

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**LC 83**

In the Matter of

CASCADE NATURAL GAS  
CORPORATION,

2023 Integrated Resource Plan (IRP)

OPENING COMMENTS BY  
GREEN ENERGY INSTITUTE AT  
LEWIS & CLARK LAW SCHOOL,  
CITIZENS CLIMATE LOBBY,  
CLIMATE REALITY PROJECT,  
CLIMATE SOLUTIONS,  
COLUMBIA RIVERKEEPER,  
ENERGIZE BEND,<sup>1</sup> OREGON  
PHYSICIANS FOR SOCIAL  
RESPONSIBILITY, SIERRA CLUB,  
THE ENVIRONMENTAL CENTER,  
AND 350DESCHUTES

Climate Advocates' Opening Comments

October 6, 2023

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<sup>1</sup> Electrify Bend, the organization that intervened initially, is now known as Energize Bend.

## I. Introduction

As the last of Oregon’s three natural gas utilities to file its integrated resource plan (IRP) since the Climate Protection Program was developed, Cascade Natural Gas (Cascade or CNGC) should be best positioned to address the plethora of concerns directed at it and its peer utilities over the last three years by Oregon Public Utility Commission (PUC) Staff, stakeholders, and the Commissioners themselves. Instead, in some ways, Cascade’s IRP is the least reflective of, or responsive to, the significant changes the company faces in a new regulatory reality.

The fact that Citizens Climate Lobby, Climate Reality Project, Energize Bend, Oregon Physicians for Social Responsibility, the Environmental Center, and 350Deschutes have intervened in this docket—never having engaged in a gas utility’s plan before—is a testament to this new regulatory reality and the deep desire of public interest organizations and their members to achieve effective climate outcomes. These organizations, along with the Green Energy Institute at Lewis & Clark Law School, Climate Solutions, Columbia Riverkeeper, and the Sierra Club (collectively, the Climate Advocates), are focused on mitigating the climate crisis, pursuing solutions that deliver co-benefits to ratepayers, and working specifically toward supporting the City of Bend in its climate goals.

In these comments, the Climate Advocates focus on (1) Cascade’s Action Plan and long-term CPP compliance strategy; (2) the GTN Xpress; and (3) inconsistency with Bend’s climate action plan. As with the most recent NW Natural IRP, we ask that you **not acknowledge** Cascade’s IRP.

Indeed, we suggest that reviewing Cascade’s IRP in any further detail is simply not worth Staff and advocate time and resources. Rather, we propose that the Commission direct Cascade to:

1. Update its load forecast by considering Washington building codes, the Inflation Reduction Act, and Oregon’s Climate Resilience package (HB 3409) and assume zero new customer growth starting no later than 2027.
2. Proactively analyze building electrification as a resource<sup>2</sup> and use consistent methods for incorporating supply-side and electrification incentives in its planning, disaggregated by market segment (e.g., new vs. existing construction, income-qualified vs. market rate customers).
3. Incorporate climate data to reflect realistic climate-related demand projections in resource planning, informed by climate experts.
4. Model non-renewal or retirement of pipeline capacity contracts, and the costs and benefits of doing so.

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<sup>2</sup> The Commission should take this opportunity to “communicate more direct, near-term expectations for evaluating electrification in non-pipes analysis on the distribution system.” Oregon Public Util. Comm’n, LC 79, In the Matter of NW Natural Gas Co., 2022 Integrated Resource Plan, Order No. 23-281, at 10 (Aug. 2, 2023).

5. Include project-specific non pipeline alternatives (NPA) that account for non-energy benefits, explaining which measures were considered and why any NPA is not selected. If the reason is that the NPA could not be implemented in time, the analysis should explain what steps Cascade will take to perform its future NPA analyses for similar projects in time.

In sum, Cascade not only has a regulatory obligation, but also a moral obligation (as a company literally fueling the climate crisis), to accurately and thoroughly analyze the least-cost, least-risk compliance pathways to satisfy the CPP's emissions mandates. This 2023 IRP abjectly fails to assure any reader that Cascade is properly planning for the future. The IRP should not be acknowledged.

## **II. Engagement Process**

GEI sincerely appreciated the open and accessible technical advisory group meetings, and that the company recorded the meetings. GEI and CRK thank Cascade for preparing a response to each individual concern raised by our groups in our comments on the draft IRP.<sup>3</sup>

## **III. Cascade's Action Plan Contains Problematic Planned Investments**

Many of the items in Cascade's Action Plan lack sufficient detail to be considered reasonable overall. Further, what little analysis the company does provide is insufficient to substantiate a need for further investments in its system.

First, Cascade neglects to satisfy the rubric demonstrating the necessity of capital projects from a safety and reliability standpoint.<sup>4</sup> As a result, neither the Prineville Gate upgrade nor the distribution system plan should be acknowledged. Second, Cascade should understand that any further study of hydrogen should not be subsidized with ratepayer dollars. Third, we ask the Commission to clarify that Cascade's Washington voluntary RNG program is irrelevant to the company's compliance with the CPP. Finally, just as we noted with the plans presented by NW Natural (LC 79) and Avista (LC 81), Cascade has not sufficiently identified or analyzed the least-cost, least-risk pathways to meet the CPP's emissions caps and, as a result, its long-term portfolio analysis should not be acknowledged.

