

July 29, 2025

NWN OPUC Advice No. 25-04

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 Schedule 351 – Thermostat Rewards Program Proposal
NEW Schedule 121 – Thermostat Rewards Program Cost Recovery

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 on September 17, 2025.

Fourteenth Revision of Sheet v	Tariff Index	Index – Adjustment Schedules
Second Revision of Sheet vi	Tariff Index	Index – Adjustment Schedules
Original Sheet 351-1	Schedule 351	Thermostat Rewards Program
Original Sheet 121-1	Schedule 121	Thermostat Rewards Program Cost Recovery

Purpose

The purpose of this filing is to request that the Public Utility Commission of Oregon (“Commission”) approve: 1) a new tariff Schedule 351 Thermostat Rewards Program for Residential and Small Commercial customers, and 2) a new related tariff adjustment Schedule 121 Thermostat Rewards Program Cost Recovery for the recovery of costs for the program. This filing is in compliance with Order No. 23-281 in docket LC 79, Action Item 3, in NW Natural’s 2022 Integrated Resource Plan (“IRP”).

Background

In NW Natural’s 2022 IRP, docketed as LC 79, the Company included an action item that focused on a potential new “non-pipeline solution” system capacity and distribution system planning tool, aimed at reducing load during high demand periods through a demand response program for residential and small commercial customers. Action Item 3 stated:

“Scope a residential and small commercial demand response program to supplement our large commercial and industrial programs and file by 2024.”

In Order No. 23-281, the Commission agreed with Staff’s recommendation to acknowledge NW Natural’s plan to scope a residential and small commercial demand response (“DR”) program subject to the condition that NW Natural provide a discussion of how the residential and commercial demand response will interact with and support future locational DR programs.

Upon receiving the Commission's acknowledgement on Action Item 3, the Company began scoping and developing a program plan. By the end of October 2023, the Company completed a DR program plan in which the scope, objectives, DR offerings, deliverables, and timing for system-wide programs were developed. Several DR pathways were explored, and the Bring Your Own Thermostat ("BYOT", or "Thermostat Rewards" as branded) program was identified as the best opportunity to create a demand response program that targets residential and small commercial customers.

Energy Trust of Oregon ("Energy Trust") confidential data showed that over 61,000 smart thermostats have already been installed across NW Natural's service territory via Energy Trust's various energy efficiency programs. A separate study¹ found that approximately 14 percent of single-family homes in the northwest region have installed certain types of smart thermostats. The Company estimates that there are as many as 84,000 smart thermostats for single-family homes among the Company's residential customers. Given that there are many smart thermostats already installed in NW Natural's service territory, the Company estimates enrollment in the Thermostat Rewards Program could be approximately 30,000 customers at the end of a three-year period.

In February 2024, NW Natural issued a request for proposals ("RFP") for the BYOT program. The Company hosted multiple rounds of interview sessions for each of the four prospective implementation vendors (RFP responders) during the RFP selection process from late March to May 2024 and eventually identified Resideo Grid Works ("Resideo") as the implementor. NW Natural negotiated a scope of work ("SOW") and contract in July 2024. Resideo began to set up the BYOT program in its distributed energy resource management system ("DERMS") in August 2024, and began enrolling eligible customers on December 9, 2024 for the 2024-2025 testing phase of the program.

In addition, the Company issued an Evaluation, Measurement and Verification ("EM&V") RFP for the DR program in March 2024, seeking a qualified third-party EM&V service vendor to conduct an independent EM&V analysis of the BYOT program. Five EM&V service vendors submitted their proposals. The Company selected ADM Associates as the EM&V vendor and negotiated an SOW in August 2024.

Proposed Program

NW Natural proposes this Thermostat Rewards program for its residential and small commercial customers that have qualifying smart thermostats and natural gas space heating equipment.

Program Design and Enrollment

The DR program season will be November 1 through March 31. The program DR Event window will be from 7:00 AM through 11:00 AM. The maximum Event duration is 4 hours.

Customers may enroll via NW Natural's website or through their smart thermostat's application or website.

Participants may opt out of a DR Event by manually adjusting their thermostat. Participants may also opt out of the Program at their discretion anytime.

¹ 2022 Residential Building Stock Assessment (RBSA) Findings Report by Northwest Energy Efficiency Alliance (NEEA) published in April 2024.

