

Agenda Date: January 13, 2022
Item Number: D6

Docket: UG-210831
Company: Northwest Natural Gas Company d/b/a NW Natural
Staff: Jade Jarvis, Regulatory Analyst

Recommendation

Issue an order in Docket UG-210831 approving Northwest Natural Gas Company's

- (1) Biennial Acquisition Target of 619,200 therms,
- (2) subject to the conditions in Attachment A.

Background

On November 1, 2021, Northwest Natural Gas Company d/b/a NW Natural (NW Natural or Company) filed its "2022-2023 Biennial Energy Efficiency Plan" (BCP or Plan) with the Washington Utilities and Transportation Commission (Commission) under Docket UG-210831. The Plan is required by RCW 80.28.380.

Commission staff (Staff) filed responsive comments on the Plan on December 17, 2021.¹ Those comments detailed NW Natural's expected gas savings in the 2022-2023 biennium, as well as some of the programs the Company will run to achieve those savings and staff's analysis of the plan.

NW Natural serves approximately 89,000 gas customers in Clark, Klickitat, and Skamania counties.

Discussion

Table 1 below compares NW Natural's 2022-2023 expected gas savings with projected savings from the 2020 and 2021 annual conservation plans.²

¹ See UG-210831 Commission Staff Comments regarding Gas and Electric Utility 2022-2023 Biennial Conservation Plans.

² Prior to the 2022-2023 biennium, NW Natural submitted annual conservation plans. The figures in the table reflect data from the annual plans for 2020 and 2021.

Table 1. NW Natural 2020-2021 Annual Conservation Plans and 2022-2023 BCP Gas Savings and Budgets

Program	2020-2021 Projected Savings (therms)	2020-2021 Budget	2022-2023 Projected Savings (therms)	2022-2023 Budget
Residential Total	386,381	\$3,578,364	269,468	\$3,484,429
<i>Low-income</i>	9,890	\$230,964	13,563	\$302,163
Commercial	238,107	\$2,559,802	351,447	\$2,709,748
Pilots/Trials ³	TBD	\$305,732	TBD	-
Regional ⁴	TBD	\$226,296	TBD	\$197,696
Total	745,768	\$6,670,194	620,915⁵	\$6,391,873

List of Conditions

As with previous biennia, Staff, the state's five electric and gas utilities, and various stakeholders have negotiated a set of conditions that NW Natural agrees to adhere to throughout the biennium. These are included as Attachment A to this memo. This is the first time that gas conditions have been agreed to. The gas plans filed by the utilities and the recommended gas conditions are the demonstration required by RCW 80.28.380 that the gas conservation target will result in the acquisition of all resources identified by the utility as available and cost-effective.

Stakeholder Comments

In addition to Staff's comments, two other stakeholders – Northwest Energy Coalition (NVEC) and the Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) – also submitted comments on the Plan. Public Counsel is supportive of Staff's recommendation to approve NW Natural's BCP subject to the conditions laid out in Attachment A of this docket.

NVEC commented on the Company's residential new homes track program, which offers incentives to builders who achieve more credits than required by the 2018 Washington State Energy Code – residential (WSEC-R).⁶ NVEC notes that the code allows for some credit

³ Projected savings for pilots and trials were uncertain for both biennia.

⁴ Budgets associated with NEEA and the RTF. Like the pilots and trials, savings for these categories were uncertain.

⁵ The difference between this figure and that in Table 1 in Staff's comments is a small amount of additional savings that NW Natural believes it can realize during the 2022-2023 biennium. This additional savings is beyond that which is accounted for in its calculated Biennial Acquisition Target.

⁶ See UG-210831 Biennial Energy Efficiency Plan, page 9.

options that may not directly contribute to energy efficiency, such as solar installation, and that NW Natural should monitor which options are used to exceed code requirements to ensure that they actually improve energy efficiency before granting incentives. NWECA appreciates the Company's acknowledgement of this challenge and its commitment to close review.

NWECA also encourages NW Natural to explore ways to increase envelope measure offerings for customers, as they think that these measures will provide benefits to customers and less risk overall to both the Company and the customers. Staff appreciates NWECA's active participation in NW Natural's Energy Efficiency Advisory Group throughout the development of this BCP and agrees with their comments encouraging the pursuit of envelope measure offerings during this biennium and acknowledging the Company's recognition of the residential code challenges.

Conclusion

Staff recommends the Commission issue the order described at the beginning of this memo.

Attachment A – Docket UG-210831 Proposed Conditions for 2022-2023 NW Natural Gas Conservation