

February 18, 2021

NWN OPUC Advice No. 21-01

**VIA ELECTRONIC FILING**

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

**Re: Schedule 400 – Smart Energy™ Program**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff P.U.C. Or. 25, stated to become effective April 9, 2021.

Second Revision of Sheet 400-2	Schedule 400	Smart Energy™ Program
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**Purpose**

The purpose of this filing is to provide an additional pricing option for large commercial customers participating in the Smart Energy Program. NW Natural already provides a fixed price option for these customers and is adding the proposed additional option to provide flexibility for large commercial customers; this additional option is identical to the Smart Energy pricing option currently available for industrial customers.

**Background**

NW Natural's Smart Energy Program offers different options for commercial customers and industrial customers. Currently, the commercial pricing option offers a fixed rate at the customer's choosing (but not less than \$10) and the industrial monthly pricing option is subject to negotiation pursuant to the execution of a written contract.

As more businesses are looking for ways to become carbon neutral we have been asked by our commercial customers to provide another option besides a monthly fixed rate. NW Natural proposes to include a new option for large commercial customers who use a minimum of 100,000 therms. This new monthly pricing option will be subject to negotiation pursuant to the execution of a written contract.

**Discussion**

Larger commercial customers have expressed interest in longer term commitments for fixed volumes of carbon offsets from specific offset types and/or regions at a negotiated price. Several of these customers want to use these offsets for a few years as they transition to renewable natural gas (RNG) through a future voluntary RNG tariff. Under the current Smart Energy tariff<sup>1</sup> such a proposition would be cost prohibitive because large customers are wanting to meaningfully and

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<sup>1</sup> Under the current tariff, the option for Commercial Customers does not allow for specific offsets based on usage.

publicly offset 100 percent of their usage. This proposed new option affords an immediate solution for larger customers, such as local governments, looking to achieving objectives in their climate action plans through emissions offsets for their natural gas use.

The proposed new option will not affect the Smart Energy offset portfolio for other existing or new Smart Energy participants. NW Natural expects that sourcing offsets for this proposed new option for large commercial customers will be dependent on the conditions requested during the contract negotiation. For example, these large customer participants may request offsets with specific attributes such as offset type, location, volume and contract duration.

The offset option, as described above, is one more step in NW Natural's overall renewable strategy. Another step that the Company will introduce later this year, is to propose a Voluntary Renewable Natural Gas tariff<sup>2</sup>.

This new Smart Energy option for commercial customers will allow commercial customers to combine offsets and future renewable gas to make their natural gas use carbon neutral.

### **Proposed Changes**

NW Natural proposes to add a new pricing option for large commercial customers in the Smart Energy Program in Schedule 400. This proposal would allow commercial customers to have an additional pricing option of a negotiated contract, providing these customers with additional flexibility in meeting their climate action objectives.

### **Conclusion**

NW Natural respectfully requests that the Commission approve this tariff change to become effective April 9, 2021.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available in the Company's main office in Portland, Oregon and on its website at [www.nwnatural.com](http://www.nwnatural.com).

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

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Respectfully submitted,

*/s/ Rebecca T. Brown*

Rebecca T. Brown  
Regulatory Consultant

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<sup>2</sup> In July 2021 the OPUC approved rules allowing NW Natural to deliver renewable natural gas to customers.

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet 400-2  
Cancels First Revision of Sheet 400-2

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## SCHEDULE 400 SMART ENERGY™ PROGRAM (continued)

### MONTHLY RATES (continued):

#### **Commercial Customer Class Option.**

Commercial Customers may choose a Fixed Rate of their choice (not less than \$10 per bill) or a negotiated price, pursuant to the execution of a written contract, for non-residential customers who use an aggregate of 100,000 therms or more annually. Under the Fixed Rate Option, the Fixed Rate can be in any amount of Customer's choosing, but cannot be less than \$10 per monthly bill per account enrolled.

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#### **Industrial Customer Class Option.**

Monthly pricing for Industrial Customers will be subject to negotiation, pursuant to the execution of a written contract.

### SMART ENERGY™ ACCOUNT:

By the 20<sup>th</sup> of the month following the Billing Month, the amount billed for Smart Energy™ net an allowance for uncollectibles will be deposited into a market-based interest bearing bank account dedicated to the Smart Energy™ Program (Smart Energy™ Account). The reserve for uncollectibles shall be in an amount equal to NW Natural's average percentage of residential net write-offs.

The Company will be reimbursed from the Smart Energy™ Account each month for actual program administration costs incurred.

### REPORTS:

- 1) Annual Report. The Company will file a report with the Commission within ninety (90) days following the end of the calendar year. The report will include annual participation details; program funding received for that year; demand of total offsets obligated per year, and a list of projects from which the offsets have been secured.
- 2) Customer Report. The Company will annually provide participating Smart Energy™ Customers with a report detailing the current number of program participants and the volume of offsets that have been funded on behalf of Smart Energy™ Customers.

### GENERAL TERMS:

This schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, any other Schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

Issued February 18, 2021  
NWN OPUC Advice No. 21-01

Effective with service on  
and after April 9, 2021