

Agenda Date: April 8, 2021
Item Number: A1
Docket: UG-190711
Company: Northwest Natural Gas Company
Staff: Jade Jarvis, Regulatory Analyst

Recommendation

Issue an order in Docket UG-190711, granting Northwest Natural Gas Company's (NW Natural or company) petition filed on February 11, 2021, setting the next conservation-related filing due dates as follows:

- Final conservation potential assessment (CPA) no later than July 30, 2021.
- Final conservation plan with two-year target no later than November 1, 2021.

Direct the company to make the CPA and conservation plan filings in new, separate dockets, and to make all future IRP-related filings in Docket UG-210094.

Background

RCW 80.28.380 requires each gas company to identify and acquire all conservation measures that are available and cost-effective. Each company must establish an acquisition target every two years and must demonstrate that the target will result in the acquisition of all resources identified as available and cost-effective. The initial conservation target must take effect by 2022, and be based on a conservation potential assessment prepared by an independent third-party and approved by the commission.

On November 13, 2020, under Order 2 of this docket, the commission granted NW Natural's petition seeking temporary exemption from rule due to new regulatory circumstances unfolding in Oregon.¹ Order 2 set filing deadlines for NW Natural's upcoming IRP, including respective CPA and Conservation Plan due dates of June 1, 2021, and October 1, 2021.²

On February 11, 2021, NW Natural filed a petition requesting the commission amend Order 2 to extend the filing due dates for the CPA from June 1, 2021, to July 30, 2021, and for the conservation plan with two-year target from October 1, 2021, to November 1, 2021. NW Natural states that the primary reason for extension is the full workload of the consultant selected to perform NW Natural's CPA.

¹ The order granted an exemption subject to conditions from WAC 480-90-238(4), requiring natural gas utilities to file IRPs at least every two years. Gas company operations rules in WAC 480-90-008 allow the commission to grant an exemption to the rules in Chapter 480-90 WAC, if such an exemption is in the public interest.

² IRP filing deadlines: Draft IRP – no later than June 30, 2022, Final IRP – no later than July 29, 2022.

Discussion

NW Natural found, in negotiations with their ideal candidate, Applied Energy Group (AEG), that prior AEG commitments would not allow for a finished CPA by June 1, 2021.³ Rather than choose a different consultant, NW Natural decided to request a change in the CPA due date.

Commission staff (staff) believes that a brief delay for the CPA and conservation plan filing due dates is in the public interest. This delay will allow staff and NW Natural to work with a third party experienced in performing CPAs for Washington utilities, and one that uses modeling software familiar to staff, which will allow for a more efficient review process.⁴

Extending these deadlines will still provide staff with sufficient time to review the CPA and conservation plan while allowing the company to meet Washington statutory deadlines. As described in the filed petition, staff supports the company's proposed conservation-related filing due dates as follows:

- Final conservation potential assessment no later than July 30, 2021.
- Final conservation plan with two-year target no later than November 1, 2021.

NW Natural addressed these date extensions during an advisory group meeting with stakeholders. The Northwest Energy Coalition, the Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel), the Alliance of Western Energy Consumers, and commission staff were present, raising no objections. Staff verified there were no concerns by contacting each of these parties.

Conclusion

Staff reviewed NW Natural's petition and believes it is in the public interest. Staff recommends that the commission grant the petition and issue an order setting NW Natural's CPA and conservation plan filing due dates as outlined in the petition, and instruct the company to direct future IRP-related filings to docket UG-210094, and CPA and conservation plan filings to new, separate dockets.

³ WUTC v. NW Natural, Docket UG-190711, Order 02 ¶ 7 (November 13, 2020).

⁴ This refers to AEG's "LoadMAP planning and potential assessment tool"

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