

## **SECTION 12**

### **TWO-YEAR ACTION PLAN**

## 2016 Action Plan

Cascade's 2016 Action Plan continues to focus on the following five areas:

- Demand Forecasting
- Distribution System Analysis
- Demand Side Resources
- Supply Side Resources
- Integration

The 2 year action plan embodies Cascade's commitment to maximizing the efficiency from its Integrated Resource Plan and to achieving the lowest cost resource portfolio of reliable natural gas services and conservation.

### **DEMAND SIDE RESOURCES (CONSERVATION)**

Based on the above noted potential and goals for the Conservation Incentive Programs the Company will be centering on a few areas as part of a two- year action plan leading into the long term programmatic goals.

- Increase Incentives to a level that maintains the cost effectiveness of the programs but increases program uptake commensurate with customers receiving additional funds for their efforts (going beyond 30% levels where appropriate)
  - This will be accomplished by having run the TEA-Pot modeling tool with varying levels of 30% and 50% incentives dependent on individual measures
  - Propose updates by the end of Q1 2017
  - Updates will be discussed with the CAG.
- Explore the full breath of measures included in the Nexant model for inclusion into the Company's portfolio of measures
  - Currently the full breadth of cost-effective commercial and industrial measures noted in the study are included under the "Custom" custom option for the Cascade CIP. The company will review the equipment and non-equipment measures on a regular basis for potential inclusion into the portfolio, keeping in mind cost-effectiveness (based on current avoided costs), and administrative cost parameters, on-the ground realities, and changes in technology and the potential for market transformation in our territory.
- Increase engagement in the Northwest Energy Efficiency Alliance (NEEA) Natural Gas Market Transformation Collaborative over the next 2 years with a focus on Cascade's territory and viable increases in availability of the pilot efforts (including the high-efficiency commercial rooftop unit).
  - In 2017 engage fully with the Gas Technology Institute Emerging Technologies group through the NEEA membership to explore new technology opportunities

- The Company will also leverage our Collaborative membership in Q3 2017 and into 2018 by exploring the study possibilities related to the residential and commercial building stock assessments created by NEEA. These studies can provide a snapshot of specific stock and can tell about gas service percentages in portions of our territory where they overlap with electric providers who engage with NEEA although there is no gas metering data. NEEA has offered to provide some recommendations and assistance with exploring what else from the data can be extrapolated specific to Cascade as a gas utility. Note – the Company had a service territory specific potential study performed by Nexant Inc. in 2013/2014 which incorporated similar data to the NEEA information. There is opportunity for the Company to explore updating the individualized potential study in the latter half of 2018 if deemed necessary.<sup>1</sup>
- Work with Nexant Inc. throughout Q1 and into Q2 2017 to fine tune reporting availability for EM&V related tracking through iDSM platform.

While addressing the items above the Company will consistently monitor the state of natural gas conservation technologies within its service territory and make adjustments commensurate with evolving ENERGY STAR<sup>®</sup> standards and code requirements. In line with these efforts the Company in October 2016 updated its offerings to remove an upgrade to a 95% furnace for the whole home ENERGY STAR incentive to align with altered ENERGY STAR standards and added the Demand Control Ventilation measure to its commercial offerings as noted in the 2016 Conservation Plan.

The Company is also monitoring the residential natural gas furnace code standards as well as water heater criteria and will alter the program offerings as standards and building codes change in the next few years.

### **SUPPLY SIDE RESOURCES**

The Company will continue to monitor the potential reporting, administrative and potential financial impacts of long term resources as a result of concerns surrounding fracking.

Cascade will continue to evaluate gas supply resources on an ongoing basis, including supplies of varying lengths (base, swing, peaking) and pricing alternatives. We will continue to analyze the uncertainties associated with supply and demand relationships.

The Company will continue to monitor proposed pipeline expansion projects in the Pacific Northwest region. As cost estimates change, the Company will analyze those resources under consideration to determine if modifications to the preferred portfolio are necessary.

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<sup>1</sup> See the Cascade Natural Gas Corporation Assessment of Achievable Potential & Program Evaluation Volume 1-3 dated February 25, 2014.

Cascade will continue to refine our specific peak day resource acquisition action plans to address anticipated capacity shortfalls. Possible solutions may be Satellite LNG, incremental storage, peak shaving facilities or pipeline looping to meet the growing requirements of the firm core load. Specifically, the Company will further analyze issues such as determination of project location issues and risks, project cost estimates, and construction/acquisition lead times.

The Company will continue to monitor proposed LNG import facilities as information becomes available and will evaluate the various options that, if built, could result. Issues to monitor include specific cost, the availability of pipeline capacity, project timing and the source of supply.

### **DISTRIBUTION SYSTEM**

The Company will continue to explore options to incorporate biogas into its portfolio, as specific projects are identified in our service territory. Price, location and gas quality considerations of the biogas supply will be evaluated.

### **INTEGRATION**

The Company will continue to monitor the futures market for price trends and will evaluate the effectiveness of its risk management policy. Cascade will continue to participate in the WUTC's hedging docket UG-132019 and OPUC's hedging docket UM-1720.

The Company will participate in activities associated with WUTC docket UE-161024 (IRP Rulemaking). While electric utility IRPs will be the primary focus of this inquiry, the Commission anticipates that there will be broad topics related to the IRP process that may affect natural gas utilities such as Cascade.

Table 12-1 highlights specific activities of the 2016 Action Plan that were discussed at the Company's TAG 5 meeting.

*Cascade Natural Gas Corporation  
DRAFT 2016 Integrated Resource Plan (UG-160453)*

**Table 12-1 Highlights of Draft 2016 Action Plan**

<b>Functional Area</b>	<b>Anticipated Action</b>	<b>Timing</b>
Demand Forecast	Expanding forecasting to non-linear regressions using SAS	Beginning 2016 for 2018 IRP
Demand Forecast	Consider the new weather normalization model in the forecast	Begin in 2016 for 2018 IRP
Demand Forecast	Cascade will work on gathering growth information from other locations to compare with Woods & Poole. Also include analysis of State Economist Report	Begin in 2017 for inclusion in 2018 IRP
DSM	Investigate incorporating distribution system costs into the avoided cost calculation	Begin in 2017 for inclusion in 2018 IRP
DSM	As specific carbon legislation is passed, the Company will update its avoided cost calculations, conservation potential and make modifications to its DSM incentive programs as necessary.	Consider in 2017 for possible modification in the 2018 IRP
Environmental, DSM, Demand Forecast	The Washington State Dept. of Ecology issued a new carbon rule. Will need to consider IRP implications	Begin in 2017 for inclusion in 2018 IRP
Supply Resources	Negotiate with TransCanada for the needed incremental GTN capacity for November 2017	Complete by June 2017, with a November 2018 in-service date
Supply Resources	Work with NWP to define what delivery rights can be modified to meet potential shortfalls	Complete assessment by July 2017
Supply Resources	Work with NWP and potentially other regional LDCs to determine if a combination of I-5, Wenatchee, etc. expansion or segmentation can address shortfalls and regional infrastructure concerns.	Complete assessment by July 2017
Distribution System Planning, Resource Planning, Gas Supply	Incorporate the citygate study into the IRP.	Begin in 2016, complete in early 2017 for inclusion in IRP
Distribution System Planning, Gas Supply, Operations, Others	Use the results of the Study to confirm aligning of alternative resources, specifically satellite LNG	Confirm that satellite LNG is proper solution by July 2017;
Distribution System Planning, Gas Supply, Operations, Others	Upon confirmation of need to for satellite LNG, proceed with implementation of facility	Begins no later than July 2017, for potential in service date of November 2018