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## Comments in UM 1622 Regarding the Development of a Hedge Value of Natural Gas Demand Side Management

April 15, 2015

Cascade Natural Gas appreciates the opportunity to comment in Docket No. UM 1622 regarding efforts to develop a hedge value for natural gas for demand side management (DSM). Cascade has participated in workshops and proceedings and has offered comments in UM 1622.

In Order 14-332, the Commission instructed Staff to report back to the Commission within six-months on the development of a hedge value for natural gas. Staff has held various discussions and workshops with parties on this issue. Our understanding is that the Commission is seeking agreement on a hedge value framework or metrics that can then be utilized as the quantification of non-energy benefits from natural gas DSM. These metrics can then be used to augment DSM benefits related to cost effectiveness guidelines outlined in Commission Order No. 94-590 in Docket UM 551.

Our review of the issue, including the NW Natural proxy hedge value proposal of February 17, 2015 which was prepared at Staff's request, leads us to the conclusion that it will prove to be too difficult to develop an agreed upon methodology and set of analytics on a hedge value of DSM. In fact, we contend that the difficulty of developing such a methodology and analytics may be an underlying reason why parties are wrestling with developing thoughtful comments on this matter.

Cascade's recommendation at this point would be for the Commission to work backward and determine the result it would like to achieve and instruct staff to develop a deemed value, not unlike the Region's 10 percent conservation adder, as a DSM hedge value proxy that generally achieves the desired result of encouraging the continuation of clean, natural gas demand side management investments that will lead to future reductions in the need for future natural gas utility purchases.

Sincerely,

Jim Abrahamson  
Manager, Conservation Policy  
Cascade Natural Gas Corporation

CC: UM 1622 Service List

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**CERTIFICATE OF SERVICE**

I certify that, on this 15th day of April, 2015, I served the foregoing Petition to Intervene upon all parties listed in the UM 1622 listed on PUC Service List below by emailing an electronic copy to the following parties:

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DATED at Kennewick, Washington, this 15<sup>th</sup> day of April 2015.

/s/ Maryalice Rosales  
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