

September 25, 2026

NWN OPUC Advice No. 26-06

VIA ELECTRONIC FILING

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

Re: NEW Schedule 352 – NW Natural Peak Flex Partners

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 November 1, 2026.

Original Sheet 352-1	Schedule 352	NW Natural Peak Flex Partners
Original Sheet 352-2	Schedule 352	NW Natural Peak Flex Partners

Purpose

The purpose of this filing is to request the Public Utility Commission of Oregon (Commission) approve a new tariff Schedule 352, NW Natural Peak Flex Partners, which is a geographically targeted behavioral demand response program available to firm sales large commercial and industrial customers located in geographically targeted zip codes.

Background

In NW Natural's 2025 Integrated Resource Plan (IRP), docketed as LC 86, the Company included action item A-2 that focused on continuing existing cost-effective demand response programs and exploring the cost effectiveness of demand response offerings to meet peak demand requirements. As described in the IRP, the Company evaluated several demand response offerings as potential Non-Pipeline Alternatives (NPAs) in geographically targeted areas.¹ Geographically targeted demand response (GeoDR) is specifically designed to achieve incremental peak hour savings from distinctive demand response (DR) offerings to customers in targeted zip codes where the distribution system is constrained or is expected to be constrained in the near future.

The Company recently implemented the Customer Management Module (CMM) into the Company's pressure system modeling software, Synergi™ Gas. CMM creates a link between the Company's Geographic Information System, Customer Information System, and Synergi™

¹ Section 12.6.2.4 *Geographically Targeted Demand-Side Management Programs*, of the Company's 2025 IRP.

Gas, resulting in improved distribution system modeling accuracy. This enhanced visibility allows the Company to identify emerging system constraints earlier and provides additional time to evaluate and deploy NPAs before traditional infrastructure reinforcement solutions are required.

In addition to identifying areas of the system that will likely have constraints in the near future, the Synergi™ Gas modeling using CMM revealed areas that currently exceed the design capacity of the distribution system. This modeling was supported by recorded pressure and temperature data collected on the distribution system. As a result, the Company is evaluating reinforcement projects to improve supply capacity in areas where CMM modeling predicts a loss of service.

As identified in the 2025 IRP, the Company has identified zip codes in Oregon (Dallas and McMinnville) that will benefit from additional support to the distribution system during winter peak load hours. NW Natural is currently assessing reinforcement project alternatives in the Dallas and McMinnville areas. GeoDR can reduce peak-hour loads, enhance system reliability, delay or avoid the need for a pipeline reinforcement project, and reduce the risk of capacity-related service disruptions.

Proposed NW Natural Peak Flex Partners Program

NW Natural proposes to scope, develop, and implement a behavioral demand response program, branded as NW Natural Peak Flex Partners, for firm sales large commercial and industrial customers, that provides performance-based incentives measured in dollars per average therm of peak hour load reduction. During a DR event (Event), participating customers may reduce natural gas consumption by temporarily lowering space heating setpoints, shifting or limiting non-critical gas-fired processes, and/or switching eligible equipment from natural gas to alternative fuels. Events may be called when temperatures are forecast to reach 32°F or below, when the daily average temperatures are forecast at 34°F or below, or at other critical times such as the distribution system has an emergency.

Participants will earn incentives via a bill credit based on their verified therm reductions during an Event.

Program Design and Enrollment

The NW Natural Peak Flex Partners season will operate annually from November 1 through March 31. The program Event window will be from 7:00 AM through 11:00 AM, which corresponds to the time of day during the winter months when the demand for natural gas is likely to be at its highest. Events may last up to four hours. In the event of a system emergency or other reliability need, NW Natural may call an Event outside of the standard Event window. Enrolled customers will receive Event notifications by email at least 24 hours in advance of a scheduled Event and again 15 minutes before the Event begins.

NW Natural's Major Account Services team will conduct targeted outreach to eligible customers within the identified geographic areas to encourage enrollment and participation in the program. Participants may choose not to participate in any demand response Event by not shifting or reducing usage. Additionally, participants may choose to unenroll in the program at their discretion.

Eligibility Requirements

- The customer must be a Large Commercial or Industrial Firm Sales customer in good standing located in geographically targeted zip codes.
- Customers cannot be on an interruptible rate schedule.
- Enrolled customers must have hourly gas metering equipment installed and functioning during the NW Natural Peak Flex Partners season (November 1 – March 31). Participants without existing, operational hourly gas metering equipment will be required to install an interval data metering device. The program will provide funding up to \$4,575 per installation.

Incentives

Following the conclusion of each NW Natural Peak Flex Partners season, a contracted third-party vendor will conduct an independent measurement and verification (M&V) analysis to quantify the Event therm savings for each participant using an appropriate baseline approach selected by the M&V vendor. NW Natural will calculate and provide participation incentives based on the savings verified through the M&V process.

