

Natural Gas Fact Finding

Workshop #3: Utility Modeling Presentations

Meeting Objectives



Understanding of utility compliance modeling



Discuss Next Steps (Link to Reg. Tools and Explore alternative scenarios)

PUC Staff Introductions

- Staff Host/Facilitators:
 - Kim Herb - Utility Planning and Strategy Manager
 - JP Batmale - Administrator: Energy Resources & Planning Division
 - Ezell Watson - DEI Program Director
 - Zach Baker - Senior Energy Policy Analyst

Time	Topic
9:00 - 9:30	Introduction and Staff's Modeling Direction to Utilities
9:30 - 11:00	Utility Presentation - Northwest Natural
11:00 - 11:30	Modeling Q&A
11:30 - 12:00	Lunch
12:00 - 1:30	Utility Presentation - Cascade
1:30 - 2:00	Modeling Q&A
2:00 - 3:30	Utility Presentation - Avista
3:30 - 4:00	Modeling Q&A
4:00 - 5:00	Alternative Scenario Discussion & Next Steps

Agenda

Participation Tips

- ❑ Please join audio by either phone or computer, not both
- ❑ Today's Zoom will be a "meeting" which will allow for more direct interaction with presenters and participants
- ❑ For discussion and comments, use "Raise Hand" button to get in the queue; if joined by phone press *9
- ❑ Rename yourself with your name and affiliation
- ❑ Say your name and affiliation before speaking
- ❑ Move around and take care of yourself as needed!

Discussion/Comments Ground Rules



Honor the agenda and strive to stay on topic



Provide a balance of speaking time



Listen to understand and ask questions to clarify



Stay engaged and be open about your perspective and experience



Address issues and questions - focus on substance of comments without attacking others



Bring concerns and ideas up for discussion at the earliest point in the process

Chat Availability



Chat is unavailable during presentations - *Please raise your hand to ask clarifying questions.*



Chat will be available during the Q&A sessions and will be moderated by Staff.

Chat Usage – Guidance



During Presentations: For questions and feedback on utility modeling



Questions pertaining to the utility modeling will be directed to the utility



During last hour: Chat for sharing thoughts on next steps and alternative compliance modeling.



Written comments on modeling and alternative compliance scenarios should be filed in UM 2178



Questions pertaining scope or the broader planning processes will be captured as part of the record. Staff will attempt to respond to these questions in the manner that best suits the question.

Written Feedback Process

- Q&A submit questions during the workshop in chat
 - Staff will moderate, collate and either respond during the workshop or in follow up communications
- After workshop via...
 - Comments to [UM 2178](#)
 - <https://apps.puc.state.or.us/edockets/Docket.asp?DocketID=22869&Child=action>
 - Email to Staff

Date	Event
Friday, September 24, 2021	Stakeholder Comments on Modeling and Alternative Scenarios - <i>new</i>
Monday, September 27, 2021	Workshop #4a: Regulatory Tools Overview
Wednesday, September 29, 2021	Alternative Scenario Proposals drafted and posted by staff
Monday, October 11, 2021	Workshop #4b: Regulatory Tools Continued - Application - <i>new</i>
Wednesday, November 17, 2021	Alternative Scenario Compliance Models posted and associated data posted
Friday, December 10, 2021	Report Draft Posted
Monday, January 10, 2022	Workshop #5: Report Feedback
Monday, February 7, 2022	Final Report Posted
Thursday, February 24, 2022	SPM