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<sup>3</sup> Oregon Public Util. Comm'n, LC 83, In the Matter of Cascade Natural Gas Corporation 2023 Integrated Resource Plan, Response to GEI and CRK Comments, App'x C at 47-55 (Jun. 2, 2023) (hereinafter CNGC 2023 IRP).

<sup>4</sup> Oregon Public Util. Comm'n, LC 76, In the Matter of Cascade Natural Gas Corp., 2020 Integrated Resource Plan Update, Order No. 23-023 at App'x A at 6 (Feb. 6, 2023), <https://apps.puc.state.or.us/orders/2023ords/23-023.pdf>.

A. Prineville Gate Upgrade Should Not be Acknowledged

Cascade does not adequately support a need to invest in upgrades to the existing gate station serving Prineville. Cascade has failed to present a reasonable analysis justifying the investment and failed to adequately evaluate potential alternatives. Even if Cascade is correct that Prineville is expected to continue to grow, that reason is simply insufficient to support approval of an investment that will undermine the company's efforts to meet its obligations under the CPP.

First, as GEI and CRK indicated in our comments on the draft IRP, it is unclear whether the gas control alarms are related to the peak need or related to Cascade's inability to control the bypassing that is managed by TransCanada, or how often the alarms are triggered. Cascade has not explained why regulating the ability to bypass the gate station is worth \$1.6 million or what other options are available to it to manage its relationship with TransCanada and that company's staffing failures. Cascade does not respond to these inquiries, indicating only that it has experienced gas control alarms, that any targeted load management would take several years, and that gas customers will be "at risk of losing gas waiting on the targeted load management to complete."<sup>5</sup> Because investments in expanding the gas system will make it more difficult and costly to meet CPP obligations, and because they are at high risk of becoming stranded assets as gas use declines under the CPP, the Commission should require a clear showing that such investments would in fact address the root cause of the gas system alarms before acknowledging them.

**The company has also failed to adequately consider alternatives;** it rejected DSM out of hand due to the purported urgent timing of the project. Notably, this proposed upgrade originally appeared in the 2020 IRP. Now, without presenting sufficient details to support its assertion, the company is claiming that the upgrade is suddenly urgent. Staff's analysis of the project in October 2022, as part of Cascade's 2020 IRP Update, points to opposite evidence in its finding of no immediate need.<sup>6</sup> Cascade confirmed in response to Staff data requests in this proceeding that it has not explored any alternatives to this project and confirmed it has never called on interruptible customers in the area to interrupt their service.<sup>7</sup>

Finally, according to Cascade, Prineville is expected to see a year-over-year average growth of 2.02%.<sup>8</sup> But the Commission has previously instructed Cascade that it will be "tak[ing] a hard look at reliability versus growth-driven justifications for natural gas distribution projects" and

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<sup>5</sup> CNGC 2023 IRP, App'x C at 50.

<sup>6</sup> Oregon Public Util. Comm'n, LC 76, In the Matter of Cascade Natural Gas Co., 2020 Integrated Resource Plan Update, Order 23-023, at 8 (Feb. 6, 2023).

<sup>7</sup> CNGC 2023 IRP, Cascade Responses to Staff Data Requests 14 and 16 (available on request).

<sup>8</sup> CNGC 2023 IRP at 3-10.

that it will be “ask[ing] difficult questions about whether the need for upgrades to address near-term reliability could have been avoided with more aggressive load management[.]”<sup>9</sup> Where the company has already identified that it will have difficulty reaching its emissions reductions goals in Oregon in a low RNG and hydrogen future,<sup>10</sup> and where Cascade must not only lower emissions from existing customers, but must completely offset emissions from new load, **we are extremely concerned that this investment will only undermine Cascade’s CPP compliance prospects.** Cascade can no longer sit in the backseat and watch the world change around it. It must act proactively to “mitigate growth where [it] reasonably can avoid distribution system capital investments.”<sup>11</sup>

The Prineville Gate upgrade should not be acknowledged because Cascade has failed to show that the investment is necessary to meet a safety or reliability need in the near-term, and that it is the least-cost, least-risk method to satisfy demand.

#### B. Distribution System Planning Investments Should Not be Acknowledged

Cascade reports that it has a five-year budget to support distribution system upgrades due to forecasted growth. Appendix I listing those projects and associated costs is not included in the final IRP, having been deemed by the company to contain confidential information. With respect to the projects Cascade plans to implement or review that “require an increase in capacity,”<sup>12</sup> we respectfully ask the Commission to consider whether the exhibit describing these projects is appropriately labeled confidential. If no part of the filing may be shared with the public, **we ask the Commission to carefully evaluate whether each of the listed reinforcement or replacement projects is (1) demonstrably and unavoidably necessary and (2) without any viable alternatives.**

As Staff properly reflected in comments on the draft IRP, the absence of alternatives for distribution system projects is notably lacking. The Commission’s previous direction to Cascade to act “with a sense of urgency”<sup>13</sup> in pursuing alternatives to distribution system projects should have inspired Cascade to explore the role of non-pipe alternatives in the distribution system planning process.

