



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803
www.cngc.com

March 1, 2024

Jeff Killip
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 97054-7250

Re: CNGC Advice No. W24-03-02, Voluntary Renewable Natural Gas Program

Dear Director Killip,

Cascade Natural Gas Corporation (Cascade or Company) files revisions to the following sheets in its Tariff, WN U-3, stated to become effective July 1, 2024:

Original Sheet No. 705.1
Original Sheet No. 705.2

In compliance with RCW 80.28.390 and the Commission's *Report and Policy Statement on Investigation of Renewable Natural Gas Programmatic Designs and Pipeline Safety Standards* (Commission Policy Statement), issued on December 16, 2020, in UG-190818, Cascade files to implement Schedule 705, Voluntary Renewable Natural Gas Program, which offers customers the opportunity to voluntarily decrease their carbon footprint by purchasing renewable thermal credits (RTCs) derived from renewable natural gas (RNG).

This program also supports the state of Washington's goal as established in the Climate Commitment Act (CCA) to reduce greenhouse gas emissions by 95% of the state's 1990 levels by 2050.

Program Overview

As required per RCW.28.390(1), Schedule 705 is an optional service to customers served on any rate schedule, core and non-core, allowing participating customers to offset their carbon emissions by purchasing one or more block(s) of RTCs, where each block is equivalent to four therms.¹

¹ For context, the average residential customer uses approximately 57 therms per month.

Program Costs

Participating customers will be billed \$7.32 for each block purchased plus revenue sensitive costs. The charge is designed to recover all costs associated with service under this schedule, including the price of RTCs, program management, program communications, and RTC verification. See the attached workpaper for the development of the block rate.

Concurrent with this filing and under separate cover, Cascade submits an application for authorization to recognize program revenues and expenses in deferred balance sheet accounts with no resulting impact on the income statement. The Company plans to periodically revise the Schedule 705 block charge for RTCs to true up the difference in revenues and expenses. By using deferred accounting for revenues and expenses, and truing up the block rate as needed, the Company will ensure it recovers all costs from participating customers.

To further protect against unrecovered program costs, service under Schedule 705 requires that a customer have a good credit standing, defined as not having received two or more notices of pending service disconnection for nonpayment within the past twelve months and/or not currently having a time payment arrangement for the payment of a past due balance.

Climate Commitment Act Considerations

On the same day that this filing is submitted, the Company is filing Advice No. W24-03-01 to establish its proposed Schedule 700, Temporary Climate Commitment Act (CCA) Rate Adjustment, with a projected May 1, 2024, effective date. A customer who chooses service under Schedule 705 will not be subject to the WA Climate Act Fee for the therms offset under this schedule. While the WA Climate Act Fee will be applicable to all customers, customers receiving service under Schedule 705 will be reimbursed the per therm WA Climate Act Fee for each therm offset under the Voluntary RNG Program. In this way, customers offsetting their carbon emissions are not charged the social cost of carbon established per the CCA for the therms voluntarily purchased as RTC blocks under this schedule.

Service on Schedule 705 is not available to residential customers receiving a bill discount per Rule 20, Cascade Arrearage Relief and Energy Discount (CARES) and Schedule 302, CARES Discount Rates. Service under Schedule 705 will increase participating customers' energy burden which is contrary to the goal of CARES. While the Company is sensitive that carbon mitigation for low-income customers needs specific consideration, Cascade's Schedule 705 is an initial step down a longer path towards compliance with the CCA which will include environmental justice and equity since the CCA requires that no less than 35% of annual investments provide benefits to vulnerable populations.

Tracking and Retirement

All environmental attributes sold under Schedule 705 will be transferred, tracked, and retired as RTCs in the Mid-west Renewable Energy Tracking System (M-RETS).

Implementation

The Company is requesting a July 1, 2024, effective date for this schedule. This extended timeline will provide adequate time for the Company to ensure the enrollment process and billing system are in place to accurately implement the program. This will also ensure a positive experience for customers who choose to participate in the program.

E-Filing

Attached is a certificate of service acknowledging that the Company has notified parties to of its application for deferred accounting.

