

December 2, 2024

NWN OPUC Advice No. 24-23

VIA ELECTRONIC FILING

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

RE: Schedule H - Large Volume Non-Residential High Pressure Gas Service (HPGS) Rider

Natural Gas Company, dba NW Natural (NW Natural or Company), files the enclosed tariff sheets and respectfully requests to extend its compressed natural gas (CNG) program which is currently set to expire January 31, 2025. The enclosed proposed tariff sheet is stated to become effective on February 1, 2025.

Fourth Revision to Schedule H.1	Schedule H	Large Volume Non-Residential High Pressure Gas Service (HPGS) Rider
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Purpose

NW Natural proposes to extend its current service of providing compressed natural gas to interested customers from January 31, 2025 to January 31, 2030.

Background

NW Natural first proposed Schedule H with Advice No. 13-10 on July 27, 2013 (docket UG 266). The Commission approved Schedule H, effective February 1, 2014, in Order No. 14-014, which originally stated the program term for Schedule H to be through January 31, 2016. On December 14, 2015, NW Natural filed Advice No. 15-19 requesting a two-year extension of its Schedule H term. Order No. 16-013 approved NW Natural's request extending Schedule H term through January 31, 2018. On December 21, 2017, NW Natural filed Advice No. 17-21 requesting a five-year extension of its Schedule H through January 31, 2023. The Commission approved the five-year extension in Order No. 18-043, on the condition that Staff perform a market condition review by February 1, 2020. On December 2, 2019, NW Natural filed the Report on Compressed Natural Gas Market Conditions and proposed the program maintain the expiration date through January 31, 2023. On January 8, 2020, Staff filed correspondence stating no further Commission action was necessary and the expiry date of January 31, 2023 remained in place.

Finally, on December 14, 2022, the Company filed Advice No. 22-23, docketed as ADV 1472, requesting to extend Schedule H service to customers through January 31, 2025. The Commission approved the filing via the consent agenda at the Public Meeting on January 24, 2023

NW Natural proposes in this fling to extend the current expiry date of January 31, 2025, for Schedule H service and provides a summary of current CNG market conditions to support continuing Schedule H service through January 31, 2030.

Summary of Current Market Conditions

The Company finds the CNG market has not markedly changed since the Company's tariff extension request, dated December 15, 2022, and Staff's report dated January 13, 2023. The Company added one new customer to its Schedule H service in 2023 (City of Wilsonville). Further the Company continues to engage with potential customers and industry partners that remain interested in moving diesel vehicle fleets to CNG. Diesel prices, while generally trending down after reaching a five-year high in 2022, remained volatile throughout 2023 and early 2024. The Company currently has no open inquiries to explore the feasibility of constructing CNG stations for service under Schedule H.

The key difficulties potential developers have expressed in building CNG stations are lack of state incentives for a comprehensive network of stations and lack of commitment from fleet owners and operators. Companies with the capital to convert/purchase CNG fueled fleets that would make a CNG station economically viable are hesitant to invest in CNG vehicles because there is a sense of uncertainty about whether CNG will qualify under state clean fuels/carbon reduction programs in the near future. Companies with a nationwide presence are hesitant to convert their Oregon-based fleet to CNG as they prefer to use the same types of vehicles and fuels in every state. Additionally, many smaller companies rent their fleets and even if they would prefer CNG, the fleet owner may not be incentivized or find it economically viable to offer CNG vehicles as an option.

The Company continues to find on-going interest in CNG within its service territory under current market conditions and despite the difficulties cited above. The Company finds that the conclusion from Staff's report is still valid, namely "...that NW Natural is providing a service [through the HPGS] that would not otherwise be available to customers without the utility's involvement in the market. [The] HPGS program provides a benefit to existing customers and a possible scenario can arise where if low CNG prices persist, diesel fleets can have incentives to convert to CNG thus further fueling CNG market development."^{1 2}

According to the US Department of Energy's Alternative Fuels Data Center, there are a total of three public and 10 private CNG fueling stations in Oregon as of March 2024. This count does not include the City of Wilsonville CNG fueling station. Additionally, there is one

¹ See: UG 490 OPUC DR 433 Attachment 2, page 6.