Incentives

During the 2024-2025 testing phase, each participant who enrolled in the Thermostat Rewards program received an Enrollment Incentive in the form of a \$25 Virtual Prepaid Mastercard®. In addition, enrolled participants may have received a Participation Incentive, a \$25 incentive as a virtual card, after the DR program season was completed if they participated in at least 50 percent of the Event hours during the DR season. NW Natural anticipates that incentives for future DR program seasons will follow this same framework. In order to keep the program flexible and meaningful to the Participants, the Company may change the incentives of the program from time to time and from area to area. Participants may find the current incentives offered at NW Natural's website: <https://www.nwnatural.com/thermostatrewards>

Costs

The following table details the costs as contracted with Resideo and the various thermostat brands listed by the original equipment manufacturer ("OEM").

Resideo and OEM Fees		
	One-time	Annual
Program Set-up	\$ 50,000	
Program Implementation		
License Fee		\$ 10,000
Incentive Processing Fee*	\$ 12,000	\$ 0.50
Tier 1 Customer Support		\$ 45,000
Program Delivery **		
1 - 10,000		\$ 27.00
10,001 - 25,000		\$ 26.00
>25,000		\$ 25.00
OEM Partner Services		
Nest	\$ 20,000	
ecobee		\$ 10,000
Honeywell	waived	
Sensi	\$ 10,000	
Amazon Program Set-up	\$ 5,000	

* Per incentive distributed

** Fee based on tiered number of enrollments

Marketing, Outreach, and Engagement

During the testing period, NW Natural did not perform external marketing and instead leveraged the marketing efforts of the various thermostat manufacturers and the implementer, Resideo. In addition, the Company posted information about the BYOT program on its website. In the future, NW Natural may do its own marketing and outreach.

Reporting

NW Natural will report results of this program annually including customer participation rates per event broken down by the smart thermostat brand customers use, incentive payouts, and event details such as duration.

Cost Recovery

NW Natural proposes new tariff Schedule 121 to recover the costs of the Thermostat Rewards program, which include the program costs that NW Natural may experience such as, but not limited to, set-up fees, portal access, incentives, customer support, program implementation, administrative, outreach, and communication costs.

Through June 30, 2025, NW Natural's Thermostat Rewards program enrollment includes 11,278 customers/devices. The Commission has approved NW Natural's application for deferred accounting of program costs in docket UM 2324 to enable tracking of costs for the Thermostat Rewards program and future anticipated locational demand response programs consistent with Commission direction in Order No. 23-281.² NW Natural anticipates seeking cost recovery of the deferred program costs each year coincident with the annual Purchased Gas Adjustment ("PGA") filings, or at other times as approved by the Commission. The Company is not seeking any costs to be recovered at this time but will do so in a future PGA or other filing. Thus, there is no rate impact of this filing.

Interaction with, and Support of Potential Future Programs

As stated above, Staff's recommendation to acknowledge NW Natural's plan to scope a residential and small commercial DR program was conditioned on the Company providing in this filing a discussion of how the Thermostat Rewards program might interact with and support any future locational demand response program.

Establishing a system-wide BYOT program was the first step to support and enable a locational or geographically targeted DR program as a non-pipeline alternative for distribution system planning. Now that the system-wide program is functional, NW Natural can leverage the program and take additional steps towards boosting BYOT enrollment in constrained areas, resulting in a locational DR program framework.

These efforts could potentially include:

- Geographically targeted marketing of the BYOT program
- Increased enrollment incentives in specific geographical areas
- Increased participation incentives in specific geographical areas

The locational DR program framework made possible by establishing the BYOT program enables the ability to consider geographically targeted BYOT DR in areas of focus on NW Natural's distribution system as non-pipeline alternatives. As will be discussed in the IRP that will be filed on August 1, 2025, NW Natural's Forward Looking Distribution Plan will focus on three areas in Oregon as areas on the distribution network that may require a solution in the future, either through traditional pipeline solutions or non-pipeline alternatives, to continue to provide reliable service to firm customers. Leveraging the system supporting the BYOT program, the Company will work with Energy Trust to promote the program with area-specific increased enrollment and participation incentives along with Energy Trust's smart thermostat program in targeted areas. Depending on the contribution of this geographically targeted demand response offering to the benefits obtained from delaying the corresponding pipeline solutions, the enrollment and participation incentives to be offered in these areas will be higher than those offered by the system-wide BYOT program while still ensuring the cost effectiveness of the offering in each of the targeted areas.

² *In the Matter of Northwest Natural Gas Company dba NW Natural Application for Authorization to Defer Costs Associated with a Residential and Small Commercial Demand Response Program.* Docket No. UM 2324, Order No. 25-030 (Feb. 5, 2025).

