



NW Natural's Response to UG-121207



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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

- 1) 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

The screenshot shows the Energy Trust of Oregon website. The main heading is "Energy Payback Estimator". Below the heading is a house icon and a text box explaining the tool's purpose: "With our easy-to-use tool you'll receive your energy payback potential in five minutes or less. By answering a few questions about your home and the energy improvement projects you are considering, you'll receive an estimate of: • Your project's annual energy and cost savings • Available cash incentives • The 'break-even' time frame for your investment if you have a contractor bid or estimated project cost". Below this is a section titled "CHOOSE HOW YOU WOULD LIKE TO DETERMINE YOUR HOME'S ENERGY USE" with a sub-heading "Finding out how much energy you could save depends in part on how much energy your home currently uses. Select one of the options below." The left sidebar contains navigation links for Homeowners, Renters, and Newly Built Homes.

The screenshot shows a comparison tool titled "ESTIMATED ENERGY COSTS". It compares the "Current equipment" (Your Current Equipment, Natural Gas Furnace) with two "Comparison equipment" options (Natural Gas Furnace). The current equipment has a 1-year total cost of \$369 and uses 372 therms of heating. The first comparison option has a 1-year total cost of \$286 and uses 288 therms. The second comparison option has a 1-year total cost of \$332 and uses 335 therms. Each option has a "CHOOSE & CONTINUE" button. A sidebar on the left shows a vertical list of numbers 1 through 9 and a star icon. A "1-Year Total Cost" box is visible on the right.

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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