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**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF
INTERMOUNTAIN GAS COMPANY FOR A
DETERMINATION OF 2021 ENERGY
EFFICIENCY EXPENSES AS PRUDENTLY
INCURRED

Case No. INT-G-22-03

**CITY OF BOISE CITY'S
COMMENTS**

The city of Boise City ("Boise City") submits these formal comments on the application submitted by Intermountain Gas Company ("Company") for a determination of 2021 energy efficiency program expenses as prudently incurred. Boise City, pursuant to Rule 203 of the Commission's Rules of Procedure, IDAPA 31.01.01.203, and pursuant to the Notice of Modified Procedure, Order No. 35521, issued by the Commission on September 2, 2022, hereby submits its formal written comments and states as follows:

1. Boise City commends the Company on continuing to develop and implement new energy efficiency programs, particularly with the challenges faced during the COVID-19 pandemic and supply chain disruptions. Boise City recognizes the unique and important

benefits that energy efficiency delivers to all customers and supports the continuation of robust, accessible, and cost-effective energy efficiency measures. Boise City is encouraged by the Company's efforts to expand energy efficiency program participation, resulting in a 22% increase in rebates to customers from 2020 to 2021. Application at 10. Boise City specifically recognizes the Company's efforts to establish a commercial energy efficiency program and looks forward to the results from the first full year of commercial program operation in 2022.

2. Comparing savings from 2021 to 2020 is challenging with the substantial changes made to the Whole Home rebate program, updated therm savings for several measures, and elimination of billing analysis in the 2021 cost-effectiveness testing. Boise City believes the reported 461,690 therm savings attributed to the Whole Home rebate program, in effect from January 1st through March 31st, are likely overstated. A key factor in revising the Whole Home rebate and introducing an updated, tiered approach was the significant difference in therm savings identified in the simulation (274 therms) and billing (58 therms) analyses. INT-G-21-03 Application at 8. If the 58 therm savings value is used to assess the retired Whole Home rebate, the UCT ratio is reduced from 1.6 to 0.3 and the overall program falls to a UCT ratio of 0.7. With the sunseting of the original Whole Home rebate, it would be more accurate to report the savings separately and look at the residential energy efficiency program offerings with only the updated Whole Home I and Whole Home II tiered rebates. Removing the original Whole Home rebate savings and costs, yields an overall program UCT ratio of 1.3, using the Company's deemed savings approach.
3. Boise City is concerned by the Company's decision and supporting reasoning for adopting a simulated or deemed savings evaluation for the updated Whole Home I and II rebates.

As noted above, significant restructuring of the rebate was needed to align the new construction rebate with natural gas saving opportunities. Boise City is concerned that without billing analysis it is unclear if the adopted changes created a cost-effective energy efficiency incentive or if it requires existing residential customers to further subsidize the connection of new customers. The Company incorrectly quotes guidance from the SEE Action Energy Efficiency Program Impact Evaluation (“SEE”) in its justification for why a deemed savings analysis is more appropriate than a billing or large consumption data analysis methodology. In the Company’s Response to the First Production Request of Commission Staff Request No. 2, the Company states:

It is also important to employ the proper method for the evaluation. SEE stated large consumption data analysis methods “are primarily used for evaluations of residential behavior-based programs, whole house retrofits, and weatherization.”

4. Boise City agrees that it is important to identify the right method for evaluation for the program type but notes SEE section 4.4.3 detailing the Large-Scale Consumption Data Analysis Approach actually states billing “approaches are used for programs that have many participants that share many common characteristics, such as single-family detached homes in a particular community with residents of similar economic demographics. These can be equipment retrofits, **new construction**, or behavior-based programs.” STEVEN R. SCHILLER, STATE AND LOCAL ENERGY EFFICIENCY ACTION NETWORK, ENERGY EFFICIENCY PROGRAM IMPACT EVALUATION GUIDE p. 4-13 *available at https://www.energy.gov/sites/default/files/2014/05/f15/emv_ee_program_impact_guide.pdf* (last visited October 18, 2022). SEE goes on to identify criteria applicable for large-scale consumption data analysis, including relatively large number of participants (greater


than 100), clearly defined participation, and data availability, that the Company's Whole Home rebate program meets.

5. Boise City recommends the Commission direct the Company to designate the Whole Home I and II rebates as pilot programs and commission a third-party Evaluation, Measurement and Verification ("EM&V") of the Whole Home I and II rebates paid through 2022 using a billing analysis methodology. Upon review of the results of the EM&V, the Company could then propose modifications to its residential new construction efficiency offerings to the Commission or if cost-effective, incorporate them as a standard offering in the overall residential energy efficiency program in its 2022 energy efficiency expense prudence proceeding. Without these modifications, Boise City believes the Company should be directed to suspend its Whole Home I and II rebate offerings due to the Company's failure to comply with the Commission's repeated directive to "provide a detailed and convincing defense" of its selected evaluation method and the continued cost-effectiveness uncertainty. *See* Order No. 33980 at 8, and Order No. 35313 at 5.
6. Boise City continues to recommend the Company evaluate and present a targeted, behavioral energy efficiency program offering to its Energy Efficiency Savings Committee for future implementation. A behavior-change focused offering could lead to significant savings without the traditional overhead expenses or customer costs associated with current equipment replacement rebates.
7. In addition to new program offerings, Boise City continues to recommend the Company evaluate and incorporate a risk premium in the avoided cost model. A specific value reflecting the risks of price volatility and uncertainty in the future pricing of wholesale energy would more comprehensively value the role that only energy efficiency can deliver

in reducing the Company's and customers' exposure to rapidly changing market conditions. In INT-G-22-04, the Commission approved the Company's application to update its rates to reflect a new weighted average cost of gas ("WACOG") amount of \$0.39216 per therm, a significantly higher WACOG than the \$0.26000 approved in Order No. 35182 issued in September 2021. Recent natural gas market volatility emphasizes the need to more comprehensively value fuel price risk in the Company's avoided cost methodology. The American Council for an Energy Efficient Economy report "Sustaining Utility Natural Gas Efficiency Programs in a Time of Low Gas Prices" outlines different methodologies in use by natural gas utilities to accurately incorporate a risk premium. MARTIN KUSHLER & PATTIE WHITE, AMERICAN COUNCIL FOR AN ENERGY EFFICIENT ECONOMY, SUSTAINING UTILITY NATURAL GAS EFFICIENCY PROGRAMS IN A TIME OF LOW GAS PRICES p. 19 available at https://www.aceee.org/sites/default/files/pdfs/sustaining_utility_natural_gas_efficiency_programs.pdf (last visited October 18, 2021).

8. Boise City recommends the Commission find the Company's 2020 energy efficiency expenses prudently incurred and direct the Company to modify its Whole Home I and II rebates to be identified as pilot programs, and to amend its EM&V schedule to evaluate Whole Home I and II rebates paid through 2022 using a billing analysis evaluation.

DATED this 10th day of November 2022.



Ed Jewel
Deputy City Attorney

CERTIFICATE OF SERVICE

I hereby certify that I have on this 10th day of November 2022, served the foregoing documents on all parties of counsel as follows:

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