

**BEFORE THE PUBLIC UTILITY COMMISSION**

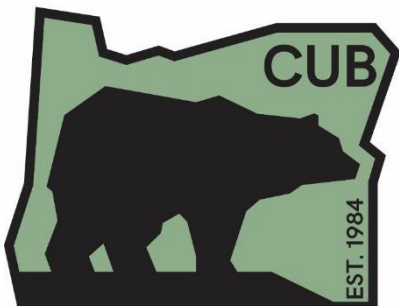
**OF OREGON**

**LC 76**

In the Matter of )  
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CASCADE NATURAL GAS )  
CORPORATION, )  
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2020 Integrated Resource Plan Update. )  
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OPENING COMMENTS OF THE  
OREGON CITIZENS' UTILITY BOARD

July 22, 2022



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**I. INTRODUCTION**

The Oregon Citizens' Utility Board (CUB) hereby submits its comments on Cascade Natural Gas Corporation's (Cascade or the Company) 2020 Integrated Resource Plan (IRP or Plan) Update filed on April 27, 2022.

The IRP Update presents six distribution system projects requiring significant capital investment to upgrade, reinforce or replace the existing pipeline system. According to Cascade, increased capacity that these projects offer prepares the Company to avoid service disruptions during periods of peak demand in Cascade's growing service territory in Central and Eastern Oregon.

CUB appreciates that Cascade has an obligation to provide reliable service to its customers. However, CUB is concerned regarding the level of expenditures brought forward in this compressed IRP Update, especially in light of shifting climate policies and mandates throughout the Company's Oregon service territory. CUB is concerned that the

proposed projects may go beyond what is necessary to ensure reliable service on Cascade's system. CUB notes the following in its comments:

1. Exploring Non-Pipe Alternatives: CUB is concerned that there is no discussion on non-pipe alternatives to the proposed projects. Non-pipe alternatives could potentially lower peak demand and release capacity constraints on the gas system. Further, these alternatives may help avoid the need for costly infrastructure investment during a time that compliance with climate regulations is already adding costs onto the natural gas system.

2. Future Pilot: CUB suggests that Cascade work on innovative solutions to meeting capacity need, for example, by designing an energy efficiency/demand response (EE/DR) pilot.

## **II. PROJECT URGENCY AND NON-PIPE ALTERNATIVES**

CUB cannot emphasize enough the need for gas utilities to evaluate and develop non-pipe alternatives to meet capacity needs that may arise from growth or other factors. In the current energy environment where natural gas companies are subject to state and local climate policies and scrutiny from regulators and advocacy groups it is disappointing to see the lack of innovation in Cascade's long-term plan. There is no discussion of any non-pipe alternatives that the Company should or could have evaluated for each of these projects.

CUB also observed that given the timeline of these projects there may not have been enough opportunity to explore non-pipe alternatives. All six projects are scheduled to begin construction either this year or the next, and at least a few are being raised for

the first time in this abbreviated IRP Update proceeding.<sup>1</sup> It is also unclear what the exact status of these projects are at present and if these can be delayed while looking into non-pipe alternatives. CUB found no indication of urgency in moving forward with these projects in the immediate future as the need for these projects are stemming from anticipated future growth in the areas concerned. To that end, CUB would refer to Cascades response to Staff DR 81 that asked for details on safety and reliability concerns related to each project for current customers in the event the project was not completed. Cascade provided a generic statement on the need to maintain reliable service during a peak weather event.<sup>2</sup> Cascade does not have a detailed explanation of safety and reliability needs for each of its proposed projects. It is therefore CUB's understanding that at least some of the projects are not planned to meet any capacity constraints that are jeopardizing service to current customers on the system. These projects can probably wait. In addition to enabling more time to explore various non-pipes alternatives, waiting to complete any project that is not completely necessary will benefit Cascade's customers because they will not be subject to increased costs from these projects.

According to Cascade's analysis, the projects listed in the distribution system Action Plan in the 2020 IRP Update are primarily necessitated by growth (either ongoing or future) in the Company's service area. While Cascade's existing pipelines can handle the annual projected load growth, it is the peak day demand that is triggering the need for new gas infrastructure.<sup>3</sup> This is not unusual and CUB advocates for reliable service for Oregon residents. However, this is exactly the kind of situation in which CUB urges gas

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<sup>1</sup> LC 76 Cascade's Response to OPUC DR 77.

