

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS
COMPANY d/b/a NW NATURAL’S

2024-2025 Biennial Acquisition Target
Under RCW 80.28.380

DOCKET UG-230944

ORDER 01

ACCEPTING 2024-2025 BIENNIAL
ACQUISITION TARGET, SUBJECT
TO CONDITIONS

BACKGROUND

- 1 On November 15, 2023, Northwest Natural Gas Company d/b/a NW Natural (NW Natural or the Company) filed its 2024-2025 Biennial Conservation Plan (BCP or Plan) identifying a 2024-2025 biennial acquisition target of 763,992 therms.
- 2 Pursuant to Revised Code of Washington (RCW) 80.28.380¹, natural gas companies must establish an acquisition target every two years and must demonstrate that the target will result in the acquisition of all resources identified as available and cost-effectives.
- 3 Table 1 compares NW Natural’s 2022-2023 expected gas savings with the expected savings from the 2024-2025 biennium.

¹ RCW 80.28.380 requires each gas utility to identify and acquire all conservation measures that are available and cost-effective. Every two years they must demonstrate target acquisitions are available and cost-effective. Additionally, the targets must come a third-party conservation potential assessment, approved by the Commission and the cost-effectiveness analysis must include the social cost of greenhouse gas emissions per RCW 80.28.395.

Table 1 Natural Gas Savings and Budgets from NW Natural’s 2022-2023 and 2024-2025 BCPs²

Program	2022-2023 Projected Savings (therms)	2022-2023 Budget	2024-2025 Projected Savings (therms)	2024-2025 Budget
Residential	255,905	\$3,484,429	232,468	\$4,425,790
Low-income	13,563	\$302,163	8680	\$283,885
Commercial	351,447	\$2,709,748	257,066	\$3,039,663
NEEA	TBD	\$197,696	60,000	\$329,353
Regional	TBD	TBD	N/A	\$26,100
Industrial	N/A	N/A	TBD	150,000
Behavioral	N/A	N/A	205,708	\$753,756
Evaluation	N/A	\$0	N/A	\$310,000
Total	620,915	\$6,391,873	763,922³	\$9,318,547

4 As with previous biennia, Commission staff (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 Order.

5 On December 28, 2023, The Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel) and the NW Energy Coalition (NWECC), The Energy Project (TEP) were contacted for comments on the Plan. There are no comments identified as of this filing.

6 Staff filed responsive comments on the Plan on December 22, 2023.⁴ Those comments detailed NW Natural’s expected gas savings in the 2024-2025 biennium, some of the programs the Company will run to achieve those savings, and an analysis of the Plan.

² *In re Northwest Natural Gas’ 2024-2025 Biennial Energy Efficiency Plan*, UG-230944, Northwest Natural Biennial Energy Efficiency Plan, at 5 (NWN, BEEP, 2023) (Nov. 15, 2023).

³ 763,922 therms is the Company’s goal, surpassing the target of 720,000 therms.

⁴ Docket UG-230944, “Commission Staff comments regarding Gas Utility 2024-2025 Biennial Conservation Plans” filed Dec 22, 2023.

7 Staff recommends the Commission issue an order accepting NW Natural's Biennial Acquisition Target of 720,000 therms⁵ subject to the conditions set out in detail in Attachment A to Staff's memo, as recently updated on January 17, 2024. In summary, the conditions require the Company to:

- Retain sole responsibility for complying with RCW 80.28.380.
- Follow the Conservation Potential Assessment provisions.
- Follow the provisions for acquiring, planning, and reporting all conservation resources.
- Continue to use its advisory group, including notifying and consulting with the group in a variety of circumstances.
- Provide Annual Budgets in a detailed format including energy savings and a reasonable allocation towards pilot programs, research, and data collection.
- Maintain and provide specific program details in its conservation tariffs and notify Advisory Group of filings.
- Follow approved strategies for selecting and evaluating energy conservation savings.
- Follow program design principles.
- Use the Total Resource Cost Test (TRC).
- File recovery through a Gas Conservation Service Tariff.
- Demonstrate progress towards equitable distribution of nonenergy benefits.
- Consult with the Advisory Group to determine implementation of RCWs 80.28.260(2)⁶ and 80.28.300.⁷

8 As updated on January 17, 2024, Staff's proposed Attachment A also provides:

Prior to filing the biennial energy efficiency plan, NW Natural must provide the following information to the Advisory Group: draft ten-year conservation potential, two-year target draft program details, including budgets, no later than

⁵ NWN, BEEP, 2023 at 5.

⁶ RCW 80.28.260(2) addresses the potential adoption of incentive rate of returns for programs aimed at enhancing the efficiency of energy end use with a focus on non-energy impacts. These non-energy impacts non-exhaustively include initiatives such as tree planting programs and cool roof programs.

⁷ RCW 80.28.300 compels gas companies to provide customers with landscaping information and to request voluntary donations for urban forestry.

October 1, 2025; and draft program tariffs no later than October 16, 2025, subject to collaboration with the energy efficiency advisory group.

DISCUSSION AND DECISION

9 We agree with Staff’s recommendation and accept NW Natural’s BCP subject to certain conditions. We accept NW Natural’s calculation of its Two-Year Conservation Target of 720,000 therms, subject to the conditions attached to and incorporated into this Order as Attachment A for the reasons explained below.

10 The Company, in collaboration with Staff and advisory groups, developed a BCP using methodologies consistent with the Northwest Power and Conservation Council’s most recent final Power Plan, which proposed appropriate program changes. The Plan also complies with the statutory requirement to “pursue all available conservation that is cost effective, reliable, and feasible.”

11 We agree with Staff that the public interest requires imposing additional conditions to accept the Company’s 2024-2025 BCP. The gas plans filed by the utilities, coupled with the proposed conditions, will serve to demonstrate that the gas conservation target will result in the acquisition of all resources identified by the utility as available and cost effective as required by RCW 80.28.380. These conditions are outlined in detail in Attachment A to this Order.

12 Accordingly, we accept NW Natural’s calculation of its Two-Year Conservation Target of 720,000 therms, subject to the conditions attached to and incorporated into this Order as Attachment A.

FINDINGS AND CONCLUSIONS

13 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including natural gas companies.

14 (2) NW Natural is a natural gas company and a public service company subject to Commission jurisdiction.

- 15 (3) RCW 80.28.380 requires natural gas companies to establish an acquisition target every two years and must demonstrate that the target will result in the acquisition of all resources identified as available and cost-effective.
- 16 (4) On November 15, 2023, NW Natural filed its 2024-2025 BCP identifying 2024-2025 Acquisition Target, and 2024-2025 Total Utility Conservation Goal.
- 17 (5) This matter came before the Commission at a specially scheduled recessed meeting on January 17, 2024.
- 18 (6) NW Natural's calculation of its 2024-2025 biennial acquisition target of 720,000 therms is consistent with RCW 80.28.380.
- 19 (7) It is in the public interest to accept NW Natural's biennial acquisition target, as authorized by RCW 80.28.380, subject to the conditions proposed by Staff, as set out in Attachment A to this Order.
- 20 (8) The Commission should accept NW Natural's calculation of its Biennial Acquisition Target of 720,000 therms, subject to the conditions attached to this Order as Attachment A.

ORDER

THE COMMISSION ORDERS:

- 21 (1) The Commission accepts Northwest Natural Gas Company d/b/a NW Natural's Biennial Two-Year Target of 720,000 therms, subject to the conditions attached to this Order in Attachment A.
- 22 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

DATED at Lacey, Washington, and effective January 17, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner

Attachment A