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## **Comments in UM 1622 regarding ETO's Report to Commission Staff regarding ETO's Request for Approval of Exceptions to Cost-Effectiveness Guidelines**

**September 15, 2014**

Cascade Natural Gas Corporation (Cascade) submits these comments regarding Commission Staff's August 13, 2014 draft Public Meeting Memo (PPM) in UM 1622. Staff's PPM was developed in response to Energy Trust of Oregon's (ETO) report to Commission Staff titled "Cost-Effectiveness Review for Specific Gas Measures and Programs" (Report) dated July 1, 2014. Additionally, further discussions among parties in this docket took place on July 29, 2014 following parties' initial comments to the Report and again at a Staff workshop on August 27, 2014.

The Report was produced in response to the Oregon Public Utility Commission (OPUC) Order 13-256 in UM 1622 in order to determine and closely analyze the benefit/cost ratios (BCR) of ETO's natural gas energy efficiency programs and to recommend whether individual measures should be continued or discontinued on the basis of criteria established in Order 94-590 in UM 551 on the basis of their BCR.

Parties have done a good job in this docket of attempting to fit individual natural gas energy efficiency measure metrics into the confines of the Total Resource Cost test and the associated identification of acceptable exceptions allowed by criteria set forth in UM 551, and Order 94-590, where a measure's TRC ratio is significantly below 1.0. Unfortunately, as we have discovered, the current and expected future state of historically low natural gas prices has made this an exercise of trying to force square pegs into round holes. The end result has been the recommendation of the elimination of incentives for a number of traditional residential natural gas energy efficiency measures that have made up the region's traditional bulwark of what whole-home weatherization entails. Measure incentives that Staff recommends eliminating by not granting exceptions under UM 551 include wall, floor and duct insulation and air sealing in both single family and multi-family dwellings.

In our initial comments filed on July 24, 2014, we stated the elimination of measures such as air sealing, for example, sends mixed messages to the public. These traditional home weatherization measures have provided the core of customer-level energy efficiency improvements for decades. Adding to the mixed messages is the continuation of providing incentives for these core measures for electrically-heated homes which have not experienced a significant decline in price over the past few years. Consequently, public confusion has already begun to emerge in the press and in public discourse. The genesis of this confusion appears to be in the counter-intuitive

results that emerge from relying solely upon the Total Resource Test as the determinant of which individual measures should be incentivized by utility ratepayers.

Two logical, yet possibly erroneous, conclusions follow from the loss of these incentives. The first is the notion natural gas may not be worth conserving in most residential applications. The second is that the estimated future therm savings from the affected measures should be removed from a gas utility's integrated resource plan since those savings are not cost-effective.

Focusing directly upon Staff's PPM, notwithstanding the comments filed by NWEC and CUB regarding the "core residential program", Cascade would support the Commission's adoptions of the Energy Trust's recommendations as included in their Report filed July 1, 2014. While still placing square pegs into the round holes of the TRC, ETO's recommendations find a pathway to continue proving incentives to customers to conserve natural gas.

#### **Cascade Requests Consideration of a New Docket**

Cascade requests the Commission consider opening a subsequent docket to explore issues that have emerged in UM 1622 including, but not limited to:

- Determining utility measure incentives solely on the basis of the future cost savings to the utility and its customers from conserving natural gas;
- Investigating alternatives to the ETO "high touch" approach in delivering residential energy efficiency measures in the more rural areas of Oregon to see if additional program delivery cost savings might be possible; and
- Exploring the possibility of beginning to move beyond the Total Resource Cost paradigm to alternate cost-effectiveness tests that are more reflective of the current, and expected future, natural gas price environment.

#### **Cascade's Support for Staff's Statement Regarding Low-Income Programs**

Cascade appreciates and supports Staff's position that the Commission make that low-income energy efficiency programs not be held to the same UM 551 cost effectiveness standards as non-low income programs.

Finally, Cascade appreciates the opportunity to provide comments in this matter and for the support the Commission and parties have shown for the continuation of natural gas energy efficiency programs in Oregon.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Abrahamson", with a long horizontal flourish extending to the right.

Jim Abrahamson  
Manager, Conservation Policy  
Cascade Natural Gas Corporation

CC: UM 1622 Service List

**CERTIFICATE OF SERVICE**

I certify that, on this 15th day of September, 2014, 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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