The Company will provide seasonal incentives to participating customers in the form of a bill credit following completion of the seasonal settlement calculation, which is expected to occur approximately 90 days after the end of the program season.

NW Natural proposes a participation incentive of \$20 per average verified therm per hour reduced during an Event. Incentive amounts will be based on the verified curtailment achieved during the Event hours over the entire program season.

Costs

The total cost of the NW Natural Peak Flex Partners program over the 2026-2028 period is estimated to range from \$340,000 to \$598,000. These costs support customer incentives, metering equipment, independent measurement and verification, and program administration necessary to achieve targeted peak-demand reduction and improve system reliability.

Marketing, Outreach, and Engagement

As mentioned above, NW Natural's Major Account Services team will conduct targeted outreach and enrollment to eligible firm sales large commercial and industrial customers in the geographically targeted zip codes. Information about the program is also available on NW Natural's website: <https://www.nwnatural.com/business/peakflexpartners>.

Reporting

NW Natural will report program results annually, including peak hour-load reductions, total energy savings, and customer participation rates per Event.

Cost Recovery

NW Natural initially proposes to defer program costs for future ratemaking, and it has concurrently filed a separate deferral application. In the future, NW Natural plans to file an accounting petition to capitalize program costs and record them as a regulatory asset, which will be included as rate base within the Company's revenue requirement in a future cost recovery proceeding. NW Natural will seek a prudence determination of these costs at the time the Company requests recovery in customer rates.

Conclusion

Approval of Schedule 352 will enable NW Natural to deploy a targeted, cost-effective non-pipeline alternative that supports system reliability, addresses localized capacity constraints, and provides participating customers with a meaningful opportunity to contribute to winter peak-demand management while earning performance-based incentives.

NW Natural respectfully requests that the Commission approve these tariff changes to become effective November 1, 2026.

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:

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Respectfully submitted,

/s/ Rebecca Trujillo

Rebecca Trujillo
Regulatory Advisor

Enclosures

SCHEDULE 352 NW NATURAL PEAK FLEX PARTNERS

PURPOSE:

To describe and set forth the terms and conditions for NW Natural's geographically targeted behavioral demand response program, branded as the NW Natural Peak Flex Partners program (Peak Flex Partners). This program will be provided to customers in geographically targeted zip codes.

AVAILABLE:

To all Large Commercial and Industrial Firm Sales customers served under the following Rate Schedules and residing in the distribution capacity constrained zip codes in NW Natural's service territory in Oregon:

Rate Schedule 31	Rate Schedule 32	Rate Schedule 33
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BEHAVIORAL DEMAND RESPONSE PROGRAMS:

Eligible Large Commercial and Industrial Firm Sales customers will earn incentives for reducing their natural gas use during demand response events (Events). Incentives are earned based on the verified therm reduction during the Events. Customers may reduce their usage in a variety of ways, such as space heating, water heating, process heating, and operational shifts, if plausible.

Events may be called on days when low temperatures are forecasted to be 32°F or below or the daily average temperature is forecasted at 34°F or below or at other critical times such as the distribution system has an emergency.

The Peak Flex Partners season will be November 1 through March 31, with the demand response event window from 7:00 AM through 11:00 AM. Events may last up to four hours. In the event of a system emergency or other reliability need, NW Natural may call an Event outside of the standard Event window.

CONDITIONS:

1. Must be a NW Natural Large Commercial or Industrial Firm Sales customer in good standing located in the geographically targeted zip codes. Customers on an interruptible rate schedule may not participate in this program.
2. Customer must complete an enrollment agreement.
3. Enrolled customers must have a functioning hourly gas metering equipment installed during the program season (November 1 through March 31). Participants without existing and functioning hourly gas metering equipment will be required to install an interval data metering device, to be funded up to \$4,575 through the program.

PROGRAM DESIGN

The Peak Flex Partners program season will run from November 1 through March 31. An Event will generally last for no more than four hours between 7:00 AM and 11:00 AM. Enrolled customers will receive an email notification at least 24 hours in advance of a scheduled Event and an additional notice 15 minutes before the Event starts. More information about the program can be found on NW Natural's website:

<https://www.nwnatural.com/business/peakflexpartners>

(continued on Sheet 352-2)

SCHEDULE 352
NW NATURAL PEAK FLEX PARTNERS

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Program Costs and Terms:

Program Costs will initially be deferred for future ratemaking. NW Natural may seek in a future accounting petition to capitalize Program Costs and record them as a regulatory asset, which will be included as rate base within the Company's revenue requirement in a future cost recovery proceeding.

REPORTING:

NW Natural will report results of this program annually including peak hour load reductions, total energy savings, and customer participation rates per Event (to the extent such information does not disclose or cannot be used to identify a particular customer).

GENERAL:

The 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.

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