

Agenda Date: November 13, 2020
Item Number: A1

Docket: UG-190711
Company: Northwest Natural Gas Company

Staff: Kathi Scanlan, Senior Resource Planning Manager

Recommendation

Issue an order in Docket UG-190711, granting Northwest Natural Gas Company's petition filed on September 22, 2020, and amended on October 13, 2020, allowing a temporary exemption from WAC 480-90-238(4), and setting the next integrated resource plan (IRP) and conservation-related filing due dates as follows:

- Final conservation potential assessment no later than June 1, 2021.
- Final conservation plan with two-year target no later than October 1, 2021.
- Draft IRP no later than June 30, 2022.
- Final IRP no later than July 29, 2022.

Background

Under WAC 480-90-238(4), natural gas utilities must file IRPs at least every two years, and the commission must hold a hearing on the plan pursuant to WAC 480-90-238(5).¹ Northwest Natural Gas Company (NW Natural or company) filed their most recent gas IRP on August 24, 2018. The commission granted an extension to the deadline to file a new IRP from August 21, 2020, to February 26, 2021.² Gas company operations rules in WAC 480-90-008 allow the commission to grant an exemption to the rules in Chapter 480-90 WAC, if such an exemption is in the public interest.

On September 22, 2020, NW Natural filed a petition requesting the Washington Utilities and Transportation Commission (commission) allow the company to change the filing date of its upcoming IRP from February 26, 2021, to July 29, 2022, primarily due to recent regulatory circumstances arising in Oregon. On October 13, 2020, the company filed a revised petition that included an updated IRP work plan, which provided additional clarity and a more detailed timeline with regard to the timing of the Company's Conservation Potential Assessment (CPA), Conservation Plan, and IRP.

On March 10, 2020, Oregon Governor Brown issued an Executive Order (EO-04) which will have major impacts on long-term natural gas resource planning. Most significantly, EO-04 creates a compliance obligation for utilities under Oregon Department of Environmental Quality (ODEQ) "cap-and-reduce" emissions program for emitting sectors in the state. The formal rulemaking will commence in 2021, and planning activities related to ODEQ's cap-and-reduce

¹ Unlike the IRP rules for electric utilities, the natural gas IRP rules are not governed by a parallel statutory directive. The commission promulgated these rules under RCW 80.01.040 and 80.04.160.

² *Order 01*, UG-190711, (February 6, 2020).

program could impact energy efficiency programs and create substantial uncertainty for the company to forecast long-term load and clearly define its resource options if it were to retain its existing IRP filing deadline.³ The company asserts that this delay will not substantially impact planning or acquisition because incremental short-term resource needs could potentially be met by short-term contracts, recalls for NW Natural's Mist storage facility, and conservation as a resource.

Discussion

IRP delay – Staff agrees that the petition filed in this docket is in the public interest. The lack of clarity related to implementation of Oregon's E0-04 impacts the company's ability to properly evaluate its long-term resource planning, including the company's ability to forecast load and define its resource options. Plus, the Oregon rulemaking will be underway soon. Staff agrees that the results of rulemaking could have significant impact on the modeling required by the IRP process. Delaying NW Natural's IRP will result in a more accurate identification of resource needs, which are shared between the Washington and Oregon customers.

Conservation filings – Staff supports the company's plan outlined in its petition to provide timely updates to stakeholders and commission staff, including filing an update to its 2018 IRP on March 1, 2021. The petition includes sufficient time for the company to submit to the commission for approval its first CPA and conservation targets, as required by statute.⁴ In this petition, the company proposes a new due date for its draft conservation plan of September 10, 2021, allowing interested parties time for review.⁵ Stakeholder involvement and input will be crucial, and staff stresses the need for consistent stakeholder engagement throughout the development process of the company's next CPA, Conservation Plan, and IRP. The company agreed to file its next Conservation Plan, including two-year target, on October 1, 2021, thus allowing the company to meet Washington statutory deadlines.

IRP and conservation-related due dates – Staff supports the company's request to revise the due date for its final gas IRP from February 26, 2021, to July 29, 2022, because the company has provided a reasonable approach to continuing its resource acquisition planning. As described in the filed petition, staff supports the Company's proposed IRP- and conservation-related filing due dates as follows:

- Revised IRP Work Plan – no later than February 11, 2021 (i.e., 90 days after commission approval of extension).
- 2018 IRP Update – no later than March 1, 2021.
- Final CPA – no later than June 1, 2021.

³ The formal rulemaking work in Oregon is expected to begin with the appointment of a rules advisory committee in the fourth quarter of 2020, with an expected completion date by fourth quarter of 2021.

⁴ [RCW 80.28.380](#).

⁵ UG-181053 Joint Settlement Agreement at p.10 (May 23, 2019). NWN has an established deadline to file an annual conservation plan by December 1 of each year. The date proposed in this petition is earlier and is not inconsistent with the settlement agreement.

- Conservation Plan with two-year target – no later than October 1, 2021.
- Draft IRP – no later than June 30, 2022.
- Final IRP – no later than July 29, 2022.

Stakeholder Outreach – The company reached out to stakeholders in Washington and Oregon, including Alliance of Western Energy Consumers, Oregon Citizens' Utility Board, and Oregon Public Utilities Commission staff. The company did not relay concerns from any party. Staff also engaged in discussion with the Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel). Public Counsel did not raise concerns with the petition.

Conclusion

Staff reviewed NW Natural's petition and believes it is in the public interest. Staff recommends that the commission grant the petition and issue an order allowing a temporary exemption from WAC 480-90-238(4), authorizing the company to file its IRP on July 29, 2022, and setting new conservation-related due dates as outlined in the petition.