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<sup>9</sup> Oregon Public Util. Comm’n, LC 76, In the Matter of Cascade Natural Gas Co., 2020 Integrated Resource Plan Update, Order 23-023 (Feb. 6, 2023).

<sup>10</sup> CNGC 2023 IRP, App’x C, Response to CUB’s comments at 45.

<sup>11</sup> Oregon Public Util. Comm’n, LC 79, In the Matter of NW Natural Gas Company, 2022 Integrated Resource Plan, Order No. 23-281, at 14 (Aug. 2, 2023).

<sup>12</sup> CNGC 2023 IRP at 11-3.

<sup>13</sup> Oregon Public Util. Comm’n, LC 76, In the Matter of Cascade Natural Gas Corp., 2020 Integrated Resource Plan Update, Order No. 23-023 at 2 (Feb. 6, 2023), <https://apps.puc.state.or.us/orders/2023ords/23-023.pdf>.

The company's response to Staff comments is simply unacceptable: "As the Company transitions from 'just-in-time' analysis on distribution system projects to a more forward looking analysis, Cascade will continue to improve the models and the alternative options."<sup>14</sup> We do not need to underscore the impacts of the climate crisis, the already-ambitious CPP compliance timelines that will only become harder to meet with delay and movement in the wrong direction, and the need for action from fossil fuel providers and governments to reduce emissions immediately across all sectors. Continuing to approve investments in Cascade's gas infrastructure system that are not currently and indisputably necessary would be contrary to the stated emissions goals of Oregon and should not be acknowledged.

We note, too, that **we have serious concerns about Cascade's existing line extension allowance (LEA)**, which should be re-evaluated in light of the CPP. We know that Cascade's LEA, which the Commission approved so long ago that Cascade no longer has work papers in its files to substantiate the amount,<sup>15</sup> must be evaluated to ensure that existing customers are not being harmed by an out-dated LEA.

C. Researching Hydrogen as a CPP Compliance Method Should Not be Acknowledged

Cascade indicates it will continue to investigate the cost and feasibility of a hydrogen plant in its Action Plan. We are pleased to see that Cascade recognizes that nothing in its Action Plan will lead to any "path dependency decisions" related to hydrogen until the next IRP. Nevertheless, we reiterate that **given the serious concerns with hydrogen in pipelines, including an increase in pipeline capacity (pressure-associated or volumetric), additional leaks and safety concerns, and costs** (all of which are extensively discussed in GEI's and CRK's comments on the draft IRP,<sup>16</sup> Advocate comments on NW Natural's 2022 IRP,<sup>17</sup> and UM 2178 comments<sup>18</sup>), **the Commission should discourage Cascade from spending ratepayer dollars on any hydrogen-related efforts.**

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<sup>14</sup> CNGC 2023 IRP, Response to Staff Comments on Draft 2023 IRP, App'x C at 34.

<sup>15</sup> CNGC 2023 IRP, Response to Staff DR 17 (available upon request).

<sup>16</sup> CNGC 2023 IRP, App'x C at 55.

<sup>17</sup> Oregon Public Util. Comm'n, LC 79, In the Matter of NW Natural Gas Company, 2022 Integrated Resource Plan, Opening Comments by GEI, Climate Solutions, CRK, CEP, Electrify Now, Metro Climate Action Team, NRDC and Sierra Club at 20 (Dec. 30, 2022), <https://edocs.puc.state.or.us/efdocus/HAC/lc79hac14421.pdf>.

<sup>18</sup> Oregon Public Util. Comm'n, UM 2178, Natural Gas Fact Finding, Climate and Energy Justice Advocates' comments for Workshop #4(b) (Oct. 26, 2021), available at <https://edocs.puc.state.or.us/efdocus/HAH/um2178hah16382.pdf>; Joint Comments on Natural Gas Fact Finding Session 2 (July 30, 2021), available at <https://edocs.puc.state.or.us/efdocus/HAC/um2178hac121342.pdf>.

Hydrogen has limited potential to reduce gas distribution emissions. Since safety, infrastructure, and end customer appliance issues may limit hydrogen blending to between 5 and 20 percent by volume, fossil fuels will continue to account for a significant majority of the gas network energy. Even if green hydrogen blends can reach the 20 percent upper bound, this will only result in about a 7 percent reduction in emissions. To accommodate the same load with a 20 percent blend would require a substantial increase in pressure and capacity, while exacerbating potential leakage issues. It is unclear if Cascade can accommodate such a capacity increase without significant capital upgrades. Moreover, for hydrogen blending to play a role in decarbonization of the natural gas system, green hydrogen will have to overcome significant barriers to becoming cost-competitive, which we will not discuss here. In short, Cascade should not invest ratepayer dollars in continuing to study this risky and costly option.

D. Cascade’s Voluntary Renewable Natural Gas Program in Washington is Irrelevant to Oregon CPP Compliance

Cascade includes in its action plan the need to purchase the “necessary amount of RNG for the Company’s voluntary RNG program.”<sup>19</sup> Cascade sets out each project, explaining that its system is occasionally used to carry fuels used for decarbonizing the transportation sector. This fact is irrelevant to Cascade’s least-cost, least-risk planning obligation and serves only to confuse readers.<sup>20</sup> In fact, Staff and CUB appropriately express confusion about Cascade’s reference to its Washington voluntary program.<sup>21</sup> Revision of the draft IRP did not clear up the confusion, and the company’s responses to data requests do not help. We suggest that guidance from the Commission would be useful.

