

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, d/b/a NW NATURAL,

2020 Integrated Resource Plan.

DOCKET UG-190711

NW NATURAL GAS COMPANY

PETITION FOR TEMPORARY
EXEMPTION FROM WAC 480-90-
238(4), INTEGRATED RESOURCE
PLANNING

I. INTRODUCTION

I Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), respectfully petitions the Washington Utilities and Transportation Commission (Commission) to change the filing date of its upcoming Integrated Resource Plan (IRP) from February 26, 2021 to July 2022. Under WAC 480-90-238(4), NW Natural is required to submit an IRP within two years of the date of its previous filing (in this case, by February 26, 2021).¹ However, WAC 480-90-008 provides that the Commission may grant an exemption from any rule in WAC 480-90, including WAC 480-90-238(4), if the exemption is consistent with the public interest, the purposes underlying the regulation, and applicable statutes. This petition describes why a temporary exemption from WAC 480-90-238(4) is in the public interest and why it is consistent with the underlying purpose of the Commission’s IRP rules.²

¹ NW Natural first requested a delay in filing an IRP on January 14, 2020; the delay was granted to change the filing date from August, 21, 2020 to February 26, 2021.

² No statute requires a natural gas utility to file an IRP; rather it was established by rule. *See In the Matter of Commission Staff’s Petition for an Order Granting Exemption from the Requirements of WAC 480-100-238(4)-(5) and WAC 480-90-238(4)-(5)*, Docket Nos. UE-180607 & UG-180608, Order 02, at P. 9 (2019).

2 NW Natural's integrated resource planning is performed comprehensively for its service territory in Washington and Oregon and therefore there are many resources that are shared between customers in both states. For example, the Company's capacity on the interstate pipeline brings natural gas onto the distribution systems in Washington and Oregon, and NW Natural's Mist storage facility allows the Company to serve its Washington and Oregon customers on the coldest days in the winter. By sharing these and other resources, NW Natural can more reliably and affordably serve all of its customers.

3 On March 10, 2020, Oregon Governor Kate Brown issued an executive order (EO-04) directing Oregon state agencies (including the Public Utility Commission of Oregon, Oregon Department of Energy, and the Oregon Department of Environment Quality (DEQ)) to act to reduce and regulate greenhouse gas (GHG) emissions. The Governor's EO-04 directs state agencies to implement programs that will allow the state to achieve GHG emissions reductions to at least 45 percent below 1990 levels by 2035 and at least 80 percent below 1990 levels by 2050.

4 NW Natural expects that the EO-04 will impact the Company's long-term resource planning that is performed as part of the IRP. To what extent the EO-04 requires NW Natural to evaluate its comprehensive system planning versus a more state-specific approach remains an outstanding question, and will likely remain that way through the Oregon DEQ's rulemaking in 2021. Without more concrete information relating to the implementation of the EO-04, NW Natural's current IRP timeline will result in uncertain system planning. By extending the filing date of the IRP, NW Natural will bring more certainty to the Company's system planning in Washington. Additionally, NW Natural

commits to providing timely updates of any imminent major system planning requirements and to file the Company's conservation potential assessment on its current timeline.

II. BACKGROUND

5 NW Natural is a natural gas utility and public service company doing business in the State of Washington and is subject to the jurisdiction of the Commission regarding rates and terms of natural gas service in Washington. The Company's principal place of business is 250 SW Taylor Street, Portland, Oregon 97204. Communications regarding this petition should be addressed to:

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III. DISCUSSION

A. Background

6 On January 14, 2020, NW Natural requested a temporary exemption of WAC 480-90-238(4). On February 6, 2020, in Order 01, the Commission granted the temporary exemption from filing an IRP within two years after the date on which the previous plan

was filed with the Commission. Before Order 01, consistent with WAC 480-90-238(4), NW Natural was to file a 2020 IRP on August 21, 2020; with Order 01, that date was extended to February 26, 2021. NW Natural is now requesting an exemption from the administrative code to file an IRP in July 2022.

7 As mentioned above, on March 10, 2020, Oregon Governor Kate Brown issued EO-04 directing several Oregon state agencies to act to reduce and regulate GHG emissions. The Governor’s EO-04 directs state agencies to implement programs that will allow the state to achieve GHG emissions reductions to at least 45 percent below 1990 levels by 2035 and at least 80 percent below 1990 levels by 2050.

B. The Temporary Exemption is in the Public Interest.

8 Oregon DEQ is responsible for establishing a “cap-and-reduce” emissions compliance program for most emitting sectors in the state – including natural gas utilities – to commence no later than January 1, 2022. Oregon DEQ is currently in the scoping stage ahead of the formal rulemaking. The formal rulemaking work is expected to begin with the appointment of a rules advisory committee in late 2020, then continuing for the next nine months to the fall of 2021. Oregon DEQ expects the rules advisory committee may include several subcommittees to advance consideration of sector-specific program elements and options for consideration by the Oregon Environmental Quality Commission beginning in October or November of 2021.

