



STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

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September 29, 2020

Mark L. Johnson, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P. O. Box 47250  
Olympia, Washington 98504-7250

RE: Northwest Natural Gas Company's 2019 Conservation Program Commitments  
**Docket UG-180989**

Dear Mr. Johnson:

On November 30, 2018, Northwest Natural Gas Company (Northwest Natural or Company) filed their 2019 Energy Efficiency Plan (Plan) with the Washington Utilities and Transportation Commission (Commission) in the above-referenced docket. The Company's plan proposed to achieve 376 thousand therms of conservation savings with a budget of \$3.2 million and file an annual report by April 25, 2020.<sup>1</sup> The commitments to convene an Energy Efficiency Advisory Group quarterly to facilitate the Company's ongoing energy efficiency program are required in the settlement agreements partially adopted in the Commission's Order 06 under Docket UG-181053.<sup>2</sup>

On June 1, 2020, Northwest Natural filed with the Commission its 2019 Annual Conservation Report (report), meeting the timeline set in the plan. The report indicated the Company achieved 400,759 therms of savings during 2019 at a total portfolio cost of \$2,863,941.

The commercial sector and the Washington Low Income Energy Efficiency (WALIEE) Program exceeded this year's savings target, with expenditures coming in slightly over budget. The residential sector's actual savings and expenditures came in slightly below targets due to underperformance of select home retrofit measures, including smart thermostats and gas furnaces. The Northwest Energy Efficiency Alliance (NEEA) Gas Collaborative first reported savings due to regional Market Transformation in 2019. Finally, fewer low-income thermostat direct installs than anticipated drove pilot expenditures significantly below budget. In response, the company has significantly reduced the budget for this pilot program during the 2020 plan

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<sup>1</sup> The annual report filing date was subsequently changed from April 25 to June 1 per Docket UG-181053, Order 06, ¶ 74.

<sup>2</sup> Docket UG-181053, Order 06, ¶ 74, conservation program requirements found in Joint Settlement Agreement ¶ 20 (May 23, 2019).

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year. Another positive development was the Company's direct benefit to customers metric increasing from 53 to 56 percent between 2018 and 2019, reversing a two-year declining trend.

**Table 1: Comparison of 2019 program year cost and savings forecasts with actuals**

	<i>EE Target (therms)</i>	<i>Actual savings (therms)</i>	<i>Actual as % of Target</i>	<i>Budget<sup>3</sup></i>	<i>Actual Expenditures</i>	<i>Actual as % of Budget</i>
<i>Commercial</i>	147,481	158,749	107.6%	\$989,270	\$1,033,063	104.4%
<i>Residential</i>	221,714	214,199	96.6%	\$1,443,551	\$1,293,704	89.6%
<i>WALIEE</i>	6,318	20,170	319.2%	\$243,000	\$260,071	107.0%
<i>NEEA</i>	-	7,641	-	\$184,101	\$184,101	100.0%
<i>Pilots and Evaluation</i>	-	-	-	\$315,000	\$93,002	-
<b><i>Total</i></b>	<b>375,513</b>	<b>400,759</b>	<b>106.7%</b>	<b>\$3,174,922</b>	<b>\$2,863,941</b>	<b>90.2%</b>

Staff commends Northwest Natural for continuing to steward a cost-effective energy efficiency portfolio, despite increasing head winds in select programs (e.g., existing home retrofits).<sup>4</sup> Staff is also pleased to observe the Company's nimble approach to trying new strategies and adjusting course based upon results. For example, NW Natural's 2020 plan features a 51 percent *decrease* in funding pilots reflecting the company is adopting a more measured approach to these uncertain programs with higher associated risk levels.<sup>5</sup>

Commission Staff (Staff) reviewed the compliance filing provided by Northwest Natural dated June 1, 2020, and finds that it contains sufficient detail with respect to the Company meeting its 2019 conservation target. Therefore, Staff believes the filing complies with the Commission's Order 06, entered October 21, 2019.

Sincerely,



Jim Woodward  
 Regulatory Analyst

<sup>3</sup> The budgeted expenditures in Energy Trust's system differ from the budgeted expenditures filed in Northwest Natural's 2019 Energy Efficiency Plan by roughly \$1,758 due to changes made to internal Energy Trust costs that resulted after the efficiency plan was filed.

<sup>4</sup> As measured by both the Utility Cost Test (3.91) and Total Resource Cost test (2.12).

<sup>5</sup> Docket UG-190987, Pilot & trial program budget, NW Natural 2020 Energy Efficiency Plan, p. 25.