

July 16, 2020

VIA ELECTRONIC FILING

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

RE: UM 1893 - Investigation Into the Methodology and Process for Developing Avoided Costs Used in Energy Efficiency Cost-Effectiveness Tests.

Northwest Natural Gas Company, dba NW Natural (Company), files herewith its reply to Staff's request for comments dated June 25, 2020 in an email from Staff Analyst, Anna Kim. Staff asked whether there were any topics to discuss that may have an influence on the spreadsheets used to provide energy efficiency avoided costs data to the Energy Trust. NW Natural provides the following comments:

1. **General Scoping Comments:** NW Natural appreciates the opportunity to provide comments as a means to help streamline avoided costs from the three separate gas utilities to be provided for Energy Trust. The comments below mainly address simplifying the workbooks to trim unnecessary information for calculating avoided costs. We believe that this will help avoid confusion for all stakeholders. We would also recommend that these comments on the workbooks and comments for any part of the UM 1893 be filed in the docket's public record.
2. **General Comments for the workbooks:**
 - a. Cell headers read "Real \$ / Dth" even if nominal is selected above. NW Natural intends on filing all values in real dollars, but this may be confusing if other utilities file nominal dollars. NW Natural would not be opposed to getting rid of the Nominal vs Real drop down selection.
 - b. NW Natural recommends changing the nomenclature of "End-Use Load Profiles" to "End-Use Savings Profiles". There is a subtle distinction between load and savings profiles. Currently, most of the equipment in the field using gas on the coldest days is fixed efficiency, so for natural gas assuming that reducing load is equivalent to savings is a reasonable assumption, but this could change in the future if technologies with variable efficiencies gain penetration into the market.
3. **Global Inputs – IRP**
 - a. "System Peak Coincident Day Factor-Peak Day/Annual Load Ratio"
 - i. **Comments:** While peak to annual load ratios are critical to calculating measure specific capacity avoided costs, a ratio for the system as a whole, in our view, should not be used in any calculation of avoided costs. Capacity costs avoided are specific to how much savings a measure would provide on peak, which is drastically different depending on the specific measure (e.g. space heating measures contribute the most peak savings and avoid more capacity costs than other measures). For this reason, we think there is a high probability that including a system peak to annual ratio will confuse those viewing the worksheet, or worse yet, that some would use this value to inappropriately calculate avoided costs. The peak ratios that *are* needed to calculate avoided costs are included in the end use profile tab, and we recommend that this is the only place these ratios appear in the work file.
 - b. "System Peak Coincident Day Factor-Peak Hour/Annual Load Ratio"
 - i. **Comments:** Similar as the comment above that this factor is not a single number and would change overtime and we don't think it is necessary for avoided costs.

c. "Inflation Rate"

- i. **Comments:** We can provide our inflation assumption if Energy Trust uses it, but it may not be necessary if everything is in real dollars. Energy Trust might be using a blend of inflation assumptions from the utilities. If this is the case, we recommend including it in the instructions (e.g., "Energy Trust will use a utility blended inflation rate to inflate to the proper year").

NW Natural appreciates the opportunity to provide comments in this docket.

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

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Sincerely,

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