

August 7, 2026

NWN WUTC Advice No. 26-07

VIA ELECTRONIC FILING

Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: NEW Schedule 240 – NW Natural Peak Flex Partners Program for Large Commercial and Industrial Customers

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revision to its Tariff WN U-6, stated to become effective October 1, 2026.

Original Sheet 240.1	Schedule 240	NW Natural Peak Flex Partners Program
Original Sheet 240.2	Schedule 240	NW Natural Peak Flex Partners Program

Purpose

The purpose of this filing is to request the Washington Utilities and Transportation Commission (Commission) approve a new tariff Schedule 240 – NW Natural Peak Flex Partners program, 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 UG-240312, 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 help achieve incremental peak hour savings from demand response (DR) offerings to customers in a targeted area where the distribution system is constrained or is expected to be constrained in the near future.

In the Company's most recently filed general rate case, docketed as UG-250610, the Direct Testimony of Daniel B. Kizer and Scott S. Johnson on page 24 (Exhibit DBK-SSJ-1T), described

¹ Section 12.6.2.4 *Geographically Targeted Demand-Side Management Programs* from the Company's IRP in docket UG-240312.

the enhancements to the Company's modeling capabilities that will improve its ability to identify and evaluate opportunities for NPAs. Specifically, that testimony addressed the recent implementation of the Company's Customer Management Module (CMM) into its pressure system modeling software, Synergi™ Gas. CMM creates a link between the Company's Geographic Information System, Customer Information System, and Synergi™ Gas, resulting in improved distribution system modeling accuracy. This will allow the Company to have more visibility into areas with likely system constraints in the near future, which will provide more lead time to evaluate and deploy NPAs before a traditional infrastructure reinforcement solution is 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.

One such area is in eastern Clark County, where NW Natural is currently evaluating reinforcement project alternatives in the Vancouver area. While the Company's modeling indicates the need for a reinforcement project that cannot be fully mitigated through an NPA, GeoDR can nevertheless provide support to the distribution system during winter peak load hours. Specifically, GeoDR can help reduce peak hour loads, support system reliability, and reduce the risk of capacity-related service disruptions before the reinforcement project is completed. Accordingly, this filing will enable the Company to launch a geographically targeted behavioral demand response program offering beginning in 2026, allowing NW Natural to leverage demand-side resources to support customers and system reliability in constrained areas of the distribution system.

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 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 (Demand Response Event), participating customers may reduce natural gas consumption by temporarily lowering space heating setpoints, shifting or curtailing non-critical gas-fired processes, and/or switching eligible equipment from natural gas to alternative fuels. Demand Response 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.

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

Program Design and Enrollment

The NW Natural Peak Flex Partners season will operate annually from November 1 through March 31. The program Demand Response 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. Demand Response 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 outreach to the geographically targeted customers 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 firm sales Large Commercial or Industrial 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/functioning hourly gas metering equipment will be required to install an interval data metering device.

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-hour 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, calculated per event, of \$20 per average verified therm per hour reduced. Incentive amounts will be based on the verified curtailment achieved during the Demand Response Event hours over the entire program season.

Costs

The total cost of the NW Natural Peak Flex Partners is estimated, over the 2026-2028 period, to range from approximately \$896,000 to \$1,765,000, which includes incentives paid to program participants, hourly usage metering equipment and installation costs, performance measurement and verification fees, and program administration and overhead.

Marketing, Outreach, and Engagement

As mentioned above, NW Natural's Major Account Services team will conduct targeted outreach and enrollment to eligible 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 plans to report results of this program annually including peak hour load reductions, total energy savings, and customer participation rates per event.

Cost Recovery

NW Natural will propose a new tariff schedule in a separate, future filing, to recover the costs of the NW Natural Peak Flex Partners program including the program costs that NW Natural may experience as described in the cost section above.

Conclusion

NW Natural respectfully requests that the Commission approve this tariff change to become effective October 1, 2026.

In accordance with WAC 480-90-193 and WAC 480-90-195(3), copies of this letter and the attached filing are available in the Company's main office in Portland, Oregon, and on its website at www.nwnatural.com.

As requested by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

For the purpose of establishing a service list for this docket, and for any questions, please address correspondence on this matter to me with copies to the following:

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Respectfully submitted,

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Attachments:

NEW-NWN-WUTC-Advice-26-07-Trf-Sheet-240-1-08-07-26
NEW-NWN-WUTC-Advice-26-07-Trf-Sheet-240-2-08-07-26

SCHEDULE 240
NW NATURAL PEAK FLEX PARTNERS

(N)

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.

APPLICABLE:

To all Large Commercial and Industrial Firm Sales customers served under the following Rate Schedules and reside in the geographically targeted zip codes in NW Natural's service territory in Washington:

Rate Schedule 41	Rate Schedule 42	Rate Schedule 43
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BEHAVIORAL DEMAND RESPONSE PROGRAMS:

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

Demand Response 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. Demand Response Events may last up to four hours.

CONDITIONS:

1. Must be a NW Natural firm sales Large Commercial or Industrial customer located in geographically targeted zip codes. Customers on an interruptible rate schedule may not participate in this program.
2. Customer first must complete and sign an enrollment agreement.
3. Enrolled customers must have a functioning hourly gas metering equipment installed during the Peak Flex Partners 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.

PROGRAM DESIGN:

The Peak Flex Partners program season will run from November 1 through March 31. A Demand Response Event will generally last for no more than four hours between 7:00 AM and 11:00 AM. An email notification to customers will be given 24-hour notice or more of a Demand Response Event and additional notice 15 minutes before the Demand Response Event starts. More information about the program can be found on NW Natural's website:

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

(continued on Sheet 240.2)

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Effective with service on
and after October 1, 2026

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SCHEDULE 240
PEAK FLEX PARTNERS PROGRAM

REPORTING:

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

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.

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