9 NW Natural believes that it needs more certainty regarding the programs that agencies in Oregon will implement to comply with EO-04 (most significantly the “cap-and-reduce” program to be administered by the Oregon DEQ, under which natural gas utilities are

expected to have compliance obligations). Due to this lack of certainty, the current IRP timeline is not in the best interest of Washington customers because:

1. The Company's important long-term decisions on key NW Natural system-wide resources cannot be made with a reasonable degree of confidence without knowing how EO-04 will be implemented.
2. The Company's incremental short-term resource needs can be met flexibly, affordably, and with minimal risk by its ability to recall capacity from NW Natural's Mist storage facility as an interim measure until things are clearer once upcoming rulemakings are complete.
3. The Company's customers in both Washington and Oregon see benefits in lower rates from NW Natural planning its resources on a system-wide basis (e.g. customers in both states benefit from a ratemaking perspective from the substantial storage resources used to serve them). This benefit will continue, and therefore conditions that impact the ability to plan in one state naturally have planning implications in the other state. NW Natural will also file a petition with the Public Utility Commission of Oregon to request the same delay in filing its IRP to July 2022.

10 NW Natural expects to kick off its stakeholder involvement process, including technical working groups, to develop the next IRP starting early in 2022. Changing the filing date to July 2022 will provide the Commission, customers, and stakeholders with the most up-to-date information and application of newly minted rules and programs.

11 In compliance with House Bill 1257 (2019) NW Natural will be working with Commission Staff and stakeholders to develop and file a conservation potential

assessment (CPA) in 2021.³ The Company expects to work with Staff and stakeholders during the first and second quarters of 2021 to develop the CPA, file the CPA in June 2021, and request Commission consideration and approval during the summer of 2021. NW Natural will use the approved CPA to develop the targets in its annual conservation plan that will be filed in 2021.⁴

12 NW Natural intends to file an update of its 2018 IRP with the Commission in February 2021. The update will inform the Company's stakeholders of key activities it has undertaken since the last IRP and those activities the Company intends to undertake before its next full IRP in 2022. The total cost of those activities that NW Natural intends to undertake before its next IRP is expected to be significantly less than what has been included in recent IRPs. These activities are also relatively low risk because they are not highly dependent upon long-term load projections or the supply resource options that might be required to comply with future rules (again noting that the Company will address resource decisions that are dependent upon long-term load projections and future supply portfolio needs in the full IRP to be filed in 2022). To ensure that there is sufficient opportunity for stakeholder input and engagement, NW Natural will hold a detailed technical working group to share its analysis that supports the activities in the February 2021 IRP update.

³ Please see HB 1257 Section 11.

⁴ NW Natural anticipates filing its annual conservation plan by October 1, 2021. The Company's tariff Schedule G and Order 06 in docket UG-181053 set forth a due date of December 1 for the annual conservation plan; Commission Staff has requested the annual conservation plan be filed by October 1, 2021, to allow time for additional Staff review and stakeholder comment.

13 Because of these reasons, NW Natural believes it is in the public interest to have sufficient time to take these considerations into account in drafting its next IRP.

C. The Temporary Exemption is Consistent with the Underlying Purpose of the IRP Rules.

14 Due to the impact of EO-04 on the long-term planning the Company performs as part of the IRP, NW Natural's petition to extend the filing date of its IRP to July 2022, is consistent with the underlying purpose of the IRP rules:

WAC 480-90-238 Integrated Resource Planning. 1) Purpose. Each natural gas utility regulated by the commission has the responsibility to meet system demand with the least cost mix of natural gas supply and conservation. In furtherance of that responsibility, each natural gas utility must develop an "integrated resource plan.

D. Revised IRP Work Plan Filing

15 On March 3, 2020, NW Natural filed an updated IRP work plan in this docket. If this petition is approved, NW Natural will work with stakeholders to develop and file an updated work plan within 90 days of Commission approval or within the timeframe otherwise specified by the Commission. In addition, NW Natural will be cancelling the remaining scheduled technical working groups and will update those dates in our updated IRP work plan. The Company has already notified Staff and other interested stakeholders of these cancelations.

IV. CONCLUSION

16 NW Natural respectfully requests that the Commission issue an order allowing for a temporary exemption from WAC 480-90-238(4), and authorizing the Company to file its IRP in July 2022. For the reasons provided above, this exemption is in the public interest and is consistent with the underlying purpose of the Commission's IRP rules.

Respectfully submitted this 22nd day of September, 2020.

NW NATURAL

/s/ Ryan Sigurdson

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