerators & showerheads
- Drive deeper savings
 - Core measures with longer measure lives and greater quantity of therm reduction

IMPACT OF NON-ENERGY BENEFITS (NEBS) ON COST EFFECTIVENESS

2013 Program Year	TRC with NEBs	TRC without NEBs
Residential		
Existing Homes	0.9	0.5
New Homes and Products	1.6	0.6
Commercial		
Existing Buildings	1.0	1.0
Portfolio	1.19	0.7

Present value of avoided natural gas costs= \$1,473,860 Present value of water conservation NEBs= \$978,243



RATIONALE FOR UCT PRIORITIZATION

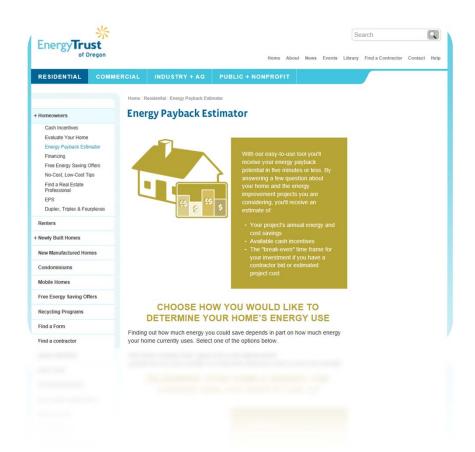
- Promotes Customer Choice
- Greater quantity of therm savings
- Greater value of avoided energy costs for program participants
- Larger percentage of program budget returned to ratepayers in the form of incentives
- Longer average measure life=lower levelized costs

PARTICIPANT PERSPECTIVE?

- UG 121207 cautions that using UCT may leave ratepayers vulnerable to "programs that are against their own economic best-interest" (Section 37)
- Our goal is to promote consumer choice, strengthen consumer education, and maximize value for all parties

CONSUMER EDUCATION

Utilize existing payback estimators





NEEA GAS COLLABORATIVE

- Gas market transformation collaborative between: NW Natural, Avista, PSE and includes Energy Trust and NWGA.
- Goal: "accelerate the development and market adoption of efficient natural gas products, practices and services resulting in increased consumer choices and increased efficiency of natural gas use in the Northwest."
- Participating utilities represent 64% of the natural gas market in NEEA's territory (36% free ridership)
- 5 year, \$18.3M plan includes 5 new technologies:
 - Gas fired heat pump water heater, space and water heating combination technology, rooftop HVAC, hearth products and Energy Star gas driers
- Weighted average levelized cost for NEEA effort estimated at \$0.28 as opposed to standard programs in 2013 of \$0.42 YTD



THANK YOU!

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