

Agenda Date: June 24, 2010  
Item Number: A2

**Docket:** UG-100934  
Company: Northwest Natural Gas Company

Staff: Ryan Dyer, Regulatory Analyst

### **Recommendation**

Take no action, thereby allowing Northwest Natural Gas Company's (NW Natural or company) proposed tariff revisions filed in Docket UG-100934 to become effective July 1, 2010, by operation of law.

### **Background**

On May 28, 2010, NW Natural filed tariff revisions to expand its Energy Efficiency Services and Programs - Schedule G, effective July 1, 2010. The purpose of the revisions to Schedule G is to include incentives for additional measures that have been found to be cost-effective and to implement an incentive for residential new construction.

### **Discussion**

The proposed revisions to the company's Energy Efficiency Services and Programs include the implementation of a Residential New Construction program, the addition of several measures to the Space and Water Heating programs, and clarifying language as to the terms and provisions of the Energy Efficiency Services and Programs Schedule.

In 2009 when NW Natural launched its Washington energy efficiency program the company did not include a new homes program because the prospective therm savings were hampered due to low housing starts resulting from the economic downturn. However, the company remained interested in implementing such a program once housing starts improved. The company stated in its Energy Efficiency Plan that it would consider starting a new homes program after two consecutive quarters of 200 or more building permits in Clark County. Housing starts in Clark County have exceeded this threshold over the last two quarters and the company proposed Residential New Construction program would offer builders an incentive of \$600 for building Energy Star certified homes and \$200 for installing tankless water heaters.

NW Natural is budgeting \$187,500 for the proposed Residential New Construction program. These additional program costs would be an addition to the current first year total program costs established in the company's Energy Efficiency Plan. Consequently, NW Natural anticipates adjusting their budgeted total program costs upwards to account for the addition of the Residential New Construction program. The company is projecting that the two measures contained within the program will result in a combined savings of 28,000 therms in the first twelve months.

This filing also adds the following new commercial measures and corresponding incentive levels that have been found to be cost effective:

1. Boiler Pipe Insulation - \$2 to \$6 per linear foot depending on pipe size.
2. Faucet Aerators - \$3 each for bathroom faucets and \$5 for kitchen faucets.
3. Ozone Laundry Systems - \$40 per pound of washing capacity up to a max of 35% of system cost.
4. Steam Traps - This measure is being revised to require that dry cleaners have their steam traps pre-verified as being at end-of-life prior to qualifying for the incentive.

Attached with the company's initial filing is a Blessing Memo and Cost-Effectiveness work papers prepared by the Energy Trust of Oregon which demonstrates that the proposed program's and measure's benefits exceed its costs. Furthermore, the proposed tariff revisions and attached work papers were appropriately vetted with NW Naturals Energy Efficiency Advisory Group (EEAG).

Language is also being added to allow the Energy Trust of Oregon to offer promotional offerings or bonus coupons as needed to move the market. This language is lifted from page three of the company's Energy Efficiency Plan.

### **Conclusion**

Staff recommends the Commission take no action thereby allowing NW Natural's proposed tariff revisions in Docket UG-100934 to become effective July 1, 2010, by operation of law.