<sup>2</sup> LC 76 Cascade's Response to OPUC DR 81.

<sup>3</sup> LC 76 Cascade's Response to OPUC DR 82.

utilities to get more innovative and explore alternatives to building new infrastructure that poses long-term risks to customers who might be left hanging with stranded costs. In its Opening Comments on Cascade's 2020 IRP, CUB had provided extensive comments on the importance of targeted energy efficiency and the less prevalent gas demand response programs that many gas utilities are now exploring.<sup>4</sup>

CUB believes that in the absence of sufficient evidence justifying the urgency of these projects, there is an opportunity to explore alternatives that could potentially avoid capital investments of this nature. Cascade should utilize the time and opportunity in the interest of protecting customers from cost and uncertainties arising out of new gas infrastructure in the current environment. CUB strongly urges the Commission to ensure that Cascades has considered all possible solutions to meeting its projected capacity needs individually for each project prior to acknowledging the proposed projects.

### **III. PILOT**

CUB believes that non-pipe solutions, such as targeted demand side management, may be an economic option for distribution system reinforcement. CUB acknowledges that non-pipe solutions are not always the solution to a distribution system reinforcement need.<sup>5</sup> However, to expand the amount of resource options available to Cascade to serve customers, CUB is recommending that Cascade begin to evaluate a pilot program for a non-pipe solution to a distribution project.

In this IRP update, Cascade's capital plan details expected distribution system reinforcement investments for the next five years. Cascade's Integrated Resource Plan

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<sup>4</sup> LC 76 CUB Opening Comments filed on November 20, 2020.  
<https://edocs.puc.state.or.us/efdocs/HAH/lc76hah142358.pdf>.

<sup>5</sup> An unexpected distribution system reinforcement safety need may not be able to be addressed by a non-pipe solution. Non-pipe solutions gradually effect distribution peak needs.

does not contain an evaluation of non-pipe solutions to distribution system weaknesses. CUB is not criticizing the Company for not evaluating these solutions. Cascade is responsible for ensuring a safe, reliable, and affordable natural gas system for Oregon customers. It is CUB's understanding that the Company does not have experience with non-pipe solutions such as targeted energy efficiency programs. It is difficult to evaluate a new resource option when the Company does not have experience with new programs. CUB understands that the Company needs experience with targeted energy efficiency or demand response programs, before using it in its utility operations. Therefore, CUB recommends that the Company move forward with a small pilot project on targeted demand side management (DSM) in the next IRP. The pilot will be aimed at evaluating whether a targeted energy efficiency or demand response program will be a cost-effective alternative to pipeline upgrades or replacements.

CUB recommends that Cascade investigate targeted DSM pilots in areas that are experiencing growth and willing to participate in energy conservation pilots. For instance, Bend is the largest community located in Cascade's service territory and projected to grow at an astounding 10% annual growth rate.<sup>6</sup> CUB would also note that Bend has an established climate action plan and is growing. Bend's climate action plan is aimed to reduce emissions from fossil fuel by 40% by 2030 and 70% by 2050. Bend's strategic plan to achieve this target emphasizes on increasing energy efficiency of all buildings and making energy efficiency programs accessible to all residents.<sup>7</sup> This makes

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<sup>6</sup> LC 76 IRP, July 31, 2020, p 3-10.

<sup>7</sup> Bend Community Climate Action Plan, *available at* <https://www.bendoregon.gov/home/showpublisheddocument/43462/637073547937400000>.

Bend a highly suitable target to design a targeted DSM program. Cascade should include a DSM pilot program proposal in its next IRP.

#### **IV. CONCLUSION**

CUB appreciates the opportunity to participate in Cascade Natural Gas's 2020 IRP process. Gas IRPs are becoming some of the most important pieces in solving the puzzle of transitioning to an emissions free energy sector in which utilities provide clean, reliable, and affordable services to its customers. Accepting plans that lack innovation and a comprehensive account of alternatives to move forward to that future will truly jeopardize Oregon gas customers.

Dated this 22<sup>nd</sup> day of July, 2022.

Respectfully submitted,



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