

the
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Project

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Community Action

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Mr. David Danner
Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. UG-121207
Energy Project's Response Regarding Natural Gas Conservation
Program Planning and Implementation

Dear Mr. Danner,

Herein enclosed you will find the Energy Project's responses to the CR 101, UG-121207, Inquiry into Natural Gas Conservation Program Planning and Implementation. These comments are also being submitted electronically in both .docx and .pdf formats. Thank you for the opportunity to comment.

Respectfully,



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**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

In the Matter of the Inquiry into)	Docket No. UG-121207
Natural Gas Conservation Program)	
Planning and Implementation)	The Energy Project's
)	Response

The Energy Project appreciates the opportunity to comment about the proposed impact of the reduction of investor owned natural gas utility conservation programs in Washington State. We also appreciate the leadership of the WUTC in opening up this question of natural gas energy efficiency cost effectiveness during this current environment of price reduction. While the Energy Project is most concerned with the impacts these proposed reductions would have on low-income households in these service areas, we do not believe closing down gas energy efficiency efforts is the best path to take regarding other customers as well. From our perspective, however, low-income customers stand to lose the most from this action.

To start with, this is not the first time the industry has been through a big reduction of prices for natural gas. Natural gas prices are known to be somewhat volatile. A quick look at the “Electric and Gas Rate Increase Since 2000” spreadsheet on the Commission’s own website just confirms this. Looking over the last twelve years one finds numerous residential monthly bill changes up or down of a few dollars. At times, however, those swings are in the \$15-\$20 range. Furthermore, the large changes are by no means all in the direction of reduced costs. In fact, over the time period, the net results in the average residential monthly bill due to PGAs alone are increases of \$6.28 (Avista), \$13.85 (Cascade Natural Gas), \$15.34 (PSE), and \$29.19 (NW Natural Gas). Even the least of these adds up over time to serious impact on the affordability of services for households at the lower end of the economic ladder.

We believe the current proliferation of natural gas on the market and the reduced prices that have resulted are not reflective of the environmental impact costs that are sure to follow due to the fracking processes that are so costly and damaging to water supplies and other toxic environmental impacts. The mere fact that those costs are not being counted and that this lack is being contested creates considerable uncertainty regarding the future price of the commodity. Once those costs catch up with the current market prices we feel there is a high likelihood shutting down gas conservation programs will be revealed as mistake.

That the current cost tests used to determine funding do not adequately value the environmental costs of natural gas is one failure. The current cost tests also do not value

the full range of benefits for low-income households, a unique sub-set of the residential class of customers. In addition to reduced energy bills, the delivery of energy efficiency services to low-income households also provides benefits from increased comfort, better health and safety, being able to stay connected to service, reduced dependence on bill assistance, and other “non-energy” benefits. Some of these benefits accrue in a treated household due to the fact that the low-income housing is generally in poorer shape and in need of maintenance. Low-income energy efficiency service providers often combine funds from other sources to address these problems with the provision of energy efficiency services. Furthermore, agencies that serve low-income in Washington often relate that the gas-heated houses they treat are in worse condition, on the average, than the electrically-heated ones. In part they attribute this to the fact that energy efficiency programs have not been available for gas heat customers as steadily or as long as for electric heat customers, so they have gone longer without the maintenance necessary to keeping the home safe and sound. The loss of energy efficiency funding means the loss of much more than therms saved to low-income customers, but the loss of these auxiliary benefits as well. This will not be recognized in the standard cost test analyses.

Like natural gas prices, the history of funding for energy efficiency has a certain amount of volatility. While the Pacific NW has a great history of energy conservation, it has also been subject to fits of ramping up and ramping down energy efficiency efforts. This, in turn, severely hampers the marketplace and providers. The lack of long-term certainty for product manufactures and deliverers of service prevents us from getting to the full potential of the region’s energy efficiency resources.

If one were to divide the residential energy efficiency program into two types, one group of measures would address the efficiency of the shell of the building, while the other group addresses the equipment and appliances used in the building. The Energy Project would contend there is a significant difference in the effort and skills required to run a good shell measure program versus, say, a program that pays rebates for high efficiency appliances. The latter can be expanded or contracted relatively easily, but it takes time and investment to learn the building science and hone the skills needed to properly address energy efficiency in buildings. This is as true for residential dwellings as it is for large commercial buildings, though the particular skills may be different. The cost to rebuild the workforce and skills to restart energy efficiency efforts that have been shut down are a strong argument for maintaining at least a modest effort.

In closing, The Energy Project recommends that modest effort be maintained across the board, but at a minimum the WUTC should order the natural gas companies in Washington to maintain the current programs and measures for low-income households. We feel that the intention to immediately curtail or close down the gas residential conservation programs is shortsighted. For the low-income population, in particular, it is prospectively harmful to the household’s ability to save energy on their natural gas bills, and consequently the affordability of and their ability to stay connected to vital services.