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Send the completed Cover Sheet and the Report in an email addressed to [PUC.FilingCenter@puc.oregon.gov](mailto:PUC.FilingCenter@puc.oregon.gov)

Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.



250 SW Taylor Street  
Portland, OR 97204

503-226-4211  
nwnatural.com

March 19, 2024

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
Attention: Filing Center  
201 High Street SE, Suite 100  
Post Office Box 1088  
Salem, Oregon 97308-1088

**Re: RG 2 – NW Natural’s 2023 Smart Energy™ Annual Report**

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith its 2023 Smart Energy™ Annual Report in compliance with the terms established in Schedule 400, “Smart Energy™ Program.”

In addition, below is the link to the Smart Energy™ Customer Report landing page on NW Natural’s website. The 2023 Annual Report is currently uploaded to the website.

<https://nwnatural.com/smartreport>

Please address any correspondence on this matter to me with copies to the following:

eFiling  
Rates & Regulatory Affairs  
NW Natural  
250 SW Taylor Street  
Portland, Oregon 97204  
Telephone: (503) 610-7330  
eFiling@nwnatural.com

Sincerely,

**NW Natural**

*/s/ Amy Schulties*

Amy Schulties  
Regulatory Consultant  
(503) 610-7546

Enclosure

## INTRODUCTION

NW Natural's Smart Energy® program offers customers an opportunity to address the CO<sub>2</sub> emissions from their natural gas usage by purchasing a mix of carbon offsets and Renewable Thermal Certificates.

According to the terms and conditions of Oregon Schedule 400 and Washington Schedule U, NW Natural herein provides the Public Utility Commission of Oregon (OPUC) and the Washington Utilities and Transportation Commission (WUTC) with an annual report detailing the program's participation, funds collected, program costs, and supply expenditures for the calendar year 2023.

## TOTAL ACTIVE ENROLLMENTS

Table 1 and Table 2 demonstrate active enrollments as of December 31, 2023, and enrollment change since December 31, 2022.

**Table 1A - Active Enrollment**

System Total	# of Customers	% of Customers	Enrollments	Enrollment % change from prior year
Residential	728,915	12.60%	91,816	9.91%
Commercial	70,334	1.12%	791	23.59%
	799,249	11.59%	92,607	10.01%

**Table 1b – Active Enrollment by State**

Oregon Carbon Offsets	# of Customers	% of Customers	Enrollments	Enrollment % change from prior year
Residential	639,060	13.64%	87,194	9.72%
Commercial	63,054	1.17%	735	21.69%
	702,114	12.52%	87,929	9.81%
Oregon Carbon offsets & RNG	# of Customers	% of Customers	Enrollments	Enrollment % change from prior year
Residential	639,060	0.00%	1	-
Commercial	63,054	0.00%	-	-
	702,114	0.00%	1	-
Washington Carbon offsets	# of Customers	% of Customers	Enrollments	Enrollment % change from prior year
Residential	89,855	3.53%	3,174	-6.56%
Commercial	7,280	0.36%	26	-23.53%
	97,135	3.29%	3,200	-6.73%
Washington Carbon offsets & RNG	# of Customers	% of Customers	Enrollments	Enrollment % change from prior year
Residential	89,855	1.61%	1,447	115.33%
Commercial	7,280	0.41%	30	1400.00%
	97,135	1.52%	1,477	119.14%

## ANALYSIS OF PARTICIPANT FUNDS COLLECTED AND PROGRAM SPENDING

Net collections for carbon offsets are transferred to The Climate Trust on a two-month lag. Net collections for RNG are accrued in the month billed. Table 3 presents collections for the year ended December 31, 2023, net of an uncollectible allowance and amounts designated for marketing and administration during the year. Table 4 provides the amount spent communicating to customers about the program and administering the program.

<b>TABLE 1 – FUNDS COLLECTED AND TRANSFERS DUE</b>	
Collections, net of uncollectible allowance	\$5,396,439.76
Less marketing and administration	\$1,611,600.92
Total due to The Climate Trust for offset purchases	\$3,754,867.36
Total accrued for purchase of RNG	\$29,971.50

<b>TABLE 2 – PROGRAM EXPENSES</b>	
Marketing & Administration	\$1,650,723.47
<b>Total Marketing &amp; Administration</b>	<b>\$1,650,723.47</b>

The timing of transfers, to The Climate Trust, with the two-month lag is detailed in Table 5.