Cascade appears to suggest, for example, that its voluntary program would be paid for by voluntary program participants, while “all customers would receive the benefit of a voluntary program by reducing the number of volumes to offset under CPP.”<sup>22</sup> As we understand the Washington voluntary renewable natural gas program, Cascade is required to deliver all environmental attributes to participants, or retire the attributes on behalf of the customer.<sup>23</sup> Similarly, under the Oregon Department of Environmental Quality’s proposed revisions to the greenhouse gas reporting rules, retirement of the environmental attribute is required in order for the associated gas to be deemed renewable under the CPP.<sup>24</sup> We understand that Washington’s

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<sup>19</sup> CNGC 2023 IRP at 1-13 and 11-4.

<sup>20</sup> For that reason, we request that the two “Transport Projects” not be discussed in any future IRP. Divert, Inc. and Dairy [sic] RNG Project are not relevant to Cascade’s CPP compliance obligations. CNGC 2023 IRP at 4-16, 4-17.

<sup>21</sup> CNGC 2023 IRP, Response to Staff comments, App’x C at 26; Response to CUB comments, App’x C at 40.

<sup>22</sup> CNGC 2023 IRP, Response to Staff DR 22 (available upon request).

<sup>23</sup> RCW 80.28.390(1).

<sup>24</sup> Notice of Proposed Rules, Office of Greenhouse Gas Programs, Or. Dep’t of Env’tl. Quality, OAR 340-215-0044(5)(c)(L), available at <https://www.oregon.gov/deq/rulemaking/pages/climate2023.aspx>

Department of Ecology is also sharing guidance (soon to be published) that requires certification and documentation that the RTC has been retired, through a tracking system like M-RETS, for its Climate Commitment Act (CCA).

To the extent any confusion in the law exists between the two states, and any voluntary program, under no circumstances should Cascade be permitted to double count the same RNG for compliance with the CPP that is purchased by a customer pursuant to a voluntary program or for compliance with the CCA.

E. Cascade's Long-term Plan is Risky and Costly and Should Not be Acknowledged

Finally, the extensive analysis performed by Staff and the Commission in evaluating NW Natural's IRP should guide the Commission to the same outcome here. The Commission should decline to acknowledge Cascade's long-term strategy for complying with the CPP.

In addition to the same kinds of flaws from which NW Natural's IRP suffered, Cascade's plan also contains (1) a deeply out-of-date load forecast; (2) no consideration of electrification as a supply side resource; (3) unrealistic climate data; (4) unsupported GTN Xpress capacity; (5) and an inadequate non-pipeline alternatives analysis. We address each of these factors in more detail below. In short, the IRP does not clearly demonstrate how Cascade can realistically reduce its emissions in compliance with the CPP caps, other than purchasing CCI credits at the outset. In the long-term, a strategy that relies on RNG, renewable thermal certificates (RTCs), and synthetic methane (all of which are likely to be scarce and expensive), while continuing to grow, is a highly risky and potentially costly approach.

Finally, it might be helpful to look to the new International Energy Association update for clear direction on what is necessary to reduce emissions. According to the IEA, in order to keep global warming at 1.5 degrees Celsius, we need to (1) accelerate energy efficiency; (2) use heat pumps for space heating, and (3) initiate massive cuts to energy-sector methane use.<sup>25</sup>

#### **IV. Cascade's GTN Xpress Capacity Must be Closely Examined**

The Commission should direct Cascade to reevaluate its GTN Xpress capacity acquisition both in the new regulatory context of the CPP, and in the event FERC does not approve the expansion project.

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<sup>25</sup> Int'l Energy Agency, Net Zero Roadmap: A Global Pathway to Keep the 1.5° Goal in Reach, 2023 Update, Making the Net Zero Scenario a reality (Sept. 2023), available at <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach/making-the-net-zero-scenario-a-reality#abstract>.



Cascade implies that because the PUC and the Washington UTC acknowledged its GTN Xpress investment, as laid out in its 2018 IRP, it is not subject to further assessment.<sup>26</sup> That acknowledgement, however, took place before the enactment of either of Washington’s or Oregon’s climate policies, before the Inflation Reduction Act, before the Attorneys General of Washington, California, and Oregon objected<sup>27</sup> to the GTN expansion, and before five Senators from Washington, California, and Oregon filed a letter with the Federal Energy Regulatory Commission asserting the absence of public interest supporting the expansion.<sup>28</sup> **Cascade is now in a spot where it is relying on capacity that may not be built and available to it, while at the same time using its out-dated load analysis in this IRP to urge FERC to approve the GTN Xpress project.**<sup>29</sup> Either way, Cascade must now justify its need for the GTN resource addition, and must re-evaluate its alternatives in order to meet its least-cost, least-risk planning mandate.