This electronic filing is comprised of the following files:

- NEW-CNGC-Advice-No-WA-23-12-01-Vol-RNG-CLtr-3-1-24.pdf
- NEW-CNGC-Advice-No-WA-23-12-01-Vol-RNG-Trf-3-1-24.pdf
- NEW-CNGC-Advice-No-WA-23-12-01-Vol-RNG-WP-3-1-24.xlsx

Please direct any questions regarding this filing to me at (208) 377-6015.

Sincerely,

/s/ Lori Blattner

Lori Blattner
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W Grandridge Blvd
Kennewick, WA 99336-7166

Enclosures

CASCADE NATURAL GAS CORPORATION

WN U-3

Original Sheet No. 705.1

SCHEDULE 705 VOLUNTARY RENEWABLE NATURAL GAS PROGRAM

AVAILABILITY

This Voluntary Renewable Natural Gas Program (Program) is available to qualifying customers receiving gas service on Schedules 503, 504, 505, 511, 570, and 663 who choose service under this schedule.

Service under this Schedule will be available beginning July 1, 2024.

PROGRAM DESCRIPTION

Subject to availability, customers seeking to reduce their carbon emissions may choose to purchase one or more Program blocks, where each block is equivalent to four (4) therms of renewable thermal credits (RTCs) derived from renewable natural gas (RNG) and retired on the customer's behalf.

ELIGIBILITY

To qualify for service under this Program, a customer must complete the Company's enrollment process and must have good credit standing, defined for the purposes of this schedule as not having received two or more notices of pending service disconnection for nonpayment within the past twelve months and/or not currently on a time payment arrangement for the payment of a past due balance. A residential customer may not be receiving a bill discount per Rule 20, Cascade Arrearage Relief and Energy Discount (CARES) and Schedule 302, CARES Discount Rates.

RATES

Customers participating in this Program will select the number of Program blocks they wish to purchase. The monthly billing will reflect the following monthly charges multiplied by the number of blocks the customer has designated for service under this Program. The monthly billing under this schedule shall be applied to the customer's bill regardless of actual energy consumption.

| | |
|--|--|
| RNG/RTC Block Monthly Charge* | \$7.32 per block |
| Schedule 700, WA Climate Act Fee Reimbursement | See Schedule 700 for the applicable per therm charge multiplied by four (4) then multiplied by the number of blocks purchased. |

* One block is the equivalent of four therms.

SERVICE LIMITATIONS

Service under this Program is subject to the availability of RNG or RNG derived RTCs at a cost-effective price. When the RNG or RNG derived RTCs inventory is insufficient, service under this rider will be temporarily unavailable to new applicants. In the event service under this schedule is suspended, the Company will create a waitlist for new participants who will be served on a first-come first-served basis upon the availability of cost effective RNG or RNG derived RTCs.

(continued)

CNG/W24-03-02
Issued March 1, 2024

Effective for Service on and after
July 1, 2024

Issued by **CASCADE NATURAL GAS CORPORATION**

By: 

Lori Blattner

Director, Regulatory Affairs

**SCHEDULE 705
VOLUNTARY RENEWABLE NATURAL GAS PROGRAM**

VERIFYING AND TRACKING

All environmental attributes sold under this schedule will be transferred, tracked, and retired as RTCs in the Mid-west Renewable Energy Tracking System (M-RETS). RTCs sold under this schedule are non-transferrable.

COST RECOVERY

To ensure that all costs and benefits of this Program are only applied to Program participants, all funds collected and spent under this schedule will be separately identified and tracked. Program costs include the cost of the resource as well as Program administration (e.g. ongoing program management, communications, RTC verification, etc.). The Company intends to recognize the revenues and ongoing expenditures of the service in deferred balance sheet accounts with no resulting impact on the income statement.

SPECIAL CONDITIONS

- 1) Service on this schedule or changes to service on this schedule will begin the first full billing month after enrollment or service modification.
- 2) Service under this schedule is provided on a month-to-month basis unless service is terminated.
- 3) A customer receiving service under this schedule who closes an account must re-enroll in this Program if they choose to continue service in this Program.
- 4) RTCs purchased on this schedule cannot be used to meet compliance requirements of the Climate Commitment Act.
- 5) This schedule is subject to the General Rules and Regulations of the Company as they may be in effect from time to time and as approved by the Washington Utilities and Transportation Commission.

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