Schedule Changes

Compliance Modeling Direction

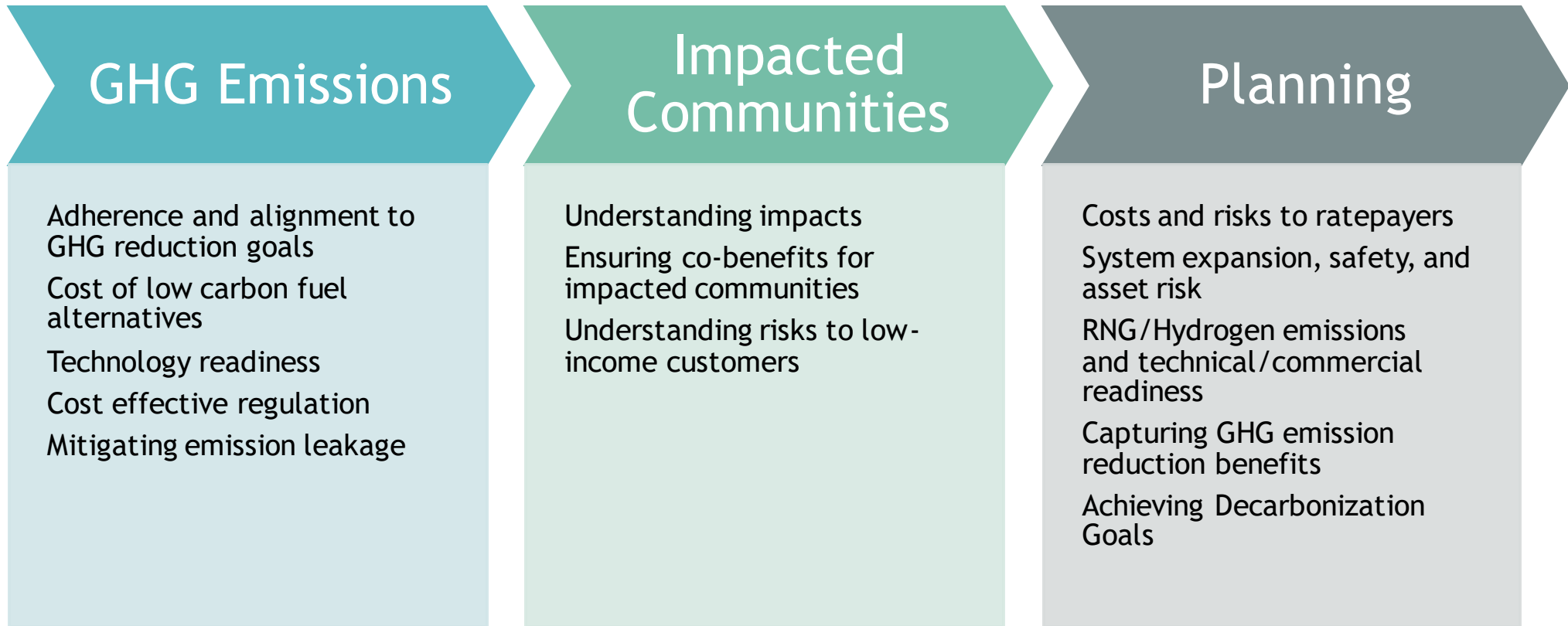
CCP Compliance Modeling

Desired Outputs

An understanding of potential natural gas customer bill impacts associated with compliance with GHG emission targets from DEQs Climate Protection Program.

Identification of strategies / tools to equitably mitigate potential harm to natural gas customers and/or incentivize action.

Modeling to Inform Future Decision Making & Planning



Key Deliverables

Forecast of emissions (weather & non-weather adjusted)

Data supporting the development of emissions reduction forecasts

Description of approach and/or assumptions

Estimated Net Present Revenue Requirement of Compliance Model and Comparison Across Selected Sensitivities

Building on IRP Data and CPP Scenarios

IRP Data

- Gas price forecast
- Emission forecast
- EE forecast
- Avoided costs
- Customer growth & use forecast
- Acknowledged preferred portfolio NPVRR

CPP Scenarios Key Assumptions

- Cap & Trajectory
- Trading allowable
- Regulated sectors & sector exclusions
- Unlimited banking
- Point of regulation
- CCI % and cost

New Data

- Compliance technologies: efficacy and cost curves

Sensitivity	Issue	Approach	Sensitivity
Customer Growth	How might policies limiting customer growth and associated GHG emissions inform regulatory tools to consider?	Model sensitivities that consider zero and negative customer growth.	Current IRP forecasted load growth through 2025; no new customers beginning from 2025 through 2030; -0.75% customer growth beginning in 2031 through the end of model's time horizon.
RNG Availability	Uncertainty about availability of RNG.	Apply constraints on assumptions about the availability of RNG.	Limit RNG availability to the annual percentages set by SB 98 and found in ORS 757.396(1).
More Aggressive Timeline on Climate Policy	Potential for future policy to have more aggressive targets.	Using the same target reduction emissions currently contemplated by DEQ for 2035 and 2050, advance the dates to align with the date bookends (2030 and 2040) of the recently passed OR legislation for electric utilities (HB 2021).	CPP targets of 45% below baseline by 2030, 80% below baseline by 2040
No Community Climate Investments (CCI)	It is not currently clear how the emissions associated with CCI projects will be quantified and verified. What is the role CCIs play in compliance with emission reductions and what emission reduction options become more viable if they are not part of a solution set.	Remove the availability of CCIs	Sensitivity toggle: No use of CCIs