In response to GEI and CRK’s comments, we appreciate that Cascade added an explanation about its need to contract space on the GTN. But its explanation misses the mark. Cascade explains that it included in the modeling the 20,000 dth of GTN that Cascade secured and, as a result, it observed a small shortfall in the late 2040s.<sup>30</sup> Cascade’s summary neglects to provide any indication that it modeled what would happen in the absence of the contract, or what would happen should its demand forecast be revised downward. Instead, in its final IRP, Cascade now provides an anecdote of weather on December 22, 2022, purportedly demonstrating why capacity on the GTN Xpress is necessary. On this day “Cascade flowed approximately 66,000 dth along GTN” corresponding to a 52 HDD temperature.<sup>31</sup> Cascade notes that, without the added GTN capacity, there would only be a capacity of 72,603 dth putting Cascade within 6,000 dth of exceeding upstream pipeline contracted capacity.

Washington UTC staff took this statement apart as follows:<sup>32</sup> Cascade does not explain (1) why the date was chosen; (2) whether the 66,000 dth was caused by the temperature (78% of

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<sup>26</sup> CNGC 2023 IRP, App’x C at 48.

<sup>27</sup> The Attorneys General of Washington, California, and Oregon filed a motion to intervene and oppose GTN Xpress because it would undermine the states’ efforts to fight climate change and have negative impacts on consumers. Joint Motion to Intervene and Protest by the States of Washington, Oregon and California (Aug. 22, 2022), available at [https://agportal-s3bucket.s3.amazonaws.com/20220822-5118\\_2022.08.22\\_MotToInterveneAndProtest.pdf](https://agportal-s3bucket.s3.amazonaws.com/20220822-5118_2022.08.22_MotToInterveneAndProtest.pdf).

<sup>28</sup> Cantwell, Padilla, Wyden, Merkley, Feinstein, Letter to Fed. Energy Reg. Comm’n, RE: GTN Xpress Project, Docket No. CP22-2-000 (Sept. 14, 2023), available at <https://earthministry.org/wp-content/uploads/2023/09/20230914-4005.pdf>.

<sup>29</sup> In fact, underscoring the risks associated with Cascade’s actions, both GTN and Cascade have admitted that the GTN Xpress will not be in service this winter.

<sup>30</sup> CNGC 2023 IRP at 4-25.

<sup>31</sup> CNGC 2023 IRP at 4-25.

<sup>32</sup> Wash. Util. and Transp. Comm’n, Filing UG - 220131, Cascade Natural Gas Corporation, Staff Comments regarding Cascade’s 2023 Natural Gas IRP (Apr. 28, 2023), available at <https://www.utc.wa.gov/casedocket/2022/220131/docsets>.

Cascade’s throughput is for transport customers);<sup>33</sup> (3) whether the system was stressed and the demand was interruptible; (4) why the company uses a 70 HDD standard; and (5) what amount of supply would be needed, and at what temperature would cause a shortfall without GTN. Finally, and we underscore this point, **“Staff notes that the GTN Xpress contract is a 30-year annual contract. That is, it is a contract to provide an additional 20,000 dth per day, every day of the year, rather than a more targeted winter-capacity contract. Cascade is attempting to demonstrate the need for this contract using a peak day event it anticipates happening less than every 30 years.”**<sup>34</sup>

In sum, pursuant to IRP Guideline 1(d), the Company has failed to explain how a plan, which includes capacity on the GTN Xpress, is consistent with the long-run public interest as set forth in Oregon and federal energy policies. Additionally, to comply with IRP Guideline 4(m), it must identify and explain inconsistencies of the selected portfolio with state and federal energy policies that affect the utility’s plan, and barriers to implementation. The company has failed to explain (1) why it locked in the resource such that its model was forced to select it in this IRP (other than because the 2018 IRP was acknowledged); (2) why a 30 year contract for delivery of 20,000 dth per day, every day, is **still** necessary to meet a once in 30 year peak day event (other than no other contractual opportunities were available **on the GTN**), (3) why GTN capacity remains the least-cost, least-risk resource, and (4) how it believes it can offset all emissions from the GTN Xpress in order to comply with the CPP.<sup>35</sup>

## V. Bend’s Expected Load Growth Cannot Be Used to Drive Investments

If Cascade’s plans move forward as outlined in the IRP, the City of Bend will be unable to meet its Climate Action Plan. The city has seven years to reduce its community-wide fossil fuel use by 40%, and has a goal to reduce its fossil fuel use by 70% by 2050. The climate action plan specifically calls out more efficient use of energy, as well as renewable energy.<sup>36</sup> Allowing

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<sup>33</sup> In its reply comments filed in the WUTC docket, Cascade explains that the capacity it secured was for its core customers. Non-core transport customers must obtain their own capacity. Wash. Util. and Transp. Comm’n, Filing UG - 220131, Cascade Natural Gas Corporation, Reply to Staff Comments, on behalf of Cascade Natural Gas Corporation (May 31, 2023), available at <https://www.utc.wa.gov/casedocket/2022/220131/docsets>.

<sup>34</sup> Cascade explains GTN did not offer winter-only capacity. *Id.* If the need is for winter-only capacity, Cascade should demonstrate the lack of other alternatives.