<b>TABLE 3 – TIMING OF TRANSFERS</b>		
	<b>Year Transferred</b>	
<b>Month Billed</b>	<b>2023</b>	<b>2024</b>
Nov & Dec 2022	\$804,834.13	
Jan – Oct 2023	\$2,996,801.72	
Nov & Dec 2023		\$758,065.63
<b>Total</b>	<b>\$3,801,635.85</b>	<b>\$758,065.63</b>

## REPORT ON PROGRAM SUPPLY

The total CO<sub>2</sub> to be addressed for the reporting period is approximately 271,611.77 metric tons.

<b>TABLE 4 – CUSTOMER FUNDED DEMAND TO BE ADDRESSED</b>			
<b>Reporting Period</b>	<b>Carbon Offsets</b>	<b>RNG</b>	<b>Total</b>
Demand funds	\$3,754,867.36	\$29,971.50	\$3,784,838.86
Therms Funded	51,154,827.86	24,979.14	51,179,807.00
Metric Tons CO <sub>2</sub> e	271,479.21	132.56	271,611.77

## Funding Obligation Commitment

As of December 31, 2023, Smart Energy has obligated<sup>1</sup> program funds for 2,129,279 metric tons of carbon offsets, exceeding the requirement through 2023. The status of obligating carbon offset funds is detailed in Table 7 and RNG funds in Table 8.

<b>TABLE 5 – CARBON OFFSET COMMITMENT STATUS</b>					
	<b>Demand Therms</b>	<b>Demand Metric Tons</b>	<b>Metric Tons Obligated</b>	<b>Obligation Deadline<sup>2</sup></b>	<b>Status (% met)</b>
2007	248,493.90	1,318.76	1,318.76	1/1/2010	100%
2008	2,625,722.20	13,934.74	13,934.74	1/1/2010	100%
2009	4,789,497.52	25,417.91	25,417.91	1/1/2011	100%
2010	6,328,144.67	33,583.53	33,583.53	1/1/2012	100%
2011	8,238,532.23	43,721.98	43,721.98	1/1/2013	100%
2012	9,399,906.83	49,885.40	49,885.40	1/1/2014	100%
2013	11,962,234.69	63,483.71	63,483.71	1/1/2015	100%
2014	13,807,401.77	73,276.03	73,276.03	1/1/2016	100%
2015	14,649,348.85	77,744.25	77,744.25	1/1/2017	100%
2016	17,291,020.12	91,763.63	91,763.63	1/1/2018	100%
2017	22,434,644.96	119,060.90	119,060.90	1/1/2019	100%
2018	24,157,984.46	128,206.68	128,206.68	1/1/2020	100%
2019	30,170,802.31	160,116.77	160,116.77	1/1/2021	100%

<sup>1</sup> This amount includes total obligations by The Climate Trust and 275,000 metric tons of carbon offsets NW Natural purchased from the Great Bear forestry project and retired in 2022 on the BC Registry in British Columbia, Canada.

<sup>2</sup> Schedule 400 in Oregon and Schedule U in Washington, NW Natural must obligate funds for offsets within 24 months of issuing a bill.

2020	32,790,371.26	174,018.85	174,018.85	1/1/2022	100%
2021	37,243,823.77	197,653.37	197,653.37	1/1/2023	100%
2022	46,366,837.79	246,069.30	246,069.30	1/1/2024	100%
2023	51,154,827.86	271,479.21	271,479.21	1/1/2025	100%
	333,659,595.19	1,770,735.02	1,770,735.02		

<b>TABLE 6 – RNG COMMITMENT STATUS</b>					
	<b>Demand Therms</b>	<b>Demand Dekatherms</b>	<b>Demand Metric Tons</b>	<b>RTCs<sup>3</sup> Retired</b>	<b>Status (% met)</b>
2022	4,017.75	401.78	21.32	402	100%
2023	24,979.14	2,497.91	132.56	2,498 <sup>4</sup>	100%
Total	28,996.89	2,899.69	153.88	2,900	

### Carbon offset projects

The Smart Energy program obligated funds or retired carbon offsets in 2023 from the projects listed in Table 9.

<b>TABLE 7 – CARBON OFFSET PROJECTS</b>	
Everett Composting	Farm Power Tillamook
Farm Power Misty Meadow	Roseburg Landfill
Farm Power Rexville	Shaan Seet

### Renewable natural gas projects

The Smart Energy program retired 2,498 Renewable Thermal Certificates in February 2024 from BP Products North America for RNG generated by a biodigester in Utah operated by Wasatch Resource Recovery.

<sup>3</sup> Renewable Thermal Certificates – each represents one dekatherm of Renewable Natural Gas

<sup>4</sup> Retired February 19, 2024