Increased enrollment and participation incentives combined with Energy Trust's intensified co-marketing and outreach are expected to significantly increase the uptake of both Energy Trust's smart thermostat energy efficiency and NW Natural's locational BYOT demand response programs in the targeted areas.

Locational or geographically targeted efforts will be successful as a non-pipeline alternative if the targeted program, in addition to delaying the pipeline investments, can boost customer enrollment, increase participation during events, and increase retention of participants for customers located in constrained areas of our distribution system.

Conclusion

NW Natural respectfully requests the Commission approve the enclosed tariff proposals effective September 17, 2025.

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:

eFiling
NW Natural Rates & Regulatory Affairs
250 SW Taylor Street
Portland, OR 97204
Phone: (503) 610-7330
Email: eFiling@nwnatural.com

Respectfully submitted,

/s/ Rebecca Trujillo

Rebecca Trujillo
NW Natural
Regulatory Consultant
250 SW Taylor Street
Portland, OR 97204
Phone: (503) 610-7326
Email: rebecca.trujillo@nwnatural.com

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourteenth Revision of Sheet v
Cancels Thirteenth Revision of Sheet v

TARIFF INDEX

(continued)

ADJUSTMENT SCHEDULES	SHEET
Schedule 100: Summary of Adjustments.....	100-1 to 100-5
Schedule 120: AMP Cost Recovery.....	120-1
Schedule 121: Thermostat Rewards Program Cost Recovery	121-1
Schedule 150: Monthly Incremental Cost of Gas.....	150-1
Schedule 160: Revision of Charges for Coos County Customers	160-1
Schedule 162: Temporary (Technical) Adjustments to Rates.....	162-1 to 162-2
Schedule 164: Purchased Gas Cost Adjustments to Rates.....	164-1
Schedule 164A: Special Purchased Gas Adjustment Credit.....	164-A
Schedule 165: Special Adjustment to Rates – Gas Reserves Credit	165-1
Schedule 166: Residential Rate Mitigation	166-1
Schedule 167: General Adjustments to Rates	167-1
Schedule 168: Temporary Rate Adjustment – Net Curtailment and Entitlement Revenues.....	168-1
Schedule 169: Transportation Customer Energy Efficiency Program Cost Recovery	169-1
Schedule 170: Special Adjustment to Rates – Credits Related to North Mist Expansion	170-1
Schedule 171: Transportation Customer Renewable Natural Gas Offtake Costs	171-1
Schedule 172: Special Adjustment to Rates for Intervenor Funding	172-1
Schedule 173: Adjustment for COVID Programs Cost Recovery	173-1
Schedule 175: Amortization of Horizon 1 Start-Up Cost Deferral	175-1
Schedule 177: Adjustment for Corporate Activity Tax	177-1 to 177-2
Schedule 178: Regulatory Rate Adjustment.....	178-1 to 178-2
Schedule 179: Automated Meter Reading (AMR) Rate Adjustment.....	179-1
Schedule 180: TSA Security Directive 2 Compliance Costs.....	180-1 to 180-3
Schedule 181: Special Rate Adjustment – Regulatory Fee Increase	181-1 to 181-2
Schedule 182: Rate Adjustment for Environmental Cost Recovery	182-1
Schedule 183: Site Remediation Recovery Mechanism (SRRM).....	183-1 to 183-3
Schedule 184: Cancelled – Reserved for Future Use.....	184-1 to 184-3
Schedule 185: Special Annual Interstate and Intrastate Storage and Transportation Credit	185-1 to 185-2
Schedule 186: Special Annual Core Pipeline Capacity Optimization Credit.....	186-1
Schedule 187: Special Rate Adjustment for Mist Capacity Recall.....	187-1
Schedule 188: Industrial Demand Side Management (DSM) Program Cost Recovery.....	188-1
Schedule 189: Adjustment for TSA Capital and Cost of Service Cost Recovery.....	189-1
Schedule 190: Partial Decoupling Mechanism	190-1 to 190-2
Schedule 195: Weather Adjusted Rate Mechanism (WARM Program).....	195-1 to 195-5
Schedule 196: Adjustment for Certain Excess Deferred Income Taxes Related To The 2017 Federal Tax Cuts and Jobs Act	196-1 to 196-3
Schedule 197: Amortization of Pension Balancing Account	197-1 to 197-2
Schedule 198: Renewable Natural Gas Adjustment Mechanism	198-1 to 198-3

(N)