<sup>35</sup> In this instance, according to comments from the Attorneys General of Oregon, Washington, and California, Cascade’s emissions resulting from the GTN Xpress project alone could be over five times Cascade’s authorized emissions amount under the CCA and the CPP for 2050. Comments on the Final Environmental Impact Statement for the GTN Xpress project by the states of Washington, California, and Oregon, FERC Docket CP22-02 (Dec. 19, 2022), available at [https://stateimpactcenter.org/files/AGActions\\_20221220-5030\\_2022.12.19-Final\\_StatesComment\\_FEIS.pdf](https://stateimpactcenter.org/files/AGActions_20221220-5030_2022.12.19-Final_StatesComment_FEIS.pdf).

<sup>36</sup> City of Bend, Community Climate Action Plan, Vision and Guiding Principles, available at <https://www.bendoregon.gov/home/showpublisheddocument/39989/636812576090170000>.

Cascade to assume continued growth as if it is inevitable, without also proactively planning for how it will offset all additional emissions, is irresponsible.

Additionally, Bend has repeatedly recognized the need to address the climate crisis, and ambition on that front will only grow. **In fact, just this month, a coalition of youth and other activists, including 24 community organizations, asked the City Council to implement a city-wide electrification plan.**<sup>37</sup>

We note that in technical working group number 5, Cascade included as an action item the plan to “coordinate with ETO in 2023 to include targeted load management for the city of Bend.”<sup>38</sup> We do not see a reference to that item in the final IRP. We ask the company to explain why it removed this item.

## VI. Implementing Regulatory Tools Now

We recommend the Commission implement regulatory changes that will make it easier to assess whether Cascade is planning in a reasonable and realistic manner. A more robust load forecast analysis, proactive analysis of electrification as a resource, more realistic climate data that is consistent across utilities, closer consideration of capacity contracts, and analysis of non pipe alternatives (NPAs) are key components to better planning.

### A. Load Forecast Concerns

Given the widely understood need to address climate pollution, along with widespread policy and market changes in recent years, it is deeply irresponsible for Cascade to expect that it can plan in the way it always has. For example, Cascade estimates load growth to average 1.10% annually through 2050, with residential annual rates at 1.21%. It expects Oregon growth will outpace Washington.<sup>39</sup> In response to GEI’s and CRK’s concerns about these inflated growth

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<sup>37</sup> Alex Baumhardt, Oregon youth join global climate strike, call on governor to declare emergency, Oregon Capital Chronicle (Sept. 14, 2023), <https://oregoncapitalchronicle.com/2023/09/14/oregon-youth-join-global-climate-strike-call-on-governor-to-declare-emergency/>; Colby Enebrad, 101 youth climate activities protest in downtown Bend, Central Oregon Daily News (Sept. 15, 2023), <https://centraloregondaily.com/youth-climate-activists-organize-protest-downtown-bend/>. While the recent Ninth Circuit decision in *California Restaurant Association v. Berkeley*, Slip Op. No. 21-16278 (April 17, 2023), has created uncertainty for the particular type of electrification policy enacted by Berkeley, other policy avenues remain available. Bend can be expected to explore all available options in developing and implementing a city-wide electrification plan. While the particular policy avenues Bend may pursue remain uncertain, the clear interest in electrification and the clear need to pursue it to achieve city climate goals warrant reconsideration of Cascade’s growth assumptions.

<sup>38</sup> CNGC 2023 IRP, App’x A at 464.

<sup>39</sup> CNGC 2023 IRP at 1-5.

projections, Cascade reflected that its load forecast is “locked in” first<sup>40</sup> and it did not consider the IRA or Washington building code changes.

Because Cascade “locked in” its load forecast so early, and did not proactively recognize the need to update its forecast based on changing circumstances (blaming stakeholders for neglecting to raise the issue<sup>41</sup>), its forecast is woefully out-of-date. It does not account for: 1) residential and commercial building code updates in Washington, 2) the likelihood of line extension allowance updates in Oregon, 3) building code updates in Oregon consistent with the Climate Resilience Package (HB 3409), and 4) expanding electric appliance and HVAC incentives at the state level and through the Inflation Reduction Act which will accelerate building electrification. And these are only some of the clearest indicators of a substantial policy and market shift toward electrification. Cascade is also not accounting for the possibility of reduced load associated with local policies supportive of beneficial electrification, especially in the Bend area. Cascade’s customers are the victims of the company’s unwillingness to respond flexibly to reflect changes and trends in state and federal regulatory requirements and the market landscape.

Washington UTC Staff similarly faulted Cascade for failing to consider the impact of Washington’s building codes, which Staff suspected would significantly reduce the demand for Cascade’s service. It noted that a wait-and-see approach, where the company delays evaluating the impact of a more climate-protective building code until the code is adopted, would put the company in a permanent lag behind those code changes. Washington UTC staff commented that incorporation of all of Washington’s building-related statutes should result in declining growth until 2031, at which point growth should stop and then decrease.<sup>42</sup>

Although the company points to communities in Washington and Oregon that are forecasted to experience high population growth rates, the company fails to explain how it concludes that development in these places translates to demand for natural gas. Whether due to the cost to install gas lines, tax incentives for electrical appliances, building codes, or health, safety, or climate concerns, the only realistic conclusion is that customer growth and overall demand in the gas industry will decline over time. **For that reason, we recommend that future IRPs assume zero new customer growth starting no later than 2027.**<sup>43</sup>

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<sup>40</sup> CNGC 2023 IRP, App’x C at 51.

