

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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| In the Matter of |) | DOCKET UG-230819 |
| |) | |
| Northwest Natural Gas Company, |) | COMMENTS OF THE ALLIANCE OF |
| |) | WESTERN ENERGY CONSUMERS |
| |) | |
| Climate Commitment Act Cost Recovery |) | |
| Mechanism, Tariff WN U-6 |) | |

1 Alliance of Western Energy Consumers (AWEC) appreciates the opportunity to file comments on Northwest Natural Gas Company’s (NW Natural’s) proposed Schedule 308, which is intended to recover Climate Commitment Act (CCA) compliance cost, with an effective date of January 1, 2024. The CCA, passed by the Washington State Legislature in 2021, directed the Washington Department of Ecology to develop rules for a cap-and-invest program designed to reduce emissions by 95% of 1990 levels by 2050. On September 29, 2022, final rules were adopted, and the program began on January 1, 2023.

2 In its filing, NW Natural requests to begin collecting Schedule 308 rates for CCA allowance costs and auction proceeds that the Company deferred for the first three quarters of 2023, and forecasted costs and revenues through December 31, 2024. While AWEC is concerned with the overall increase to customer rates of approximately \$17.6 million, and the significant and disproportionate rate increase to some customer classes, AWEC believes NW Natural’s Schedule 308 fairly reflects the requirements of the CCA. AWEC supports Staff’s recommendation that costs recovered through these tariffs are subject to review and potential refund in a future rate setting procedure. Further, AWEC is hopeful that the parties will work together to modify Schedule 308 in the future if appropriate and consistent with guidance from the Washington Utilities and Transportation Commission (Commission).

3

AWEC reviewed NW Natural's filing and workpapers and had several informal calls with NW Natural to ensure that NW Natural properly accounted for Energy Intensive Trade Exposed industries, and that the remainder of CCA costs and allowances were allocated in a fair, just and reasonable manner. One of the issues AWEC was concerned about was the amount of the non-volumetric monthly credits that may be applied to certain customers to prevent a potential windfall for those customers. NW Natural has proposed to cap the credit that an individual customer could receive at the amount of CCA charges for that customer to prevent a negative balance, which satisfies AWEC's concern. Notwithstanding, NW Natural's filing was silent about how any unused credit amounts would be tracked and allocated to customers in future periods. After discussions between AWEC and NW Natural, NW Natural has agreed, as requested by AWEC, to track any residual credit amounts by rate schedule in order to pass those amounts back to the customer class originally accruing the benefit. Tracking CCA costs and credits in this manner is fair, just and reasonable and preserves CCA benefits for customers by rate schedule.

4

Both Staff and NW Energy Coalition (NVEC) support developing a risk sharing mechanism as a condition of approval for Schedule 308. AWEC opposes this proposal. The CCA is, by design, a market-based mechanism, because the market is intended to provide the incentive to reduce emissions. The program also includes noncompliance penalties, which further incentivizes compliance. Neither NVEC nor Staff have proposed a particular risk sharing mechanism for NW Natural so AWEC is unable to comment on a particular proposal. To the extent a risk-sharing mechanism is intended to reduce emissions beyond what will occur through the CCA and in a manner that increases costs to customers, AWEC is opposed to such a mechanism. A change to the CCA program through a risk-based mechanism is, at best,

premature. If the Commission is included to adopt this condition, it should do so only after issuing guidance on both substance and process in Docket U-230161.

Conclusion

AWEC supports NW Natural's proposed Schedule 308 as filed, and appreciates NW Natural working with AWEC to address its concerns. AWEC opposes Staff and NWECA's request to include a risk sharing mechanism as a condition of approval. Thank you for the opportunity to file comments.

Dated this 20th day of December, 2023.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Chad M. Stokes', is written over a horizontal line.

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