



In the Community to Serve®

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July 16, 2015

Oregon Public Utility Commission
Attn: Filing Center
550 Capitol Street NE #215
Salem, OR 97308-2148

RE: UM 1565 – Investigation into Fuel Switching
Cascade’s Comments on Heat Pump Survey

Cascade Natural Gas Corporation (Cascade or Company) hereby submits comments on the heat pump survey (Report) prepared in accordance with Commission Order No. 13-104 issued in UM 1565, the Commission’s Investigation into Fuel Switching.

Cascade Natural Gas appreciates the work that went into collecting the survey data on heat pump conversions. We acknowledge that heat pumps are a great technology and customers choose to install heat pumps for many reasons. The Report concludes that Energy Trust of Oregon (Energy Trust) incentives are not a significant factor in influencing customer decisions. If, in fact, incentives do not play an important role in influencing customer’s decisions, do we need to reconsider Energy Trust’s broad portfolio of offerings? Should energy efficiency be delivered in a different way? If ratepayers are paying for a resource that would materialize without the investment, is their money being well spent?

Possibly the funds customers pay for Energy Trust incentives are providing an overall benefit and the survey scope was insufficient to tease that out. Maybe Energy Trust delivered incentives do influence behavior but the survey failed to look at the upstream incentives offered to trade allies and dealers—those promoting heating systems and who, according to the survey, provide the most persuasive information. Energy Trust provides both cash incentives to dealers¹ and promotional materials and cooperating marketing funds for the sale of heat pumps.² This additional investment in transforming the heating market was not considered in the heat pump survey.

¹ Email from Thad Roth, Energy Trust of Oregon Residential Sector Lead, to Jim Abrahamson, Cascade Natural Gas; July 9, 2015.

² See <http://energytrust.org/trade-ally/join/benefits/>

Cascade tends to believe the State of Oregon was not wrong in its pursuit of energy efficiency through incentive programs. In spite of the survey, the Company still believes Energy Trust programs do provide value and incentives do influence behavior. Energy Trust boasts saving 5.7 million annual therms of gas in 2014 alone. Incentive based energy efficiency programs seem to have a good track record.

This brings us back to the issue that opened the docket: for purposes of parity in the energy efficiency market, an incentive should be offered for high efficiency gas furnaces. Cascade continues to believe this is true and that it is consistent with condition 13(c) in Commission Order No. 94-590 (UM 551) which allows the offering of non-cost effective rebates for consistency with other DSM programs in the region. We understand while high efficiency gas furnaces are cost effective, Energy Trust contends that the gas furnace market is transformed. However, we know homeowners with gas service are daily deciding what heating system to install. If Energy Trust incentives are an important consideration in making these decisions then they should be balanced between electricity and natural gas. If Energy Trust incentives are not an important consideration, as this survey indicates, then incentives should be curtailed for both fuels out of concern of free ridership.

In conclusion, the question boils down to the actual value of Energy Trust incentives at the point of consumer decision making. If we take from the survey results that the heat pump incentive is of little worth, then we may need to ask about the value of providing this incentive as well as related questions of free-ridership. We may also need to consider broader questions of the efficacy of Energy Trust incentives in general. If we believe Energy Trust incentives do actually influence customer decision making, especially concerning major household energy decision, then Cascade continues to believe that we need parity in offerings between the gas and electric programs offered by Energy Trust on our behalf.

If there are any questions regarding this filing, please contact me at (509) 734-4593.

Sincerely,



Michael Parvinen
Director, Regulatory Affairs

CC: UM 1565 Service List

CERTIFICATE OF SERVICE

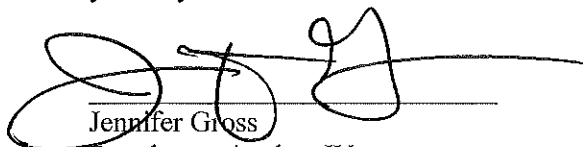
I certify I have this day served Comments from **Cascade Natural Gas Corporation on the Heat Pump Survey** by electronic mail to parties to OPUC Docket No. UM 1565, Investigation into Fuel Switching.

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UM 1564 – CNG Certificate of Service

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DATED at Kennewick, Washington, this 16th day of July 2015.



Jennifer Gross
Regulatory Analyst IV
Cascade Natural Gas Corporation