<sup>41</sup> “If IRP stakeholders had communicated their issues earlier on in the process, Cascade could have delayed the IRP to incorporate these changes to the load forecast model.” CNGC 2023 IRP, App’x C at 51.

<sup>42</sup> Wash. Util. and Transp. Comm’n, Filing UG - 220131, Cascade Natural Gas Corporation, Staff Comments (May 31, 2023), available at

<sup>43</sup> One way Cascade could implement this recommendation is by incorporating a zero customer growth assumption, in addition to other expected effects of policy and market developments toward efficiency and electrification, as part of the end use forecasting it proposes for future IRPs. CNGC 2023 IRP at 11-4; App’x A at 464.

B. Proactively analyze building electrification as a resource

Since the IRA and related state policies provide substantial financial support for building electrification and related energy efficiency measures, it is time for gas utilities to model electrification as a supply side resource. Customers could save as much as \$10,000 on a heat pump with just IRA benefits alone (pairing rebates with tax incentives), which would cover the majority or all of the costs of installing a heat pump, especially for lower-income customers. And thanks to the recently-passed “Climate Resilience” package (HB 3409), Oregon now has a goal of installing 500,000 heat pumps by 2030, with a variety of programming expected to help deploy these heat pumps across the state.<sup>44</sup> If Cascade customers adopt their fair share of this overall state goal, that would be approximately 23,400 customers in Cascade territory within the next 7 years – something that could significantly reduce gas throughput in the region. **We recommend that the OPUC direct Cascade to use consistent methods for incorporating supply-side and electrification incentives in its planning, and to expressly enumerate the electrification incentives incorporated into its analysis, disaggregated by market segment as appropriate (e.g., new vs. existing construction, income-qualified vs. market rate customers).**

Ultimately, targeted electrification can provide a number of benefits to gas customers by obviating the need for new gas system investments that could become stranded. Gas system capital investments are durable, such that new spending may not be recovered for another 40 or 50 years. We recommend that the Commission identify, quantify, and evaluate these stranded asset risks wherever possible in evaluating gas asset costs and comparing them to non-pipeline alternatives like electrification. The Company must understand that the energy landscape has evolved, and electrification will be a critical resource for cost-efficiently achieving emissions reductions and resolving distribution challenges. We also believe the Company is missing potential opportunities to use electrification as a way to continue providing space and water heating services to its existing customers, which could help it meet CPP requirements and ultimately maintain a healthier business in the years to come.

C. Incorporate realistic climate data

We are concerned about how the company chose to model climate impacts in its region, which has an effect on demand projections. Specifically, the company assumes a Representative Concentration Pathway (RCP) of 4.5 in its modeling, relying on Wikipedia to support its assertion that such a baseline scenario is the most probable.<sup>45</sup> RCPs represent future

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<sup>44</sup> Samayoa, M. “Oregon’s latest climate package targets building resilience, and hefty federal dollars” (June 28, 2023), OPB, <https://www.opb.org/article/2023/06/28/oregon-climate-change-environment-portland-politics-heat-dome-resilience-package-extreme-weather/>.

<sup>45</sup> CNGC IRP at 3-4 and 3-5.

concentrations of greenhouse gases in the atmosphere. RCP 2.6 is the lowest, representing very low emissions in the long-term; RCP 4.5 represents low-to-moderate emissions scenario (in which global emissions peak around 2040); RCP 6.0 represents moderate-to-high emissions in the long term; and RCP 8.5 represents very high emissions, in which emissions continue to rise throughout the century. As climate change increases temperatures, winter heating load is expected to decline, so scenarios involving greater climatic effects such as RCP 6.0 and RCP 8.5 could be expected to produce lower demand forecasts.

Although governments and major global polluters may rapidly reduce their emissions to be in line with an RCP 4.5 pathway by the end of the century, we are not on track for this to happen in the next 5-20 years. To get a better sense of a range of potential climate conditions in the IRP timeframe, Cascade should have at least modeled the RCP 4.5 scenario alongside a higher emissions scenario such as RCP 6.0 or 8.5. This is how both Pacificorp and PGE use RCPs in their IRP processes.<sup>46</sup> It is concerning that the electric and gas companies would have such drastically different, foundational assumptions about future load forecasts for the same region.

**We recommend that the Commission provide guidance to both gas and electric utilities as to how they should incorporate climate data and provide realistic climate-related demand projections in future resource planning. This guidance should be based on the best available science and informed by climate experts, not just the utilities themselves.**

D. Model the potential for non-renewal or retirement of capacity contracts and reevaluate GTN Xpress capacity

Comments from Staff on NW Natural's and Avista's IRPs explain the importance of modeling non-renewal of unneeded capacity contracts. NW Natural's IRP revealed the importance of evaluating utility contracts for capacity resources, and the Commission directed NW Natural to evaluate potential "retirement" of those capacity resources to achieve cost savings for ratepayers in its next IRP.<sup>47</sup> Similarly, staff comments in Avista's IRP requested greater transparency into the company's actions to protect customers from unnecessary transportation and storage costs.<sup>48</sup>

