

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, DBA NW NATURAL,

2022 Integrated Resource Plan.

DOCKET NO. UG-_____

NW NATURAL GAS COMPANY

PETITION FOR TEMPORARY
EXEMPTION FROM WAC 480-90-
238(4), INTEGRATED RESOURCE
PLANNING

I. INTRODUCTION

1 Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), respectfully requests that the Commission allow it to change the filing date of its upcoming Integrated Resource Plan (“IRP”) from September 23, 2024 to September 23, 2025. Under WAC 480-90-238(4), NW Natural is required to submit an IRP within two years of the date of its previous filing (September 23, 2022, in this case). 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.¹

II. BACKGROUND

2 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

¹ 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).

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:

eFiling
Rates & Regulatory Affairs
250 SW Taylor Street
Portland, Oregon 97204-3038
Telephone: (503) 610-7330
Facsimile: (503) 220-2579
Email: eFiling@nwnatural.com

Ryan Sigurdson
Regulatory Attorney (WSBA #39733)
250 SW Taylor Street
Portland, Oregon 97204-3038
Telephone: (503) 610-7570
Facsimile: (503) 220-2579
Email: ryan.sigurdson@nwnatural.com

III. DISCUSSION

A. The Temporary Exemption is in the Public Interest.

3 Absent an extension to the current September 23, 2024, filing deadline, NW Natural would not be able to fully incorporate Staff’s feedback from the 2022 IRP or integrate results from pilot program learnings. An extension will also allow NW Natural to incorporate Commission guidance regarding the Climate Commitment Act (CCA) and to include more real-world experience in its analysis of CCA compliance options, including the CCA allowance market.

4 NW Natural recently received acknowledgement of compliance for its 2022 IRP on August 24, 2023. The Commission also attached Staff’s IRP comments and noted that “Commission staff will continue to provide additional input to build a complete understanding of the dynamics and hurdles in the coming years as NW Natural develops its next IRP.”

5 Staff's IRP comments included meaningful feedback for NW Natural to address and discuss with its advisory groups prior to its next IRP. These topics are:

- Develop clear criteria for the selection of climate models.
- Analyze the risks imposed on rate payers in scenarios 4, 5, and 6, ratepayer responses to these risks, and the corollary risk of over investment and stranded assets.
- Use the Washington State Building Code Council's statutory obligations as a basis for NW Natural's current customer growth expectations for scenarios rather than projecting historical trends forward.
- Analyze possible customer responses to future changes in price competitiveness of NW Natural's services.
- Commit to holding robust discussions about the future availability of green hydrogen.
- Consider including the cost of electricity in the unbundled price path charts to ensure NW Natural is adequately considering conservation measures available and the price competitiveness of the services they provide.
- Consider electrification in its next IRP and that the Company consider comparative electrical costs.
- Consider incorporating an electrification strategy into its next IRP. Staff encourages NW Natural to refer to the most recent general rate case orders for Avista Corporation and Puget Sound Energy for context on how the Commission has ordered those two utilities to consider electrification in their next natural gas IRPs.
- Provide a written and, where appropriate, graphic analysis of greenhouse gas emissions, sources and size of greenhouse gas emissions, and explicitly state assumptions used by NW Natural in their analysis of greenhouse gas emissions.

- Analyze the difference in low-income energy efficiency program outcomes and discuss it with the advisory group.
- Include non-gas appliances in emerging technologies evaluation and consider such appliances in the context of price competitiveness compared to gas technologies.
- Discuss the benefits of two tranches in the next IRP cycle within the Advisory Group.
- Place a greater emphasis on editing.
- Work with Advisory Group(s) to consider how NW Natural might develop a method which incorporates and appropriately values the CI scores of RNG when evaluating resources in the IRP process.

6 In addition, after a conversation regarding the plan of seeking an extension through this petition, NW Natural received informal general feedback from Staff related to integrating equity and energy justice considerations into various aspects of the IRP including identifying energy justice communities in our service territory and analyzing the distributive outcomes of scenarios and portfolios.

7 NW Natural appreciates the time and effort that went into Staff's recommendations and feedback and, while it is beginning to make progress on these issues, more remains to be done. NW Natural strongly believes that an additional year before its next IRP will provide the necessary time to address these key topics and discuss them with its advisory groups.

8 In addition, the Company's 2022 IRP discussed the Geographically Targeted Energy Efficiency (GeoTEE) pilot, Geographically Targeted Demand Response (GeoDR) project, and Transportation EE. Although NW Natural is actively monitoring and integrating these projects into our portfolio, we are still collecting information to incorporate into our IRP. Extending the filing date to September 23, 2025, will provide the Commission, our

customers, and stakeholders with better information than filing an IRP that does not include a thorough analysis of these options.

9 NW Natural also believes that a temporary exemption is in the public interest because of the ongoing Climate Commitment Act (“CCA”) docket U-230161. This docket will provide necessary guidance on how the Company will comply with the CCA, including how it decarbonizes and what projects it will pursue. Although this docket will conclude at the end of calendar year 2023, it will take time to incorporate the guidance, discuss it within advisory groups, and determine how it impacts what actions the Company should study as part of its IRP. In addition, a one-year extension will give the Company more real-world experience with CCA compliance, including how CCA allowance auctions and the broader CCA allowance market functions. NW Natural may also have a better sense of whether the Washington allowance market will be linked to the California and Quebec markets, likely affecting allowance prices to a substantial degree. Having additional guidance, experience, and certainty on these key issues will improve the accuracy of the IRP in a rapidly changing landscape.

10 In sum, for the reasons described above – time to consider and implement the recommendations from Staff’s feedback, integrating equity and energy justice considerations into various aspects of the IRP, collecting data and performing analysis from the Company’s GeoTEE programs, and expected resolution and/or learnings from the ongoing CCA docket – NW Natural seeks additional time to develop its next IRP. Lastly, NW Natural notes that an extension will align its IRP work processes with the timing of the requirements in Oregon, allowing us to be efficient with the limited resources we have for comprehensive system planning in preparation of the next IRP.

B. The Temporary Exemption is Consistent with the Underlying Purpose of the IRP Rules

11 NW Natural's petition to extend the filing date of its IRP to September 23, 2024, 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.

12 NW Natural believes that a thorough analysis and inclusion of all relevant information currently in development, will have a direct impact on the accuracy and transparency of its IRP planning process. Therefore, this petition is consistent with the purpose of the Commission's IRP rules.

C. IRP Work Plan Filing and Technical Working Groups

13 NW Natural is separately filing an IRP work plan. If this petition is approved, NW Natural will work with stakeholders to develop and file an update to this work plan by September 23, 2024, and technical working groups would be expected to begin in the fourth quarter of 2024. NW Natural notes that the timing of required conservation planning and reporting remains unchanged and is not impacted by the request in this petition.

IV. CONCLUSION

14 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 by September 23, 2025. For the reasons provided above, this exemption is in the public interest and is consistent with the with the underlying purpose of the Commission's IRP rules.

Respectfully submitted this 25th day of September 2023.

NW NATURAL

/s/ Ryan Sigurdson

NW NATURAL

Ryan Sigurdson

Regulatory Attorney (WSBA #39733)

250 SW Taylor Street

Portland, Oregon 97204-3038

(503) 610-7570

ryan.sigurdson@nwnatural.com