Sensitivities

Northwest Natural

Utility Compliance Modeling Presentation

Northwest Natural

Utility Compliance Modeling Q&A



Lunch Break 11:30 - 12:00 Pacific

Cascade

Utility Compliance Modeling Presentation

Cascade

Utility Compliance Modeling Q&A

Avista

Utility Compliance Modeling Presentation

Avista

Utility Compliance Modeling Q&A

Discussion

Alternative Scenarios & Next Steps

Discussion Questions

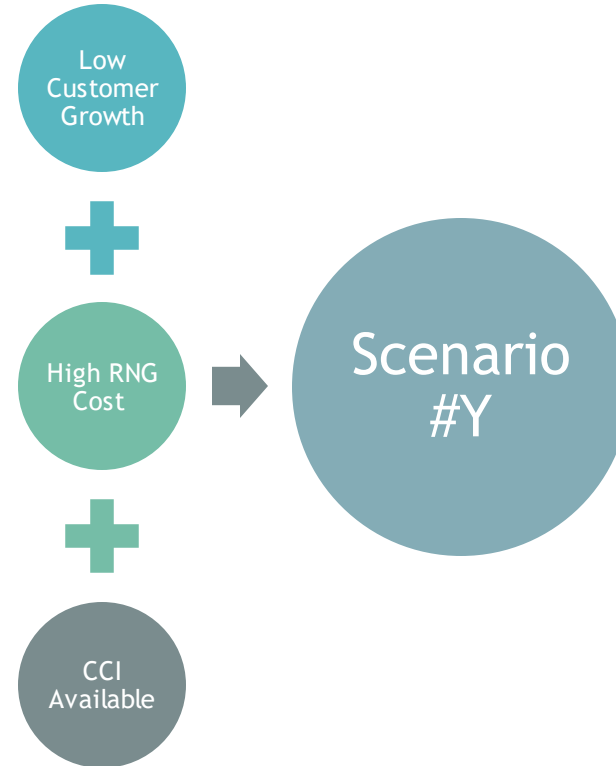
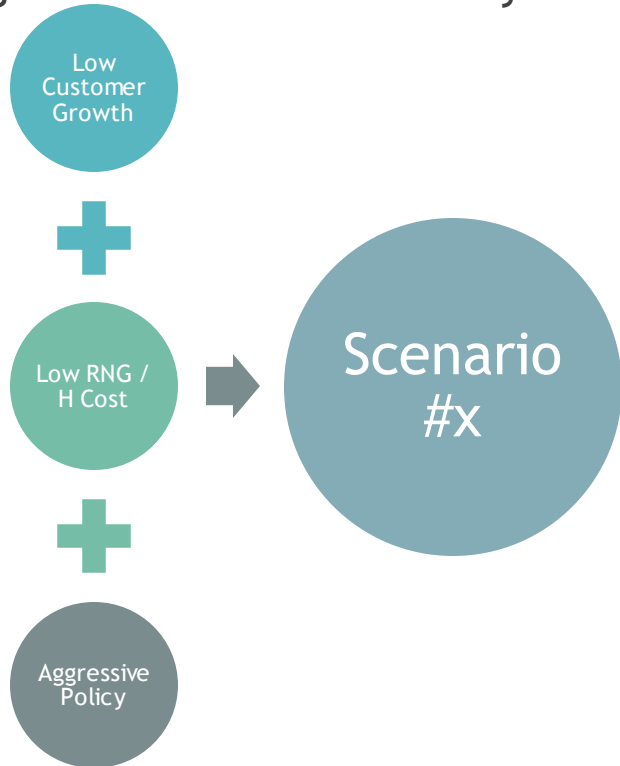
1. What are your initial thoughts on the modeling results?
2. How do these results inform your thoughts about the upcoming webinars on regulatory tools?
3. What is one other alternative scenario you think would be important to model to inform the regulatory tools discussion?
4. If electrification is determined to be a scenario to be modeled, by either the utility or staff, what suggestions do you have for inputs and/or methodology?

