

**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

REVISED 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 29, 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 that state agencies 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 (CPA) 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 on July 29, 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 that state agencies 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 without 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), making resource planning decisions typically

made in IRPs is not in the best interest of customers under the timeframe of our currently filed work plan in Washington because:

1. EO-04 has imposed considerable uncertainty on the Company's ability to forecast load and define its resource options. This means that the Company's important long-term decisions on key NW Natural system-wide resources cannot be made with a reasonable degree of confidence.
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.

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 29, 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 CPA for approval by the Commission.³ While the Commission's rulemaking to implement House Bill 1257 requirements impacting natural gas conservation programs and IRPs has not yet begun, NW Natural anticipates that future CPAs will be filed concurrent with IRPs. However, due to the delay in IRP timing proposed by the Company, it will be necessary to file the CPA in 2021 ahead of the 2022 IRP in order to meet the requirements of the statute. The Company expects to work with Staff and stakeholders during the first and second quarters of 2021 to develop the CPA, file the CPA on June 1, 2021, and request Commission consideration and approval by July 30, 2021. NW Natural will use the approved two-year targets from the CPA to develop its Conservation Plan that will be filed on October 1, 2021.⁴ As previously mentioned, the rulemaking to implement the House Bill 1257 requirements regarding natural gas conservation programs has yet to be completed; the Company is currently subject to an agreement that requires an annual conservation plan to be filed each December 1. However, in anticipation of requirements that will be established for natural gas conservation plans in 2021, and to provide adequate time for Staff review and stakeholder comment, NW Natural's 2021 Conservation Plan will cover both 2022 and 2023 and will be filed on October 1, 2021.
- 12 NW Natural intends to file an update of its 2018 IRP with the Commission on March 1, 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

³ Please see HB 1257 Section 11.

⁴ 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.

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 on July 29, 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.

- 13 Consistent with previous IRPs, NW Natural intends to file a draft 2022 IRP on June 30, 2022, ahead of its final 2022 IRP on July 29, 2022.
- 14 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.

- 15 Due to the impact of EO-04 on the Company's long-term planning that is part of the IRP, NW Natural's petition to extend the filing date of its IRP to July 29, 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

16 On March 3, 2020, NW Natural filed an updated IRP work plan in this docket. Below is a schedule of NW Natural’s proposed timeline for filing its CPA, Conservation Plan and IRP. The dates reflect NW Natural’s best estimate at this time; should adjustments need to be made with respect to these dates, the Company will discuss with Staff and stakeholders and update the work plan in this docket such that the workplan will enduringly reflect the current expectations for the CPA, Conservation Plan and IRP timelines.

Early 2021-Mid May 2021	CPA stakeholder involvement
March 1, 2021	File 2018 IRP Update
May 28, 2021	Distribute and/or file Draft CPA
June 1, 2021	File Final CPA
By July 30, 2021	Approval of CPA by Commission
September 10, 2021	Share Draft Conservation Plan with EEAG ⁵
October 1, 2021	File Conservation Plan with Approved 2022-2023 Targets from CPA
By December 31, 2021	Approval of Conservation Plan by Commission
Jan-May, 2022	IRP Technical Working Groups
June 30, 2022	File Draft 2022 IRP
July 29, 2022	File Final 2022 IRP

⁵ Per Order 06 in Docket 181053 (paragraph 74), NW Natural is required to share a draft of the Conservation Plan with the EEAG 20 days prior to filing.

17 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

18 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 on July 29, 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 13th day of October, 2020.

NW NATURAL

/s/ Ryan Sigurdson

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