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December 18, 2023

NWN OPUC Advice No. 23-29

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, OR 97308-1088

Re: NEW Schedules – Energy Efficiency Program for Transportation Customers

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 January 24, 2024.

Twelfth Revision of Sheet v	Tariff Index	Tariff Index
First Revision of Sheet vi	Tariff Index	Tariff Index
Original Sheet 169-1	Schedule 169	Transportation Customer Energy Efficiency Cost Recovery
Original Sheet 361-1	Schedule 361	Transportation Customer Energy Efficiency

Purpose

The purpose of this filing is to request Public Utility Commission of Oregon (Commission) approval of energy efficiency programs for transportation customers. Proposed Schedule 361 Transportation Customer Energy Efficiency Programs provides the details of the program offerings and proposed Schedule 169 Transportation Customer Energy Efficiency Programs Cost Recovery is the proposed cost recovery tariff for the programs.

Background

In NW Natural’s recent IRP (docket LC 79), the Commission approved Staff’s Recommendation 23 “NW Natural should convene a stakeholder group immediately following the conclusion of the IRP to establish a transport customer efficiency program in time to be able to report on its status in the 2024 IRP update.” NW Natural convened a stakeholder group and also provided an update to the Commissioners on October 31. The table below shows the timeline of events:

Event	Timeline
Transportation Energy Efficiency Workshop #1	July 10, 2023
Transportation Energy Efficiency Workshop #2	August 28, 2023
Commission Update at Public Meeting	October 31, 2023
Program effective date	January 24, 2024

Prior to the August 28 workshop, NW Natural surveyed its transportation customers to determine their interest and needs regarding energy efficiency. The responses indicated that transportation customers are interested in energy efficiency programs to meet internal goals related to decarbonization.

Proposed Program

NW Natural proposes a transportation customer energy efficiency program with distinct program offerings from NW Natural and the Energy Trust of Oregon (Energy Trust).

Energy Trust:

- All transportation customers will have the option to participate in Energy Trust's Strategic Energy Management (SEM) program and leverage standard track incentive offerings.
- Transportation customers with a five-year average annual usage under 1 million therms will be eligible for Energy Trust's custom incentive program.¹

NW Natural:

- Transportation customers with annual usage greater than 1 million therms will be eligible for this program.
- NW Natural will hire a third-party implementer to provide custom energy efficiency analysis for customer equipment and process improvements. Cost effective energy efficiency projects will be eligible for incentives.
- These sites will also be screened for suitability for hydrogen use and/or post combustion carbon capture.

Energy Trust's SEM program is an existing program that helps industrial facilities of all types evaluate their energy use and implement tools and strategies to reduce energy consumption and continue saving energy over time. NW Natural proposes an effective date of January 24, 2024, for the SEM program offering, enabling immediate access for our transportation customers to participate in the existing program. A January 24, 2024, effective date would also facilitate customer participation in time to leverage customers previously recruited for Energy Trust's SEM program on the electric side.²

Because Energy Trust's custom incentive program and NW Natural's program offerings require additional time to implement, the Company proposes an effective date of July 1, 2024, for these programs, as specified in the proposed Schedule 361.

To facilitate the Energy Trust program offerings, NW Natural requested and received approval for a waiver of OAR 860-086-0040 to allow NW Natural to provide its transportation customer data to Energy Trust.³ This will enable Energy Trust to update their energy savings forecasts and budgets.

NW Natural and Energy Trust are currently working with their legal teams to review and finalize data sharing agreements and funding contracts.

The development of NW Natural's program offering is currently underway, as the Company is finalizing its request for proposals (RFP) to engage an implementation contractor to deliver the program, the purpose of which program is to provide customers with technical assistance in identifying and analyzing energy efficiency opportunities and decarbonization measures. NW Natural anticipates a multi-staged approach for this program. In the first stage, NW Natural anticipates most effort to be focused on recruitment and conducting site assessments. As site assessments are completed, NW Natural and customers will move forward with project plans and execution. For this reason, we expect that the first two program years will be focused on the site

¹ <https://www.energytrust.org/incentives/industry-custom-incentives/>

² <https://www.energytrust.org/industry-agriculture/industry-strategic-energy-management/>

³ *In the Matter of Northwest Natural Gas Company, dba NW Natural, Request for Waiver of Data Sharing Restrictions Pursuant to OAR 860-086-0040(2)(j)*, Docket No. UM 1631, Order No. 23-440 (Nov. 17, 2023).

assessments and project completion. NW Natural anticipates having savings forecasts and goals starting in the third program year.

The participation process is expected to follow these steps:

- 1) Customer Connection: NW Natural will leverage existing relationships with large customers to connect customers with the chosen implementer. The implementer will also be responsible for a portion of the outreach and able to connect directly with customers.
- 2) Site Audit/Technical Analysis: A customer will have a site audit in which a qualified energy professional will visit their site to gather information on equipment, schedules, and processes. Once information has been gathered, an analysis of savings potential will be completed to screen for cost-effective energy efficiency and decarbonization projects.
- 3) Incentive Offer: All available energy efficiency incentives will be presented to the customer to inform their decision of pursuing various measures.
- 4) Project Completion: Once a project has been completed, a qualified energy professional will visit the site to verify if the project was completed as analyzed.
- 5) Incentive Issuance: With post-installation verification, the incentive will be issued to the customer.
- 6) Evaluation: Follow-up may be conducted by an evaluator to survey program experience or gather data for impact evaluations.

