

February 19, 2021

NWN WUTC Advice No. 21-01

**VIA ELECTRONIC FILING**

 Mark L. Johnson, Executive Director and Secretary  
 Washington Utilities and Transportation Commission  
 621 Woodland Square Loop SE  
 Lacey, Washington 98503

**Re: Schedule U – Smart Energy™ Program**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff WN U-6, stated to become effective April 9, 2021.

Fourth Revision of Sheet U-2	Schedule U	Smart Energy™ Program
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**Purpose**

The purpose of this filing is to provide an additional pricing option for large commercial customers participating in the Smart Energy Program. NW Natural already provides a fixed price option for these customers and is adding the proposed additional option to provide flexibility for large commercial customers; this additional option is identical to the Smart Energy pricing option currently available for industrial customers.

**Background**

NW Natural's Smart Energy Program offers different options for commercial customers and industrial customers. Currently, the commercial pricing option offers a fixed rate at the customers choosing (but not less than \$10) and the industrial monthly pricing option is subject to negotiation pursuant to the execution of a written contract.

As more businesses are looking for ways to become carbon neutral we have been asked by our commercial customers to provide another option besides a monthly fixed rate. NW Natural proposes to include a new option for large commercial customers who use a minimum of 100,000 therms. This new monthly pricing option will be subject to negotiation pursuant to the execution of a written contract.

**Discussion**

Larger commercial customers have expressed interest in longer term commitments for fixed volumes of carbon offsets from specific offset types and/or regions at a negotiated price. Several of these customers want to use these offsets for a few years as they transition to renewable natural gas (RNG) through a future voluntary RNG tariff. Under the current Smart Energy tariff<sup>1</sup> such a proposition would be cost prohibitive because large customers are wanting to meaningfully and

<sup>1</sup> Under the current tariff, the option for Commercial Customers does not allow for specific offsets based on usage.

publicly offset 100 percent of their usage. This proposed new option affords an immediate solution for larger customers, such as local governments, looking to achieving objectives in their climate action plans through emissions offsets for their natural gas use.

The proposed new option will not affect the Smart Energy offset portfolio for other existing or new Smart Energy participants. NW Natural expects that sourcing offsets for this proposed new option for large commercial customers will be dependent on the conditions requested during the contract negotiation. For example, these large customer participants may request offsets with specific attributes such as offset type, location, volume and contract duration.

### **Proposed Changes**

NW Natural proposes to add a new pricing option for large commercial customers in the Smart Energy Program in Schedule U. This proposal would allow commercial customers to have an additional pricing option of a negotiated contract, providing these customers with additional flexibility in meeting their climate action objectives.

### **Conclusion**

NW Natural respectfully requests that the Commission approve this tariff change to become effective April 9, 2021.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available in the Company's main office in Portland, Oregon and on its website at [www.nwnatural.com](http://www.nwnatural.com).

Please address correspondence on this matter to me with copies to the following:

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Respectfully submitted,

*/s/ Rebecca T. Brown*

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Attachment:  
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