PROMOTIONAL CONCESSIONS

Schedule 200: Promotional Concessions Index	200-1
General Merchandise Sales Program (Appliance Center).....	200-2
Equipment Sales Promotions.....	200-3
Cooperative Advertising Program	200-4
Showcase Developments	200-5
Natural Gas Vehicle Program	200-6
Equipment Financing Program	200-7
Promotions for Company-Offered Products and Services	200-8

(continue to Sheet vi)

Issued July 29, 2025
NWN OPUC Advice No. 25-04

Effective with service on
and after September 17, 2025

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet vi
Cancels First Revision of Sheet vi

TARIFF INDEX (continued)

PUBLIC PURPOSES SCHEDULES

SHEET

Schedule 301:	Public Purposes Funding Surcharge	301-1 to 301-3
Schedule 310:	Oregon Low-Income Gas Assistance (OLGA)	310-1 to 310-2
Schedule 330:	Residential Bill Discount Program (Optional)	330-1 to 330-2
Schedule 335:	Bill Discount Program Cost Recovery	335-1
Schedule 320:	Oregon Low-Income Energy Efficiency (OLIEE) Programs	320-1 to 320-6
Schedule 350:	Energy Efficiency Services and Programs – Residential and Commercial.....	350-1
Schedule 351:	Thermostat Rewards Program.....	351-1
Schedule 360:	Industrial Demand Side Management (DSM) Programs.....	360-1 to 360-2
Schedule 361:	Transportation Customer Energy Efficiency Program.....	361-1

(N)

OTHER PROGRAMS

Schedule 400:	Smart Energy Program	400-1 to 400-2
Schedule 405:	Builder/Developer Program (Optional) Multi-Story Multi-Family	405-1 to 405-2

Issued July 29, 2025
NWN OPUC Advice No. 25-04

Effective with service on
and after September 17, 2025

SCHEDULE 121
THERMOSTAT REWARDS PROGRAM COST RECOVERY

(N)

PURPOSE:

This Schedule recovers the costs of the bring-your-own thermostat program offered under Schedule 351– Thermostat Rewards Program

APPLICABLE:

To all Residential and Small Commercial Customers on the Rate Schedules of this Tariff listed below, allocated on the basis of equal percentage of margin:

Residential	Small Commercial
Rate Schedule 2	Rate Schedule 3 CSF

APPLICATION TO RATE SCHEDULES:

Effective: September 17, 2025

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED

Schedule	Rate Adjustment per therm
2	\$0.00000
03 CSF	\$0.00000

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)

Issued July 29, 2025
NWN OPUC Advice No. 25-04

Effective with service on
and after September 17, 2025

**SCHEDULE 351
THERMOSTAT REWARDS PROGRAM**

(N)

PURPOSE:

To describe NW Natural's Thermostat Rewards Program.

AVAILABLE:

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

Rate Schedule 2 Rate Schedule 3

PARTICIPATING SMART THERMOSTAT MANUFACTURERS:

NW Natural will work with various providers of thermostats and the list may change from time to time. The current brands we are working with can be found on NW Natural's website:

<https://www.nwnatural.com/thermostatrewards>

PROGRAM COSTS AND TERMS:

Program costs will be deferred annually and amortized for recovery coincident with the Company's Purchased Gas Adjustment filings, or as otherwise approved by the Commission, through Schedule 121.

CONDITIONS:

1. Participants must be a NW Natural Residential or Small Commercial customer and be an authorized user on the account and have natural gas forced air furnace for space heating.
2. An eligible smart thermostat must be installed and connected to Wi-Fi prior to enrollment.

INCENTIVES:

The current incentives for participating in Demand Response Events during a winter season can be found on NW Natural's website: <https://www.nwnatural.com/thermostatrewards>

REPORTING

NW Natural will report results of this program annually, including customer participation rates per event broken down by the smart thermostat brand customers use, incentive payouts, and event details such as duration.

ENROLLMENT AND PROGRAM DETAILS:

Customers can sign-up via NW Natural's website or through their smart thermostat's application or website.

During a Demand Response Event, the Participant's thermostat will automatically lower the temperature setpoint by two to four degrees at their home or business. At the end of an Event, the Participant's thermostat will return to its original settings.

There may be multiple events during the winter season from November 1 to March 31. Program Events during the winter season will typically last up to four hours. Events will usually occur between 7:00 AM and 11:00 AM with an event duration of no more than four hours. Some events may be preceded by pre-heating prior to the start of an event

Participants may opt out of any event before it begins. Participants can also opt out during an Event by manually adjusting their thermostat to the desired temperature.

GENERAL:

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)