As mentioned above, NW Natural will conduct a competitive bid process to engage a third-party implementer for this program, starting with the RFP that is expected to be issued in December 2023. The Company anticipates selecting the program implementer in the March 2024 timeframe, with program launch occurring July 1, 2024. In addition to the post-installation verification required from the program implementer, NW Natural will also be hiring a third-party program evaluator. NW Natural will be selecting an evaluator through a competitive bid process scheduled to happen in early 2024. NW Natural is also in the process of developing customer notification materials that will provide awareness of both the program development and the data sharing with Energy Trust.

Enclosed proposed Schedule 361 provides further program details of the program offerings.

Cost Recovery

NW Natural proposes new tariff Schedule 169 to recover the costs of the transportation customer energy efficiency program. The Company proposes to use a sub-account of the existing deferred accounting for costs associated with compliance with the Climate Protection Program (CPP), approved in docket UM 2252. In that docket, the Commission approved deferred accounting treatment for costs associated with CPP compliance, such as increased planning activities (e.g., studies, audits, etc.) and enhanced energy efficiency measures for all customers, including transportation customers.⁴ The transportation customer energy efficiency program is intended to provide an economical and effective means of conserving natural gas through energy efficiency and thus is appropriately recovered using the CPP deferral.

NW Natural proposes to update Schedule 169 each year to place into rates for collection the deferred costs at the same time as the Company's annual Purchased Gas Adjustment (PGA) filings. Accordingly, the Company is not including any costs to be recovered at this time but will do so with the 2024-25 PGA filings.

⁴ *In the Matter of Northwest Natural Gas Company, dba NW Natural, Application for Authorization to Defer Costs of Compliance with the Climate Protection Program*, Docket No. UM 2252, Order No. 22-377 (Oct. 20, 2022). The deferral was reauthorized in Order No. 23-415, issued on Oct. 26, 2023.

Conclusion

NW Natural respectfully requests the Commission approve this tariff to become effective January 24, 2024.

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.

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

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Respectfully submitted,

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

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Cancels Eleventh Revision of Sheet v

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(N)

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**SCHEDULE 169
TRANSPORTATION CUSTOMER ENERGY EFFICIENCY PROGRAMS COST
RECOVERY**

(N)

PURPOSE:

This Schedule recovers the costs of the program offered under Schedule 361 "Transportation Customer Energy Efficiency Program."

APPLICABLE:

To all Customers on the Rate Schedules of this Tariff listed below:

Rate Schedule 2	Rate Schedule 3	Rate Schedule 27	Rate Schedule 31
Rate Schedule 32	Rate Schedule 33	Rate Schedule 60/60A	

APPLICATION TO RATE SCHEDULES:

Effective: January 24, 2024

The Temporary Adjustments in the applicable above-listed Rate Schedules include the adjustment shown below. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

\$0.00000 per therm

Non-Emitting-Related Rate on Schedule 60A/60: \$(0.00000) per therm

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.

(N)

**SCHEDULE 361
TRANSPORTATION CUSTOMER ENERGY EFFICIENCY PROGRAM**

(N)

AVAILABLE:

In all territory served by the Company under the Tariff of which this program is a part.

PURPOSE:

This program is intended to provide an economical and effective means of conserving natural gas through energy efficiency. These programs are available to Customers with transportation service under Schedules 31, 32, and 33.

PROGRAM COSTS:

Program costs will be deferred annually and amortized for recovery coincident with the Company's Purchased Gas Adjustment through Schedule 169 of this Tariff.

SPECIAL CONDITIONS:

NW Natural is working in conjunction with the Energy Trust of Oregon to deliver energy efficiency programs to transportation customers. There are two program offerings: 1) Energy Trust of Oregon Offerings, and 2) NW Natural Offerings

Energy Trust of Oregon Offerings:

- All transportation customers will have the option to participate in Energy Trust of Oregon's Strategic Energy Management (SEM) program and leverage standard track incentive offerings. **This offering is available as of January 24, 2024.**
- Transportation customers with a five-year average annual usage under 1 million therms will be eligible for Energy Trust of Oregon's custom incentive program. **This offering is available as of July 1, 2024.**

NW Natural Offering:

- NW Natural will work with a third-party implementer to provide custom analysis for customer equipment and process improvements, sites will also be screened for suitability for hydrogen use and/or post combustion carbon capture. Cost effective energy efficiency projects will be eligible for incentives. Transportation customers with annual usage greater than 1 million therms will be eligible for this program. **This offering is available as of July 1, 2024.**

The threshold of one million therms will be determined based on a five-year average. When a customer's usage is within five percent of the threshold (50,000 therms), the customer will be able to choose which program to participate in.

GENERAL TERMS:

Service under this Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this, any other schedules that by their terms or by the 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.

(N)

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