

Agenda Date: August 9, 2018  
 Item Number: A7

**Docket:** UG-161259  
**Company:** Northwest Natural Gas Company

**Staff:** Kyle Frankiewich, Regulatory Analyst

**Recommendation**

Take no action, thus acknowledging that the company met its 2017 conservation program commitments required in the settlement stipulations adopted in the commission’s Order 04 under Docket UG-080546.<sup>1</sup>

**Discussion**

On April 25, 2018, Northwest Natural Gas Company (NW Natural or company) filed its 2017 Annual Conservation Report (report) with the Washington Utilities and Transportation Commission (commission), meeting the timeline set in its 2017 Energy Efficiency Plan filed to this docket. The report indicated that the company achieved 397,738 therms of savings during 2017 at a total portfolio cost of \$2,315,882.

**Table 1: Comparison of 2017 program year cost and savings forecasts with actuals**

	<i>Low EE Target<sup>2</sup> (therms)</i>	<i>High EE Target (therms)</i>	<i>Actual savings (therms)</i>	<i>Actual as % of High Target</i>	<i>Low Budget</i>	<i>High Budget</i>	<i>Actual Expenditures (including admin costs)</i>	<i>Actual as % of Low Budget</i>
<i>Commercial Existing</i>	133,046	156,525	154,866	98.9%	\$720,349	\$847,499	\$848,843	117.8%
<i>Residential: Existing Homes</i>	58,015	68,253	123,724	181.3%	\$454,685	\$534,924	\$523,096	115.0%
<i>Residential: New Homes</i>	49,097	57,761	113,017	195.7%	\$503,870	\$592,788	\$781,034	155.0%
<i>WALIEE</i>	7,320	9,150	6,132	67.0%	\$149,310	\$186,638	\$88,383	59.2%
<i>NEEA</i>	n/a	n/a	n/a	n/a	\$92,279	\$108,564	\$74,526	80.8%
<b><i>Total</i></b>	<b>247,478</b>	<b>291,689</b>	<b>397,739</b>	<b>136.4%</b>	<b>\$1,920,493</b>	<b>\$2,270,413</b>	<b>\$2,315,882</b>	<b>120.6%</b>

Staff notes the relative underperformance of the commercial sector as a place for continued focus; this issue was identified by the company as well, and prioritized in the 2018 plan. The Washington Low Income Energy Efficiency (WALIEE) program was hamstrung during the 2017 program year due to external issues with matching funds. The Northwest Energy Efficiency

<sup>1</sup> Order 04, ¶ 24, conservation program stipulation found in Full Settlement Stipulation ¶ 18 and 19.

<sup>2</sup> In its EE Plan, NW Natural reported its goal as a range of 247,478 to 291,689 therms. NW Natural has changed this approach for the 2018 program year, moving to one number for the program’s savings target.

Alliance (NEEA) is midway through a five-year cycle focusing on natural gas. Savings are anticipated after the completion of the cycle.

**Table 2: NW Natural EE program expenditures, savings and key metrics, 2014-2017**

	<i>Savings (therms)<sup>3</sup></i>	<i>Expenditures</i>	<i>UCT</i>	<i>TRC</i>	<i>first-year therm costs</i>	<i>Direct Benefit to Customers</i>
2014	253,988	\$1,310,180	1.1	1.4	\$5.16	n/a
2015	201,446	\$1,373,523	1.0	0.8	\$6.82	n/a
2016	330,866	\$1,818,821	1.58	0.99	\$5.50	57%
2017	391,606	\$2,152,973	1.61	1.22	\$5.50	55%

Staff commends NW Natural and the Energy Trust of Oregon (ETO) for the program's continued upward trajectory in achieving cost-effective savings. The trend of improved performance and adaptive management is evident in the company's 2018 Energy Efficiency Plan, which implemented several changes and instituted pilot programs meant to respond to rapid changes in NW Natural's Washington service area.

The company's direct benefit to customers metric fell slightly from 57 percent in the 2016 program year to 55 percent for the 2017 program year. Staff believes this subject is worth reviewing if the metric's trajectory continues downward, but recognizes that many different variables may influence this metric significantly in a single year for a smaller program like NW Natural's.

NW Natural is participating in the review of the Energy Trust of Oregon's allocation of administrative costs, an issue flagged during the commission's review of the 2018 plan. Staff continues to work with NW Natural and with other advisory group members to improve program performance.

### **Stakeholder Comments**

No comments were filed to the docket.

### **Conclusion**

Staff recommends that the commission acknowledge the company's compliance as described in the recommendation section above.

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<sup>3</sup> Savings exclude expenditures and savings for WALIEE and NEEA.