

February 23, 2024

VIA ELECTRONIC FILING

Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop S.E.
Lacey, Washington 98503

Received
Records Management
Feb 23, 2024

Re: U-240013—NW Natural Response to Notice of Opportunity to File Comments

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), provides the enclosed comments in response to the Washington Utilities and Transportation Commission's January 18, 2024 Notice of Opportunity to Provide Comments.

NW Natural is committed to decarbonizing our system and achieving carbon neutrality by 2050. Our decarbonization actions may benefit from grant funding opportunities made available through the Inflation Reduction Act (IRA), the Infrastructure Investment and Jobs Act of 2021 (IIJA), and the Energy Infrastructure Reinvestment (EIR) loan program.

NW Natural is actively tracking funding opportunities, tax credits and incentive programs that have become available through the IRA. The Company is also monitoring opportunities available through the IIJA, although it appears at this point that NW Natural may not be the right size or type of energy system to materially benefit from the IIJA. In addition, the Company is also utilizing the tracking tools made available by Oregon Department of Energy.¹ This tracking and research work is being done directly by our internal Environmental Policy, Government Affairs, Renewables, Marketing, and Tax teams as applicable. Internal subject matter experts, trade associations and industry coalitions are all engaged in tracking and assessing opportunities. Additionally, the company's subject matter experts are engaging with federal agencies to further develop an understanding of opportunities.

NW Natural finds that more clarity in IRS guidelines may be needed to enable more substantive action to be taken based on these federal programs and incentives. NW Natural has joined others in submitting comments on recent proposed IRS tax guidance to request that the IRS' proposed tax policy guidance be more closely linked to original legislative intent, especially regarding the tax incentives relating to renewable natural gas and hydrogen development. Our comments have included letters provided in response to the following proposed Tax Guidance:

¹ <https://www.oregon.gov/energy/energy-oregon/Documents/IIJA-IRA-Tracker-ODOE.xlsx>

- Proposed 45V Tax Guidance for Renewable Natural Gas Use as EACs for Hydrogen Projects and the 45VH2-GREET Model
- REG-132569-17 Regarding Issues Related to Multiple Ownership and Subsequent Expansions of Geothermal Heat Pump Energy Property
- Notice of Proposed Rulemaking on implementation of the IRA amendments to the Energy Investment Tax Credit (we contributed two distinct sets of comments - individually as NW Natural and with a contingent of other businesses, community leaders and elected officials)

These comment letters are attached to these comments to illustrate the need for clarity in proposed rules in order to enable meaningful action regarding these federal programs and incentives.

NW Natural sees the most benefit to customers through incentives that encourage the production of low and no carbon gaseous fuels. Currently, NW Natural's primary focus has been on tax incentives that encourage investment in and production of renewable natural gas and hydrogen. Additionally, the Company is exploring incentives for gas and geothermal heat pumps. Incentives and funding focused on specific technologies, such as heat pumps, renewable natural gas, hydrogen, etc., that lower the resource costs of these resources to customers will be reflected in the estimated costs when evaluating resources against each other for resource selection.

NW Natural is collaborating with other utilities in Washington, as well as nationally via shared professional associations, the American Gas Association, Clean Hydrogen Fuel Coalition, Coalition for Renewable Natural Gas, and others to assess opportunities and to offer refinements and comments as is appropriate.

We appreciate the opportunity to provide these comments and look forward to actively participating in this docket.

For the purposes of establishing NW Natural's contacts for the service list of this docket, and for any questions and correspondence – please contact me, with a copy to the following:

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Sincerely,

/s/ Natasha Siores

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Attachments

240013-NWN-Cmt-45VComments-Attach-1-02-23-2024

240013-NWN-Cmt-GeoThermalComments-Attach-2-02-23-2024

240013-NWN-Cmt-ITC-CompanyComments-Attach-3-02-23-2024

240013-NWN-Cmt-ITC-GroupComments-Attach-4-02-23-2024