

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

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

2022-2023 Biennial Acquisition Target  
Under RCW 80.28.380

DOCKET UG-210831

ORDER 01

ACCEPTING 2022-2023 BIENNIAL  
ACQUISITION TARGET, SUBJECT TO  
CONDITIONS

**BACKGROUND**

- 1 On November 1, 2021, Northwest Natural Gas Company d/b/a NW Natural (NW Natural or Company) filed its 2022-2023 Biennial Conservation Plan (BCP or Plan) identifying a 2022-2023 biennial acquisition target of 619,200 therms.
- 2 Pursuant to Revised Code of Washington (RCW) 80.28.380, 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-effective.

**Table 1 Natural Gas Savings and Budgets from NW Natural’s 2020-2021 and 2022-2023 BCPs.**

<b>Program</b>	<b>2020-2021 Projected Savings (therms)</b>	<b>2020-2021 Budget</b>	<b>2022-2023 Projected Savings (therms)</b>	<b>2022-2023 Budget</b>
Residential Total	386,381	\$3,578,364	269,468	\$3,484,429
<i>Low-income</i>	<i>9,890</i>	<i>\$230,964</i>	<i>13,563</i>	<i>\$302,163</i>
Commercial	238,107	\$2,559,802	351,447	\$2,709,748
Pilots/Trials <sup>1</sup>	TBD	\$305,732	TBD	-
Regional <sup>2</sup>	TBD	\$226,296	TBD	\$197,696
<b>Total</b>	<b>745,768</b>	<b>\$6,670,194</b>	<b>620,915<sup>3</sup></b>	<b>\$6,391,873</b>

3 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.

4 On December 17, 2021, The Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel) and the NW Energy Coalition (NWECE) submitted comments on the Plan. Public Counsel recommends the Commission approve the Plan, subject to the conditions noted in Attachment A to Staff’s memo.

5 Additionally, NWECE 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).<sup>4</sup> NWECE notes that the code allows for some credit 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

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<sup>1</sup> Projected savings for pilots and trials were uncertain for both biennia.

<sup>2</sup> Budgets associated with NEEA and the RTF. Like the pilots and trials, savings for these categories were uncertain.

<sup>3</sup> 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.

<sup>4</sup> See UG-210831 Biennial Energy Efficiency Plan, page 9.

granting incentives. NWEAC appreciates the Company's acknowledgement of this challenge and its commitment to close review.

6 NWEAC also encourages NW Natural to explore ways to increase envelope measure offerings for customers, which it believes will provide benefits to customers with less risk to both the Company and the customers. Staff appreciates NWEAC's active participation in NW Natural's Energy Efficiency Advisory Group throughout the development of this BCP and agrees with its comments encouraging the pursuit of envelope measure offerings during this biennium and acknowledging the Company's recognition of the residential code challenges.

7 Staff also filed responsive comments on the Plan on December 17, 2021.<sup>5</sup> Those comments detailed NW Natural's expected electric and gas savings in the 2022-2023 biennium, some of the programs the Company will run to achieve those savings, and an analysis of the Plan.

8 Staff recommends the Commission issue an order accepting NW Natural's Two-Year Conservation Target of 619,200 therms and total Two-Year Utility Conservation Goal of 619,200 therms, subject to the conditions set out in detail in Attachment A to Staff's memo. In summary, the conditions require the Company to:

- Continue to invest in regional studies and market transformation, in collaboration with funding from other parties and with other strategic market partners in this biennium, that complements NW Natural's energy efficiency programs, planning, services, and measures.
- Participate in the Northwest Energy Efficiency Alliance's (NEEA) gas market transformation program through the end of NEEA's 2020-2024 funding cycle.
- Retain sole responsibility for complying with RCW 80.28.380.
- Follow the Conservation Potential Assessment provisions.

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<sup>5</sup> Dockets UG-210831, "Commission Staff Comments Regarding Gas and Electric Utility Conservation Plans Under RCW 19.285 and 80.28 and WAC 480-109 (2022-2023 Biennial Conservation Plans)," filed Dec. 17, 2021.

- 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) and 80.28.300.

### 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 619,200 therms and total Two-Year Utility Conservation Goal of 619,200 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,<sup>6</sup> which proposed appropriate program changes. The Plan also

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<sup>6</sup> RCW 19.285.040(1)(a).

complies with the statutory requirement to “pursue all available conservation that is cost-effective, reliable, and feasible.”<sup>7</sup>

11 We agree with Staff that the public interest requires imposing additional conditions to accept the Company’s 2022-2023 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 619,200 therms and total Two-Year Utility Conservation Goal of 619,200 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 1, 2021, NW Natural filed its 2022-2023 BCP identifying 2022-2023 Acquisition Target, and 2022-2023 Total Utility Conservation Goal.

17 (5) This matter came before the Commission at a specially scheduled recessed meeting on January 18, 2022.

18 (6) NW Natural’s calculation of its 2022-2023 biennial acquisition target of 619,200 therms is consistent with RCW 80.28.380.

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<sup>7</sup> RCW 19.285.040(1).

- 19 (7) NW Natural's calculation of its 2022-2023 Total Two-Year Conservation Goal of 619,200 therms is consistent with RCW 80.28.380.
- 20 (8) It is in the public interest to accept NW Natural's biennial conservation target, as authorized by RCW 80.28.380, subject to the conditions proposed by Staff, as set out in Attachment A to this Order.
- 21 (9) The Commission should accept NW Natural's calculation of its Two-Year Acquisition Target of 619,200 therms and a Total Two-Year Conservation Goal of 619,200 therms, subject to the conditions attached to this Order as Attachment A.

### ORDER

#### THE COMMISSION ORDERS:

- 22 (1) The Commission accepts Northwest Natural Gas Company d/b/a NW Natural's Two-Year Acquisition Target of 619,200 therms and a Total Two-Year Conservation Goal of 619,200 therms, subject to the conditions attached to this Order in Attachment A.
- 23 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

DATED at Lacey, Washington, and effective January 18, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner