

October 6, 2025

NWN WUTC Advice No. 25-09

VIA ELECTRONIC FILING

Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: NEW Schedule R – Thermostat Rewards Program
NEW Schedule 235 – Temporary Adjustments to Rates for Thermostat Rewards Program

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith the following revision to its Tariff WN U-6, stated to become effective November 21, 2025.

Original Sheet R.1	Schedule R	Thermostat Rewards Program
Original Sheet R.2	Schedule R	Thermostat Rewards Program
Original Sheet 235.1	Schedule 235	Temporary Adjustments to Rates for Thermostat Rewards Program

Purpose

The purpose of this filing is to request the Washington Utilities and Transportation Commission (“Commission”) approve: 1) a new tariff Schedule R Thermostat Rewards Program for Residential and Small Commercial customers and 2) a new tariff Schedule 235 Thermostat Rewards Program Cost Recovery for recovery of costs for the program. This filing is a result of NW Natural’s 2022 Integrated Resource Plan (“IRP”) Action Item 3.

Background

In NW Natural’s 2022 IRP, docketed as UG-210094, the Company included an action item that focused on a potential new “non-pipeline solution” system capacity and distribution system planning tool, aimed at reducing load during high demand periods through a demand response program for residential and small commercial customers. Action Item 3 stated:

“Scope a residential and small commercial demand response program to supplement our large commercial and industrial programs and file by 2024.”

Following the Commission’s letter acknowledging compliance with WAC 480-90-238 in the IRP docket and the Public Utility Commission of Oregon’s acknowledgement of Action Item 3, the

Company began scoping and developing a program plan. By the end of October 2023, NW Natural completed a demand response program plan in which the scope, objectives, demand response offerings, deliverables, and timing for system-wide programs were developed. Several demand response pathways were explored, and the Bring Your Own Thermostat (“BYOT” or “Thermostat Rewards” as branded) Program was identified as the best opportunity to create a demand response program that targets residential and small commercial customers.

Energy Trust of Oregon (“Energy Trust”) confidential data showed that over 61,000 smart thermostats have already been installed across NW Natural’s service territory via Energy Trust’s various energy efficiency programs. A separate study¹ found that approximately 14 percent of single-family homes in the northwest region have installed certain types of smart thermostats. The Company estimates that there are as many as 84,000 smart thermostats for single-family homes among the Company’s residential customers. Given that there are many smart thermostats already installed in NW Natural’s service territory, the Company estimates enrollment in the Thermostat Rewards Program could be approximately 30,000 customers at the end of a three-year period.

In February 2024, NW Natural issued a request for proposal (“RFP”) for the BYOT program. The Company hosted multiple rounds of interview sessions for each of the four prospective implementation vendors (RFP responders) during the RFP selection process from late March to May 2024 and eventually identified Resideo Grid Works (“Resideo”) as the implementor. NW Natural and Resideo negotiated a scope of work (“SOW”) and contract in July 2024. Resideo began to set up the BYOT program in their distributed energy resource management system (“DERMS”) in August 2024 and the program began enrolling eligible customers on December 9, 2024.

In addition, the NW Natural issued an Evaluation, Measurement and Verification (“EM&V”) RFP for the demand response program in March 2024, seeking a qualified third-party EM&V service vendor to conduct an independent EM&V analysis of the BYOT program. Five EM&V service vendors submitted their proposals. The Company selected ADM Associates as the EM&V vendor and negotiated a SOW in August 2024.

Proposed Program

NW Natural proposes this Thermostat Rewards Program for its residential and small commercial customers that have qualifying smart thermostats and natural gas space heating equipment.

Program Design and Enrollment

The demand response program season will be November 1 through March 31. The program Demand Response Event window will be from 7:00 AM through 11:00 AM. The maximum Event duration is 4 hours.

¹ 2022 Residential Building Stock Assessment (RBSA) Findings Report by Northwest Energy Efficiency Alliance (NEEA) published in April 2024.

Customers may enroll via NW Natural’s website or through their smart thermostat’s application or website. Participants may opt out of a Demand Response Event by manually adjusting their thermostat. Participants may also opt out of the Program at their discretion anytime.

Incentives

Each participant who enrolls in the Thermostat Rewards Program will receive an Enrollment Incentive in the form of a \$25 Virtual Prepaid Mastercard®. In addition, enrolled participants may receive a Participation Incentive, a \$25 incentive as a virtual card, after the demand response program season is completed if they participated in at least 50 percent of the Event hours during the demand response season and remain enrolled on March 31 (the last day of the season). NW Natural anticipates that incentives for future demand response program seasons will follow this same framework. In order to keep the program flexible and meaningful to the Participants, the Company may change the incentives of the program from time to time and from area to area. Participants may find the current incentives offered at NW Natural’s website: <https://www.nwnatural.com/thermostatrewards>. NW Natural will update the terms of proposed Schedule R Thermostat Rewards Program accordingly.

