

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

Commission Investigation Into  
Natural Gas Conservation Programs

DOCKET NO. UG-121207

**COMMENTS OF PUBLIC COUNSEL**

**August 30, 2012**

1. Pursuant to the Commission's July 31, 2012 Notice of Opportunity to Comment (Notice), the Public Counsel Section of the Washington State Attorney General's Office (Public Counsel) respectfully submits these comments regarding natural gas conservation programs. The Notice invited comments on two questions, and also sought statements of proposed issues addressing what the Commission should consider concerning the planning and implementation of natural gas conservation programs.

**1) What are the appropriate assumptions or factors to include in natural gas avoided cost calculations?**

2. In Public Counsel's view, it would be helpful if each of the four natural gas companies would provide specific information about the factors, elements, and assumptions included in its avoided cost and cost-effectiveness calculations. The companies could also then review their respective calculations and identify any differences in their methodology. Such an inquiry was

conducted in terms of electric cost-effectiveness calculation, as part of the Conservation Working Group in Docket UE-110001. This would be a useful starting point in this docket, and would allow stakeholders and the Commission to evaluate and compare these methodologies and inputs, so as to better understand the end results. If the gas companies do not provide specific information about the factors, elements, and assumptions included in their avoided cost and cost-effectiveness calculations in this initial round of comments, Public Counsel suggests that the Commission request this information from each gas company, and provide opportunity for stakeholders to review this information prior to submitting additional written comments.

**2) Should companies use a combination of cost tests in evaluating the cost-effectiveness of natural gas conservation programs?**

3. The Commission, the utility industry, and the region, have historically looked primarily to the Total Resource Cost (TRC) test, in evaluating the cost-effectiveness of conservation programs. We recognize that in light of current market prices for natural gas, as well as long term forecasts, it may not be possible for gas utilities to meet natural gas system demand with conservation as part of the least-cost mix of resources required in WAC 480-90-238.<sup>1</sup> While these recent events understandably lead the Commission and stakeholders to examine natural gas conservation programs more closely, there should not be a presumption that changes to the Commission's standard practice are warranted. We look forward to participating in this rulemaking, and reviewing comments of other parties. At this time we are not aware of any justification for modifying the Total Resource Cost test as it is currently understood and applied.

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<sup>1</sup> Avista has recently petitioned to suspend their natural gas DSM programs. Docket UG-121119, filing of June 29, 2012.

3) **Statements of Proposed Issues addressing what the Commission should consider concerning the planning and implementation of natural gas conservation programs.**

4. The Notice also asked parties to identify any proposed issues the Commission should consider concerning the planning and implementation of natural gas conservation programs. Public Counsel proposes one potential issue for consideration as part of this proceeding, as described below.

5. *Effect of Conservation on Natural Gas System Operations.* The integrated resource planning rule requires that analysis of the least cost mix of resources shall consider the “resource effect on system operations.”<sup>2</sup> As part of this rulemaking, it would be helpful to gain a better understanding of the system benefits derived from natural gas conservation. There are some notable differences between electric and natural gas system operations, particularly since natural gas commodity costs are flowed directly to customers. It would be beneficial to have a greater understanding of the system benefits that accrue as a result of natural gas conservation programs, such as potential reduced distribution and capacity costs, and any other benefits.

6. Public Counsel is interested in this proceeding because of the effect a suspension, continuation, or revision to natural gas conservation programs could have on ratepayers – not only those who participate in company programs, but also non-participants.<sup>3</sup> We look forward to participating in this rulemaking.

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<sup>2</sup> WAC 480-90-238 (2)(b).

<sup>3</sup> In general, there are fewer end-uses for natural gas, particularly for residential customers, and therefore there are fewer efficiency measures, as compared with electric conservation measures. Moreover, gas measures typically require a larger capital investment, making program participation more challenging for many customers.