Questions #1 and #2

1. What are your initial thoughts on the modeling results?
2. How do these results inform your thoughts about the upcoming webinars on regulatory tools?

Question #3 - Alternative Scenarios

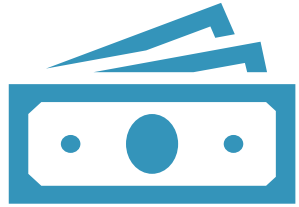
- Multiple sensitivities can be combined to test the robustness of results against future uncertainty.



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Sensitivities

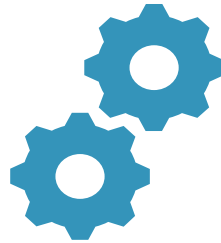
Question # 4 - Electrification



Implications to electric system and ratepayers

Financial impacts are broader than just cost to gas customers from removing load.

Reliability and cost of electric system also need to be understood



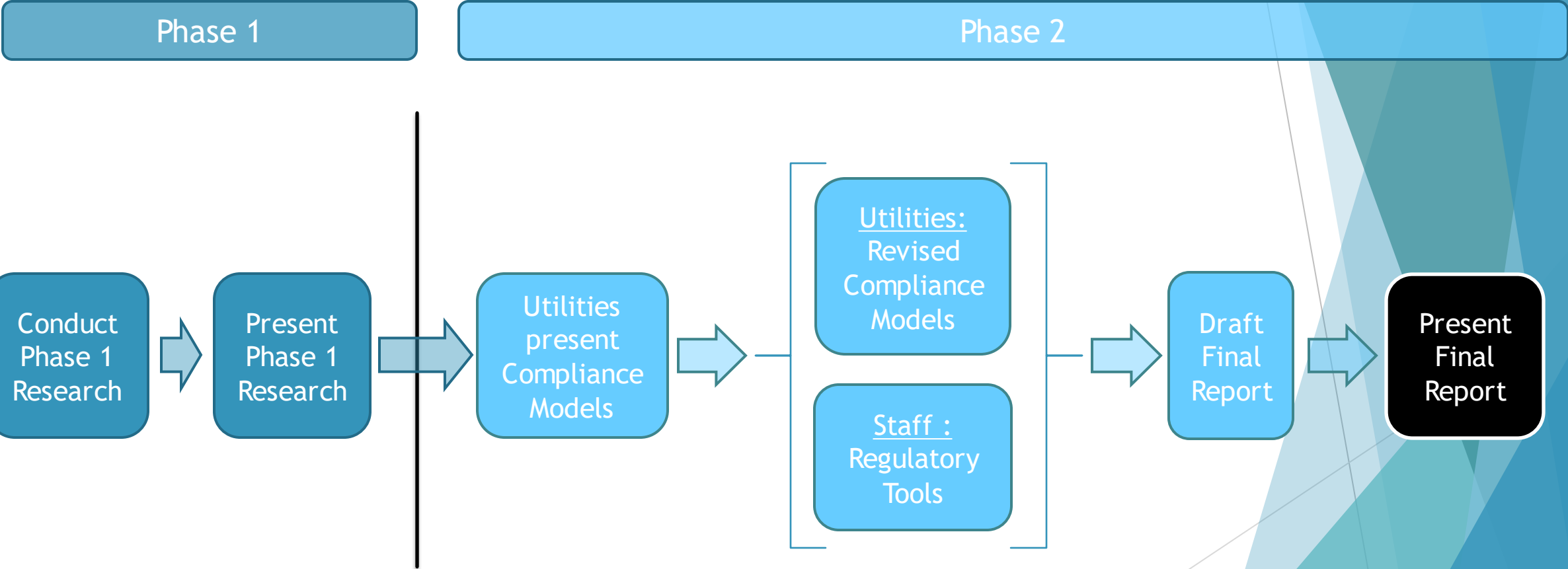
Broader set of inputs required to model

Specialized modeling tools like PATHWAYS to optimize across fuel types.

Inputs & Methodology Suggestions?