Costs

The following table details the costs as contracted with Resideo and the various thermostat brands listed by the original equipment manufacturer (“OEM”).

Resideo and OEM Fees		
	One-time	Annual
Program Set-up	\$ 50,000	
Program Implementation		
License Fee		\$ 10,000
Incentive Processing Fee*	\$12,000	\$0.50
Tier 1 Customer Support		\$45,000
Program Delivery **		
1 - 10,000		\$ 27.00
10,001 - 25,000		\$26.00
>25,000		\$25.00
OEM Partner Services		
Nest	\$ 20,000	
ecobee		\$ 10,000
Honeywell	waived	
Sensi	\$ 10,000	
Amazon Program Set-up	\$ 5,000	

* Per incentive distributed

** Fee based on tiered number of enrollments

Marketing, Outreach, and Engagement

During the testing period, NW Natural did not perform external marketing and instead leveraged the marketing efforts of the various thermostat manufacturers and the implementer, Resideo. In

addition, the Company posted information about the BYOT program on our website. In the future NW Natural may do its own marketing and outreach.

Reporting

NW Natural will report results of this program annually including customer participation rates per event broken down by the smart thermostat brand customers use, incentive payouts, and event details such as duration.

Cost Recovery

NW Natural proposes new tariff Schedule 235 to recover the costs of the Thermostat Rewards Program, which includes the program costs that NW Natural may experience such as, but not limited to, set-up fees, portal access, incentives, customer support, program implementation, administrative, outreach, and communication costs.

Through October 1, 2025, NW Natural's Thermostat Rewards program enrollment includes 11,775 customers/devices, of which 3,567 were in Washington. The Commission has accepted NW Natural's petition for an accounting order authorizing deferred accounting treatment for costs and revenues associated with its demand response programs in docket UG-240441 to enable tracking of costs for the Thermostat Reward Program and future anticipated locational demand response programs.² NW Natural anticipates seeking cost recovery of the deferred program costs each year coincident with the annual Purchased Gas Adjustment ("PGA") filings, or at other times as approved by the Commission. Accordingly, the Company is not seeking any costs to be recovered at this time but will do so in a future PGA or other filing. Thus, there is no rate impact of this filing.

Support of Future Programs

Establishing a system-wide BYOT program is the first step to support and enable a locational or geographically targeted BYOT program as a non-pipeline alternative for distribution system planning. Once the system-wide program is up and running, NW Natural can leverage the program and take additional steps towards boosting BYOT enrollment in constrained areas, resulting in a locational demand response program framework.

These efforts could potentially include:

- Geographically targeted marketing of the BYOT program
- Increased enrollment incentives in specific geographical areas
- Increased participation incentives in specific geographical areas

The locational demand response program framework made possible by establishing the BYOT program enables the ability to consider geographically targeted BYOT demand response in areas of focus on NW Natural's distribution system as non-pipeline alternatives. For example, geographically targeted demand response outreach in areas of NW Natural's planned Vancouver Reinforcement Project as described in the Company's current general rate case in docket UG-

² See *In the Matter of the Petition of Northwest Natural Gas Company dba NW Natural for an Accounting Order Authorizing Deferred Accounting Treatment of Expenses Related to the Company's Demand Response Programs*, Docket No. UG-240441, Order 01 (Sep. 12, 2024).

250610 will allow those communities to take advantage of the BYOT program, along with additional energy efficiency efforts that can both help lower customer bills and provide distribution system benefits.

NW Natural intends to file a separate program tariff for a geographically targeted demand response in the near future.

Conclusion

NW Natural respectfully requests that the Commission approve this tariff change to become effective November 21, 2025.

In accordance with WAC 480-90-193 and WAC 480-90-195(3), copies of this letter and the attached filing are available in the Company's main office in Portland, Oregon, and on its website at www.nwnatural.com.

As requested by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

For the purposes of establishing a service list for this docket, and for any questions, please address correspondence on this matter to me with copies to the following:

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Respectfully submitted,

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Attachment:

NEW-NWN-WUTC-Advice-25-09-Trf-Sheet-235-10-6-25
NEW-NWN-WUTC-Advice-25-09-Trf-Sheet-R1-10-6-25
NEW-NWN-WUTC-Advice-25-09-Trf-Sheet-R2-10-6-25