

Interested Parties in UM 1158:

Unfortunately, time does not permit a formal response.

I am concerned about the lack of clarity in this docket with regard to one of the measures of ETO performance. In particular, two concepts seem to be floating around with respect to measuring the cost effectiveness of the ETO's conservation activities. Something akin to a utility cost concept appears implicit in the comments of some parties (Staff and ETO comments).

Michael Grant's July 26, 2004 Memorandum, in the Section II., Individual Program Performance, seems to suggest a traditional Total Resource benefit-cost ratio approach.

I think a utility cost test is necessary, and helps to prevent excesses in program administrative and delivery costs.

Defining and holding the ETO to a TRC cost test is problematic. We are really dealing with more than just an avoided cost estimate of energy resources avoided by conservation activities.

The problem is that we do not have a defined measure of climate change costs to be added to avoidable energy resource costs. Depending on the range of costs associated with climate change, TRC benefit cost ratios as low as 0.5 may be acceptable.

Further, the kinds of actions called for to meet Green House Gas reduction targets that may follow from the Governor's Advisory Group on Global Warming may require that agencies like the ETO be given the necessary latitude to encounter TRC benefit-cost ratios substantially below unity.

Again, my primary concern is that the cost-effectiveness concepts employed be clearly defined.

Thank you.

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