Next Steps

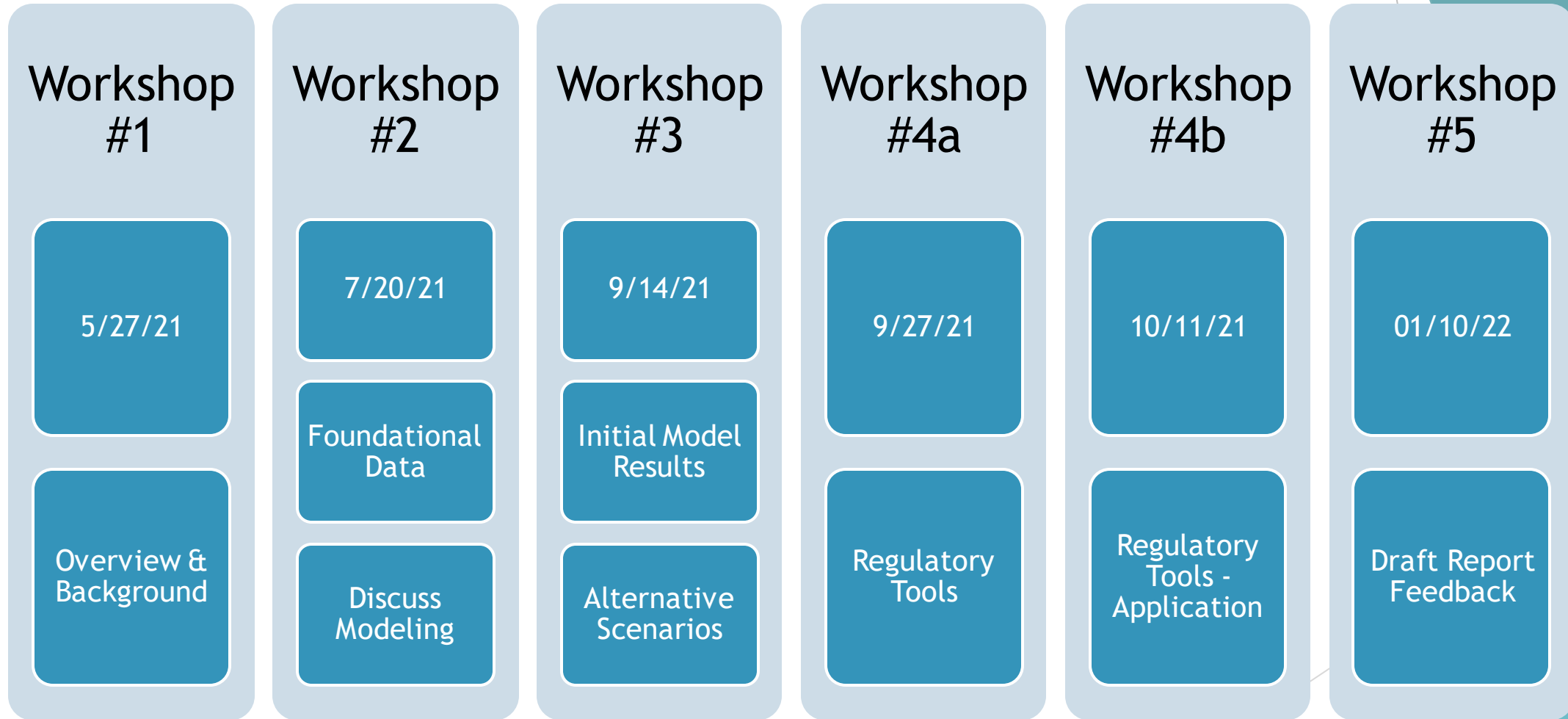
Order of Operation



Upcoming Milestones

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Workshop Details



Phase 1

Phase 2

Closing Remarks and Feedback

Thank you!

EO 20-04 Website

<https://www.oregon.gov/puc/utilities/Pages/ExecutiveOrder20-04.aspx>

Comments or Questions

Email Staff with questions at one of the addresses below. Comments can be emailed to staff or directly to PUC.PUBLICCOMMENTS@puc.oregon.gov. Comments will be posted in the docket.

Contacts:

- Kim Herb: 503.428.3057 kim.herb@puc.oregon.gov
- JP Batmale: 503.551.9926 jp.batmale@puc.Oregon.gov
- Zach Baker: 503.881.4072 zachariah.baker@puc.oregon.gov

Back up slides