

Agenda Date: June 26, 2025
Item Numbers: A2

Dockets: UG-250455, UG-250456, and UG-250458
Companies: Puget Sound Energy
Cascade Natural Gas Corporation
Northwest Natural Gas Company d/b/a NW Natural

Staff: Brett Shearer, Deputy Director of Energy Transformation

Recommendation

Authorize the Secretary to issue an Acknowledgement Letter stating that the Commission recognizes that Puget Sound Energy, Cascade Natural Gas Corporation, and Northwest Natural Gas Company d/b/a NW Natural in Dockets UG-250455, UG-250456, and UG-250458, respectively, have met the notification requirements under RCW 80.28.460(2)(a).

Background

In 2024, Washington state passed House Bill 2131, which was codified as RCW 80.28.450-470. That legislation encourages natural gas utilities to pursue thermal energy network pilot projects within the companies' service territories.

RCW 80.28.460(2)(a) states that regulated gas companies may notify the Commission in writing of their intent to pursue thermal energy pilot projects at specific locations prior to June 6, 2025. If a regulated gas company timely completes a notification filing to the Commission, the statute grants that gas company priority to pursue thermal energy projects at the designated location.

In addition to the initial notification filing, the thermal energy statutes in RCW 80.28.450-470 contemplate future, more detailed filings from the gas companies related to the proposed pilot projects. The Commission will conduct a more substantive review and cost validations at the time of those future, more detailed filings. The State Legislature has also recently passed House Bill 1514, which designates certain thermal energy systems and operators as regulated utilities; however, today's matter does not directly involve House Bill 1514 or its provisions.

Today's open meeting discussion is only about the notification filings contemplated in RCW 80.28.460(2)(a).

Discussion

On June 5, 2025, Puget Sound Energy, Cascade Natural Gas Corporation, and Northwest Natural Gas Company d/b/a NW Natural (Company, collectively Companies) each filed written notification to the Washington Utilities and Transportation Commission (Commission) of intent to pursue thermal energy pilot projects at specific locations within their territories.

Puget Sound Energy identified project locations at the King County Maleng Regional Justice Center in Kent, Washington, and at Seattle University in Seattle, Washington. Cascade Natural Gas Corporation identified a project location at the Bellingham Technical College campus in Bellingham, Washington, and Northwest Natural Gas Company d/b/a NW Natural identified a project associated with new construction at a location in downtown Vancouver, Washington.

Commission Staff (Staff) confirmed with the Companies that the specific locations are all within the relevant Company's service territory, and there are no other competing or proposed thermal energy projects at those locations. Staff reviewed the Company-provided general narratives of the pilot projects, and all three Companies confirmed to Staff that the above-named dockets are solely notification filings in compliance with RCW 80.28.460(2)(a). Each of those utilities plan to submit a more detailed filing at a future date where Staff and the Commission will conduct a more substantive review of the proposed pilot projects per the remaining sections of RCWs 80.28.450-470.

While noting that today's discussion is only focused on the notification filing compliance, it may be important to expressly highlight what these filings are not. Dockets UG-250455, UG-250456, and UG-250458, and the associated acknowledgement letters from this Commission are:

- Not a review of the proposed pilot project
- Not a validation of costs or an acceptance of any stated costs
- Not a determination of the difference between a lowest cost resource and a thermal energy project
- Not an agreement with any Company's proposed process or understanding of the process required in the thermal energy legislation in RCWs 80.28.450-470
- Not any type of approval or prudence finding
- Not a determination that the thermal energy pilots should be included in natural gas rates
- In general, not approval, review, or acceptance of anything claimed in the notification filings themselves

This is solely a recognition that the regulated companies listed in the above dockets have timely notified the Commission of their intent to pursue thermal energy pilot projects at specific locations within their natural gas utility service territories as contemplated in RCW 80.28.460(2)(a).

Comments

Staff have not received comments or inquiries from stakeholders.

Conclusion

Authorize the Secretary to issue acknowledgement letters associated with Dockets UG-250455, UG-250456, and UG-250458.