



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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June 3, 2019

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
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Received
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06/03/19 10:36
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RE: Northwest Natural Gas Company's 2018 Conservation Program Commitments
Docket UG-171163

Dear Mr. Johnson:

On December 1, 2017, Northwest Natural Gas Company (Northwest Natural or Company) filed their 2018 Energy Efficiency Plan (plan) with the Washington Utilities and Transportation Commission (Commission) in the above-referenced docket. The Company's plan proposed to achieve 365 thousand therms of conservation savings with a budget of \$2.7 million and file an annual report by April 25, 2019. The commitments to convene an Energy Efficiency Advisory Group and develop an energy efficiency program are required in the settlement stipulations adopted in the Commission's Order 04 under Docket UG-080546.¹

On April 25, 2019, Northwest Natural filed with the Commission its 2018 Annual Conservation Report (report), meeting the timeline set in the plan. The report indicated the Company achieved 379,583 therms of savings during 2018 at a total portfolio cost of \$2,383,337.

The commercial and residential sectors, including Washington Low Income Energy Efficiency (WALIEE) exceeded this year's savings target, while keeping expenditures down. The Northwest Energy Efficiency Alliance (NEEA) is midway through a five-year cycle focused on natural gas. Savings are anticipated after the completion of the cycle. Finally, while \$160,000 was budgeted for school pilots and evaluation efforts during 2018, related work was not completed during the calendar year.

¹ Docket UG-080546, Order 04, ¶ 24, conservation program stipulation found in Full Settlement Stipulation ¶ 18 and 19.

Table 1: Comparison of 2018 program year cost and savings forecasts with actuals

	<i>EE Target (therms)</i>	<i>Actual savings (therms)</i>	<i>Actual as % of Target</i>	<i>Budget²</i>	<i>Actual Expenditures</i>	<i>Actual as % of Budget</i>
<i>Commercial</i>	160,000	161,632	101.0%	\$918,575	\$852,426	92.8%
<i>Residential</i>	199,880	210,373	105.2%	\$1,335,690	\$1,257,586	94.2%
<i>WALIEE</i>	5,265	7,578	143.9%	\$109,091	\$121,602	111.5%
<i>NEEA</i>	0	0	-	\$141,049	\$151,723	107.6%
<i>Pilots and Evaluation</i>	-	-	-	\$160,000	-	-
<i>Total</i>	365,145	379,583	104.0%	\$2,664,405	\$2,383,337	89.5%

Staff commends Northwest Natural for the program’s continued upward trajectory in achieving cost-effective savings.³ These trends are particularly admirable given the Company is increasingly focusing resources on developing an in-house, tailored program. For example, effective Q1 2018, Northwest Natural decided to fund NEEA gas market transformation efforts directly rather than through Energy Trust.

The Company’s direct benefit to customers metric continued to decrease slightly for a second year in a row (i.e., dropping from 55 to 53 percent between 2017 and 2018). Several factors, including NEEA investments anticipated to realize savings benefits following the current five-year cycle, help explain this negative trend.

Commission Staff (Staff) reviewed the compliance filing provided by Northwest Natural dated April 25, 2019, and finds that it contains sufficient detail with respect to the Company meeting its 2018 conservation target. Therefore, Staff believes the filing complies with the Commission’s Order 04, entered December 26, 2008.

Sincerely,

Jim Woodward
 Regulatory Analyst

² The budgeted expenditures in Energy Trust’s system differ from the budgeted expenditures filed in Northwest Natural’s 2018 Energy Efficiency Plan by roughly \$27,000 due to changes made to internal costs that resulted after the efficiency plan was filed.

³ As measured by both the Utility Cost Test (2.24) and Total Resource Cost test (1.34).