August 18, 2025

Washington Utilities and Transportation Commission
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Via email to https://efiling.utc.wa.gov/Form

RE: **Docket UG-231023**
Comments from Green Energy Institute at Lewis & Clark Law School and Columbia Riverkeeper on Cascade Natural Gas Corporation's 2025 Integrated Resource Plan

Dear Chair Rybarik, Commissioners Rendahl and Doumit, and staff of the WUTC:

Thank you for the opportunity to offer feedback on the March 23, 2025 IRP filed by Cascade Natural Gas. When we submitted comments last year, we noted that Cascade was engaging in its integrated planning exercise in a context of dramatic and transformative federal, state, and local climate policy implementation. We could not have anticipated the extent to which the national approach to the climate crisis might have changed in such a short time. The national pivot makes the state policies protecting Washingtonians and Oregonians even more important, and requires diligent attention to how Cascade plans to meet the states' declining cap on greenhouse gas (GHG) emissions in the "lowest reasonable cost" to meet system demand.[1]

While much improved from the 2023 iteration, Cascade's 2025 IRP does not offer the Commission what it needs to assure itself that Cascade has a solid plan to responsibly comply with Washington's Climate Commitment Act (CCA) and Oregon's Climate Protection Plan (CPP).

Our comments focus on the following flaws in the analysis.

- Cascade's contracted capacity on the GTN Xpress should be expressly disapproved of and any costs should be borne by the company's shareholders;

[1] WAC 480-90-238.

- Cascade's plan to deliver alternative fuels as its primary means to comply with climate policies is extremely risky;
- Cascade's customer base–primarily made up of transport customers–underscores the need for better planning.

I. Cascade's Acquisition of Contracted Capacity on the GTN Xpress must be Expressly Disallowed for Future Recovery

Cascade reflects that GTN Xpress is now in service. It agrees to reevaluate the agreement, along with its other transportation agreements, in order to optimize resources.

Cascade's agreement to continue to reevaluate the need for GTN capacity is a good first start. Having said that, we are extremely concerned that Cascade did not capitalize on its opportunity to walk away from the contract in November 2024. We note that Cascade expects a declining load annually through 2050. It also recognizes in its action plan that it must "look for opportunities to permanently or temporarily capacity release transportation contracts" if its customer count continues to be low or decline.[2] Specifically, Cascade "not only doesn't anticipate any need for additional upstream transportation to Cascade's citygates, but the Company is considering capacity releases" under its reference case.[3]

We are aware that Cascade had an opportunity to renegotiate or walk away from its contract for 20,000 dth/day of GTN Xpress capacity in November 2024. The Federal Energy Regulatory Commission (FERC) approved GTN Xpress in October 2023—a year later than the requested in-service date. As part of the ongoing litigation over the FERC's approval of GTN Xpress, Gas Transmission Northwest referenced the need to revisit contracts for GTN Xpress capacity, Cascade's included, based on the delayed in-service date for the project. Cascade should have taken this opportunity seriously, especially after Staff's comments criticizing Cascades's investment in GTN Xpress in the 2023 IRP. Between the time Cascade originally committed to GTN Xpress capacity in 2021 and November 2024, it became clear that this investment would become a stranded asset. Yet, Cascade continued the status quo without demonstrating prudency, and without regard to impacts on ratepayers.

We request that the Commission require Cascade to analyze the impacts on ratepayers when GTN Xpress becomes a stranded asset, as Staff requested in 2023. WAC 480-90-238(2)(b) requires analysis that considers "resource costs, market-volatility risks, . . . and the risks imposed on ratepayers. . . ." This is especially important in a situation where Cascade had an opportunity to assess these factors and make a different decision.

[2] Cascade 2025 IRP at 9-15.
[3] Id.

We expect that the Commission will apprise Cascade that the risk it has taken is one of not recovering its investment in GTN Xpress. Repeated warnings about the imprudence of continuing to invest in the GTN Xpress in the context of falling demand and rising risk from climate policies makes Cascade's decision to walk back into GTN's contract the definition of imprudent. The risk that this investment will not be used and useful to Cascade's customers is all but inevitable.