**A similar direction to Cascade is necessary to uncover the impact to ratepayers if Cascade has secured capacity exceeding its need.** The Washington Attorney General's office, for

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<sup>46</sup> Pacificorp IRP at 125, [https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2023-irp/2023\\_IRP\\_Volume\\_I.pdf](https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2023-irp/2023_IRP_Volume_I.pdf); see also, PGE IRP at 318, [https://downloads.ctfassets.net/416ywc11aqmd/6B6HLox3jBzYLXOBgskor5/63f5c6a615c6f2bc9e5df78ca27472bd/PGE\\_2023\\_CEP-IRP\\_REVISED\\_2023-06-30.pdf](https://downloads.ctfassets.net/416ywc11aqmd/6B6HLox3jBzYLXOBgskor5/63f5c6a615c6f2bc9e5df78ca27472bd/PGE_2023_CEP-IRP_REVISED_2023-06-30.pdf).

<sup>47</sup> Oregon Public Util. Comm'n, LC 79, In the Matter of NW Natural Gas Co. 2022 Integrated Resource Plan, Order No. 23-281, at 13 (Aug. 2, 2023).

<sup>48</sup> Oregon Public Util. Comm'n, LC 81, Avista Final 2023 IRP, Staff Opening Comments at 39.

example, has concluded that Cascade’s existing contracts do not demonstrate a capacity need, despite Cascade’s statements to the contrary.<sup>49</sup> An expert hired by the agency suggested that Cascade could meet any remaining needs by contracting with GTN shippers who hold capacity on the GTN.<sup>50</sup>

E. Include project-specific non pipeline alternatives

The Commission should direct Cascade to significantly improve and expand its analysis of opportunities to avoid gas system investments through NPAs, including electrification. The current IRP’s NPA analysis is extremely limited.<sup>51</sup> Cascade does not address any specific capacity expansion projects for which NPA analysis was conducted or the outcome of any such analysis and it responds to staff inquiries about NPAs by indicating it will improve its analysis in the future.<sup>52</sup>

**Specifically, we recommend that the Commission direct Cascade to include project-specific NPA analysis that accounts for non-energy benefits in its future IRPs for all capacity expansion projects and groups of geographically-related projects over \$500,000.** The analysis should explain which measures were considered, and if the NPA is not selected, why not. If the reason is that the NPA could not be implemented in time to meet the resource need, the analysis should explain the steps Cascade will take to perform its NPA analysis in time to meet resource needs for future projects.

## VI. Conclusion

As the secretary general of the United Nations has warned, humanity has “opened the gates to hell” by allowing the fossil fuel industry to continue to drag its feet and engage in “shameful” behavior to slow the energy transition.<sup>53</sup> But, “[t]he future of humanity is in our hands. We must turn up the tempo, turn plans into action and turn the tide.”<sup>54</sup> The Commission has the authority

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<sup>49</sup> Wash. Util. and Transp. Comm’n, Filing UG - 220131, Cascade Natural Gas Corporation, Public Counsel for Attorney General of Wash. at 3 (Apr. 28, 2023), available at <https://www.utc.wa.gov/casedocket/2022/220131/docsets>

<sup>50</sup> *Id.*, App’x A at 20.

<sup>51</sup> CNGC 2023 IRP at 8-10 and 8-12.

<sup>52</sup> CNGC 2023 IRP, Response to Staff Comments on Draft 2023 IRP, App’x C at 34.

<sup>53</sup> Oliver Milman, Humanity has ‘opened gates to hell’ by letting climate crisis worsen, UN secretary warns, *The Guardian* (Sept. 20, 2023), available at

[https://www.theguardian.com/world/2023/sep/20/antonio-guterres-un-climate-summit-gates-hell?utm\\_source=Sightline%20Institute&utm\\_medium=web-email&utm\\_campaign=Sightline%20News%20Selections&utm\\_source=Sightline+Newsletters+II&utm\\_campaign=f393d61e0e-EMAIL\\_CAMPAIGN\\_2023\\_09\\_22\\_02\\_36&utm\\_medium=email&utm\\_term=0\\_3e1b0f73ac-f393d61e0e-%5BLIST\\_EMAIL\\_ID%5D](https://www.theguardian.com/world/2023/sep/20/antonio-guterres-un-climate-summit-gates-hell?utm_source=Sightline%20Institute&utm_medium=web-email&utm_campaign=Sightline%20News%20Selections&utm_source=Sightline+Newsletters+II&utm_campaign=f393d61e0e-EMAIL_CAMPAIGN_2023_09_22_02_36&utm_medium=email&utm_term=0_3e1b0f73ac-f393d61e0e-%5BLIST_EMAIL_ID%5D).

<sup>54</sup> *Id.*

and duty to ensure that utilities comply with state policies and support the public interest; it is in the optimal position to shift its regulatory approach so that it approves plans that achieve equitable decarbonization.

In considering Cascade's 2023 IRP, we urge the Commission to reject Cascade's approach that is heavily skewed toward pipeline solutions, that continues to grow and expand gas infrastructure, and that relies on future technology developments that are risky and costly. The Commission should not acknowledge Cascade's 2023 IRP at this time. Instead, it should be directed to file a revised IRP as we have described above.

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