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September 27, 2021

Amanda Maxwell, Executive Director and Secretary  
 Washington Utilities and Transportation Commission  
 621 Woodland Square Loop SE  
 P. O. Box 47250  
 Olympia, WA 98504-7250

RE: *In the Matter of Northwest Natural Gas, 2022 Integrated Resource Work Plan*  
 Docket UG-210094

Dear Ms. Maxwell:

Staff submits the following in response to the Commission's September 14, 2021 notice of opportunity for comment:

1. Does the requirement to incorporate the social cost of greenhouse gases (SCGHG) under RCW 80.28.380 require the utility to use a total resource cost-effectiveness test in identifying cost-effective conservation measures? Please explain your answer.

Staff believes that the inclusion of the SCGHGs in the cost effectiveness analysis essentially does require the utility to use either a total resource cost-effectiveness test (TRC) or a societal cost test (SCT). The utility cost test considers only those costs and benefits incurred by the utility. The SCGHG is not a cost to the utility. It appears that the requirement to include the social cost of greenhouse gas in the cost-effectiveness analysis generally directs the utility to use a cost-effectiveness test, such as the TRC or SCT, that evaluates costs beyond the utility system.

2. An analysis of the availability of conservation is required under RCW 80.28.380. What considerations should be included in this analysis? Please explain your answer.

Staff believes that the availability of a conservation measure is based on the services provided by the gas company and how a utility's current practices and operations could be changed to increase conservation. This includes whether customers are interested in participating in a given conservation measure. Before determining the cost-effective conservation potential, an electric conservation potential assessment (CPA) determines the technical potential savings and the achievable potential savings. Staff views the term "availability" as similar to "achievable" as that term is used in the electric CPA analysis.

3. Must utilities include conservation measures from gas transportation customers in their identification of all conservation measures under RCW 80.28.380? Please explain your answer.

The language of the statute is both expansive and mandatory. Staff believes that because the statute states that each gas company “must identify and acquire **all** conservation measures that are available and cost effective”, an IOU could not exclude gas conservation measures related to gas transportation customers from that analysis. Logically, the statutory language has some implicit restrictions. The statute clearly does not intend the phrase “all conservation measures” to include measures that are not remotely related to the Commission-regulated services provided to customers by the gas company. However, gas transportation customers are still purchasing a service regulated by the Commission. Therefore, Staff believes that conservation measures related to the gas transportation service provided by gas companies should be included in the analysis under RCW 80.28.380.

Given that the statutory language cannot be read literally, the Commission could reasonably conclude that the statutory language was not intended to extend to the gas transportation service because transportation customers are not purchasing natural gas from the gas company. However, because of the expansive language in the statute, Staff believes that the more accurate interpretation is that any regulated service that the utility provides should be reviewed to identify available and cost-effective conservation measures. Given the plain language of the statute and the legislative intent of that language, there does not appear to be any compelling rationale for excluding gas transportation services from the conservation analysis.

Staff notes that its interpretation does not mean that conservation measures would necessarily be included in the conservation target. That is entirely dependent upon whether the analysis found that conservation measures related to gas transportation customers were both available and cost-effective.

Thank you for your attention in this regard.

*/s/ Jennifer Snyder*

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