II. Cascade's Over-Reliance on Alternative Fuels and Technologies is Extremely Risky; it Should Instead Evaluate a More Robust Selection of Non-Pipeline Alternatives

Cascade's IRP does not clearly demonstrate how it can realistically reduce its emissions in compliance with decarbonization policies for the following reasons: (1) one scenario shows the risk of what happens if the Department of Ecology adaptively manages statewide emissions in line with the state's goals; (2) RNG supply estimates and costs make the alternative fuel an unreasonable compliance pathway; and (3) carbon capture as a technology is unproven and extremely expensive.[4] Two years ago, all the gas utilities were raving about hydrogen; now they are all-in on carbon capture technologies.

Cascade's inaction in the short term increases the risk of non-compliance and higher rates. As a publicly regulated utility, Cascade must pursue decarbonization measures that reduce ratepayer risk in both the short- and long-term and this IRP does not provide valid reasoning that operating in the manner Cascade seeks to here is the least cost, least risk approach to decarbonization.

Cascade should, instead, be anticipating how to reduce emissions in actionable ways over the next decade, while saving its customers money. For example, its nonpipeline alternatives (NPAs) are not nearly sufficiently robust. The company considers only pressure uprates, demand-side management, and compressor stations.[5] Yet, utilities across the United States are analyzing and implementing electrification as an NPA. For example, Puget Sound Energy, the Public Service Company of Colorado, New York State Electric & Gas, Central Hudson Gas & Electric Corporation, and Avista Utilities in Oregon have all undertaken electrification pilots of some kind as an NPA.[6]

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[4] Institute for Energy Economics and Financial Analysis, *Carbon Capture and Storage*, https://ieefa.org/ccs.

[5] Cascade 2025 IRP at 8-10.

[6] *See* Or. Public Util. Comm'n, *In the Matter of NW Natural Request for a General Rate Revision*, Docket No. UG 520, Coalition Opening Testimony, Emily Moore Expert Testimony, Coalition Intervenors/200, Moore/Page 12-18, 20-22 (Apr. 2025), available at https://edocs.puc.state.or.us/efdocs/HTB/ug520htb335849115.pdf.

The Commission should require the Company to analyze NPAs for 1) projects to replace pipes at the end of their useful life, 2) capacity expansion projects, and 3) projects to acquire and accommodate new customer demand. Wherever the Company proposes replacing or installing new distribution or capacity infrastructure, it should evaluate alternatives that may be less costly and could reduce greenhouse gas emissions. Requiring a utility to demonstrate that it has analyzed alternatives fits neatly into the traditional planning process and it would not require Cascade to select or implement alternatives in all scenarios.

III. <u>Cascade's Customer Base Exponentially Increases the Risk to Vulnerable Residential Ratepayers</u>

The IRP provides a critical opportunity for the Commission to exercise its authority to protect ratepayers from the risks associated with unnecessary investments that may become stranded assets, and to ensure that all investments can be characterized as "low regrets." Cascade's customer base makes the company's choices, and the UTC's evaluation of those choices, even more stark. Cascade's customers are largely made up of transport customers–in fact, 80% of its customers use Cascade's system to provide gas to peakers or to meet industrial needs. The customer base is expected to reduce GHG emissions almost entirely by 2035 to remain in compliance with the state's emissions goals. Even if only half of those customers leave Cascade's system in ten years, the ratio of fixed costs to customers left to pay for them will be dire for those customers. The non-transport customers make up just a sliver of Cascade's business. Only 10% are residential, 8% are commercial, and 2% are industrial.

Cascade's transport customers are made up of 242 entities. Seven of them are electric generation customers. Increased reliance on renewables, and movement away from natural gas powered generation, will mean electric generation customers will not need Cascade's services. Similarly, at least some transport customers will move towards electrification as Cascade's reliance on alternative fuels grows. The Commission should require Cascade to evaluate the impact to its other customers should its transport customers dwindle.

IV. <u>Conclusion</u>

It is the Commission's 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 2025 IRP, we ask 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.

Thank you for the opportunity to comment on Cascade's 2025 IRP .

Sincerely,

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