² For the US Department of Energy Alternative Fuel Price Report, see: [Alternative Fuels Data Center: Fuel Prices \(energy.gov\)](https://www.afdc.energy.gov/). As of January 1, 2024 CNG averaged \$2.95 per gasoline gallon equivalent ("GGE") while diesel averaged \$3.51 per GGE.

public liquified natural gas (LNG) fueling station that sells renewable natural gas (RNG).³ In total, the Company finds there are 15 CNG and LNG fueling stations in Oregon. Staff's report identified 14 CNG stations as of 2023, which led Staff to conclude that this number indicated that the CNG market "has not changed appreciably" since 2018.⁴

Conclusion

Given the current market conditions and future potential interest in CNG, NW Natural proposes to extend the Schedule H service through January 31, 2030.

The Company respectfully requests that the tariff sheets filed herein be approved to become effective with service on and after February 1, 2025.

In compliance with OAR 860-022-0025 the Company states that the tariff changes proposed in this filing will affect those customers that elect to participate in the Schedule H program; therefore, the number of customers affected is not known at this time. There is no impact to NW Natural's annual revenue resulting from the proposed tariff change.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available for public inspection in the Company's main office in Portland, Oregon and on its website at www.nwnatural.com.

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

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Rates & Regulatory Affairs
NW Natural
250 SW Taylor Street
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Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Sincerely,

/s/ Rebecca Trujillo

Rebecca Trujillo
Regulatory Compliance

Attachment

³ US Department of Energy Alternative Fuels Data Center, natural gas fueling station locations data can be accessed here: [Alternative Fuels Data Center: Natural Gas Fueling Station Locations \(energy.gov\)](https://www.energy.gov/alternative-fuels-data-center/natural-gas-fueling-station-locations).

⁴ See: UG 490 OPUC DR 433 Attachment 2, page 5.

**RATE SCHEDULE H
LARGE VOLUME NON-RESIDENTIAL
HIGH PRESSURE GAS SERVICE (HPGS) RIDER**

PURPOSE:

To provide Company-owned and maintained high pressure gas infrastructure sited on a Customer’s Premise where the Company’s standard Distribution System operating pressures are insufficient to meet Customer’s requirements for fueling motor vehicles.

SERVICE APPLICABILITY:

Service under this Rate Schedule Rider is available to a Customer who:
(1) has an approved Service Election under Rate Schedule 3, Rate Schedule 31, or Rate Schedule 32 for service to the High Pressure Gas facilities (“HPGS Facilities”); (2) has entered into a High Pressure Gas Service Agreement (“HPGS Agreement”) under this Rate Schedule Rider for a minimum initial term of ten years; and (3) has satisfied the prerequisites for service commencement set forth in the Customer’s HPGS Agreement.

PROGRAM TERM:

HPGS shall remain in effect until January 31, 2030 or until such other time as the Commission (C) may approve.

SERVICES PROVIDED:

Service under this Rate Schedule Rider includes High Pressure Gas Service (“HPGS”), Scheduled Maintenance, Unscheduled Maintenance, and Back-Up Service.

HPGS Facilities - The Company will design, plan, engineer, permit, construct, install, inspect, test, and maintain all Standard HPGS Facilities installed in accordance with this rider. NW Natural reserves the right to designate the location of all Distribution Facilities and HPGS Facilities required for such service.

Standard HPGS Facilities – Standard HPGS Facilities include the following:

- Compression system, which includes remote monitoring equipment
- Main distribution panel
- Remote feeder panel
- Transformer pad
- Compressor pad
- Remote Power Panel Pad
- Dispenser pad
- Transformer pad
- Trenches
- Compressor skid
- Dryers
- Regeneration pad
- Storage vessel(s)
- Priority panel
- Protective traffic bollards
- Fast fill meter/dispenser(s) (does not include hanging hardware)
- ASME Cascade Buffer – one three pack installed on the roof
- Control System and remote power panel

(continue to Sheet H-2)