

Agenda Date: July 14, 2022
Item Number: A1

Docket: UG-190711
Company: Northwest Natural Gas Company b/d/a NW Natural

Staff: Jade Jarvis, Regulatory Analyst

Recommendation

Issue an order in Docket UG-190711, granting Northwest Natural Gas Company d/b/a NW Natural's (NW Natural or Company) petition filed on June 30, 2022, extending the Company's 2022 IRP filing due dates as follows:

- Draft integrated resource plan (IRP) no later than July 29, 2022.
- Final IRP no later than September 23, 2022.

Background

WAC 480-90-238 requires each natural gas utility to develop an "integrated resource plan" (Plan or IRP), and to submit each plan within two years after the date on which the previous plan was filed with the Washington Utilities and Transportation Commission (Commission).

On November 13, 2020, in Order 2 of this docket, the Commission granted NW Natural's petition seeking temporary exemption from rule due to regulatory circumstances unfolding in Oregon.¹ Order 2 set new filing deadlines for NW Natural's Draft and Final IRP of June 30, 2022, and July 29, 2022, respectively.

On April 08, 2021, in Order 3 of this docket, the Commission granted NW Natural's petition to further extend the deadlines of two conservation filings that feed into the IRP, due to the full workload of the consultant selected to perform NW Natural's conservation potential assessment (CPA).²

On June 30, 2022, NW Natural filed a petition requesting the Commission amend Orders 2 and 3 to extend the Draft IRP deadline to July 29, 2022, and the Final IRP deadline to September 23, 2022, due to issues with the company's modeling software.

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 Order 3 set new CPA and conservation plan deadlines of July 30, 2021, and November 1, 2021, respectively.

Discussion

On June 27, 2022, NW Natural notified Commission Staff (Staff) of issues with its modeling software. These problems were preventing the Company from completing analysis necessary to submit a comprehensive draft by the June 30, 2022, deadline established in Order 2 of this docket. For its 2022 IRP, NW Natural is using the PLEXOS model for the first time from the company Energy Exemplar. NW Natural made the switch to PLEXOS due to a lack of technical support for their previous modeling software, SENDOUT. In addition to a lack of ongoing technical support, the Company conveyed to Staff that SENDOUT does not have the emissions modeling capabilities needed for long-term resource planning in Washington State.

While NW Natural has developed a new model in PLEXOS to conduct detailed and technically challenging emissions modeling, the Company asserts that there are serious performance issues that need to be addressed. For the risk analysis portion of the IRP, NW Natural uses a stochastic simulation to test the robustness of decisions under different key input assumptions, typically running approximately 500 simulations through an automated batching and queuing process. This process allows multiple simulations to be run simultaneously and produces results in roughly two days of run time. The Company indicated that the PLEXOS software is currently unable to perform these simulations through the automated batching and queuing process, instead requiring each simulation to be run sequentially. It is Staff's understanding that running the simulations in this manner would take approximately one month to complete, while also requiring a significant amount of manual data replacement.

For the reasons stated above, NW Natural was unable to complete a comprehensive draft by the June 30, 2022, and is citing WAC 480-07-870 which lists, "changed conditions since the Commission entered the order" as sufficient grounds for a petition for rehearing. The Company has escalated this problem to PLEXOS developers and is currently seeking a diagnosis and timeline.

Staff acknowledges that this is the first gas utility IRP of such complexity to be modeled in the PLEXOS software. While these issues were unanticipated, Staff is disappointed in the last-minute nature of the Company's communication with the advisory group and delayed communication regarding the issue. Staff was notified just three days ahead of the draft IRP deadline, leaving very little time to meet the Commission's open meeting process deadlines required to review and respond to the Company's petition for extension. The Company also left very little time for advisory group members and the public to react, notifying its IRP technical working group of the issue on June 30, 2022, the day the Draft IRP was due.

Despite the Company's unfortunate last-minute response, Staff believes that the delay for the IRP filing deadlines is in the public interest. Extending these deadlines will still provide Staff and the public with sufficient time to review a comprehensive draft integrated resource plan and provide meaningful feedback ahead of the finalization of the IRP. As described in the filed petition, Staff supports the Company's proposed IRP filing deadlines as follows:

- Draft integrated resource plan no later than July 29, 2022.
- Final integrated resource plan no later than September 23, 2022.

Staff reached out to Oregon Public Utility Commission (OPUC) staff regarding concerns with the proposed IRP deadline extensions. It is Staff's understanding that OPUC staff are amenable to the proposed delay.

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 Draft and Final IRP filing deadlines as outlined in the petition.