

NATURAL GAS

Consumption decreased and prices remained low in FY2021¹

In Idaho, natural gas is supplied to customers by Avista Corporation, Dominion Energy, and Intermountain Gas Company. Idaho is fortunate to be located between two large natural gas producing basins: The Rocky Mountain Basin (Rockies) and the Western Canadian Sedimentary Basin (WCSB).

These basins are connected through the Williams Northwest Pipeline and TransCanada's GTN pipelines allowing the natural gas utility companies serving Idaho to take advantage of capacity and of pricing at both basins.

Individual Idaho Gas Utility Profiles

FY 2021 Statistics	Total	Residential	Commercial	Industrial	Transportation ²
Avista Corporation					
Customers	89,128	79,740	9,307	73	8
% of Total	100%	89.47%	10.44%	.08%	.01%
Therms (millions)	155.25	56.62	31.64	2.31	64.68
% of Total	100%	36.47%	20.38%	1.49%	41.66%
Revenue (millions)	\$66.10	\$45.65	\$18.81	\$1.04	\$0.59
% of Total	100%	69.07%	28.46%	1.57%	0.89%
Dominion Questar Gas					
Customers	2,405	2,142	261	0	2
% of Total	100%	89.06%	10.85%	-	.08%
Therms (millions)	0.27	0.15	0.11	-	0.01
% of Total	100%	56.53%	38.67%	-	4.80%
Revenue (millions)	\$2.01	\$1.26	\$0.71	-	\$0.04
% of Total	100%	62.82%	35.17%	-	2.01%
Intermountain Gas					
Customers	392,399	357,599	34,661	29	110
% of Total	100%	91.13%	8.83%	0.01%	0.03%
Therms (millions)	773.18	263.33	129.72	11.27	368.86
% of Total	100%	34.06%	16.78%	1.46%	47.71%
Revenue (millions)	\$248.61	\$165.26	\$69.93	\$3.84	\$9.58
% of Total	100%	66.47%	28.13%	1.55%	3.85%

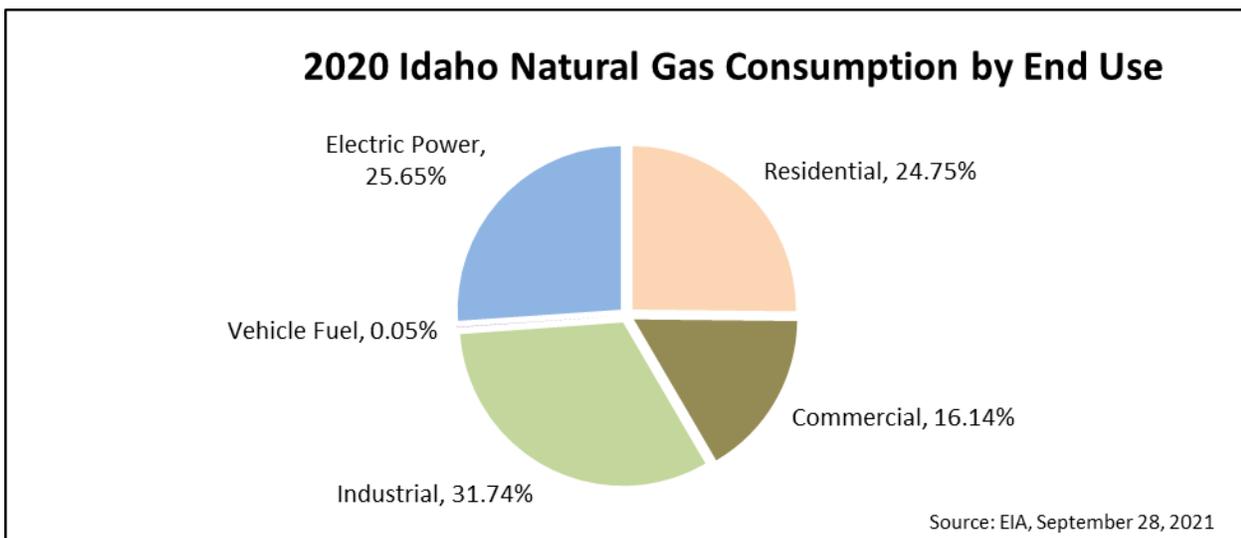
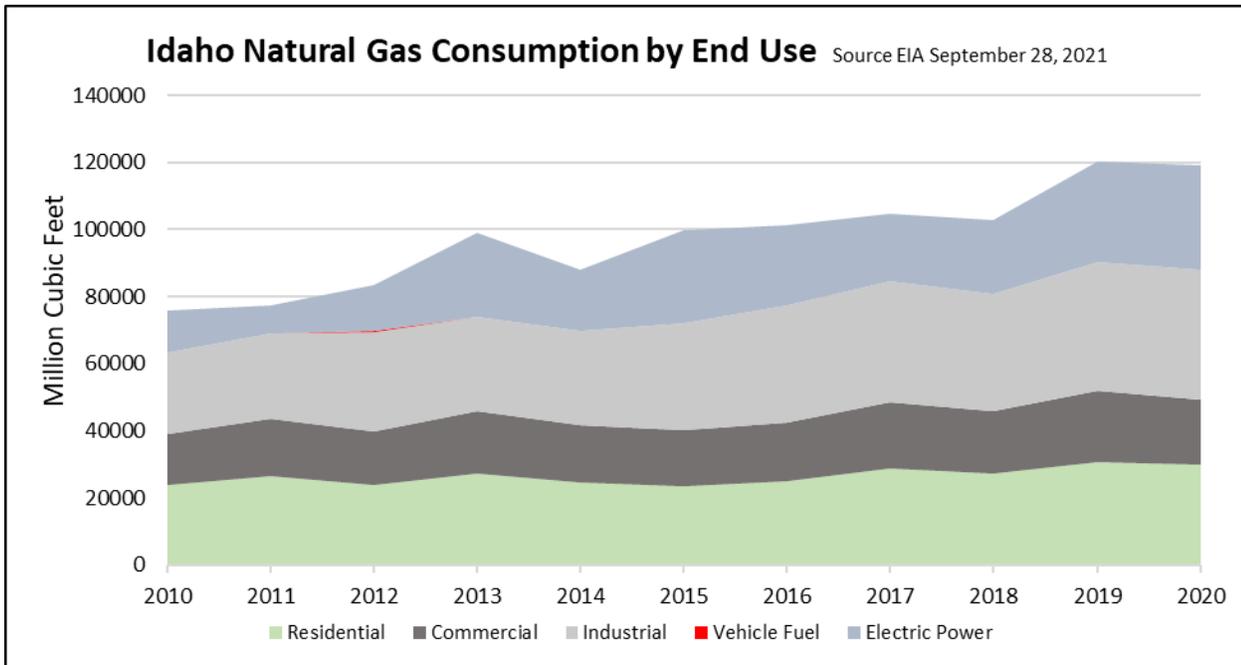
¹ The Idaho Public Utilities Commission's fiscal year is July 1st through June 30th.

² Transportation is nonutility owned gas transported for another party under contractual agreement.

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Consumption

In 2020, overall consumption of natural gas in Idaho decreased approximately 1 percent. Residential customers consumed roughly 3 percent less and commercial customers consumed roughly 7 percent less natural gas than the previous year. Industrial consumption decreased slightly and consumption of gas for electric generation increased over 4 percent. Use of natural gas as a vehicle fuel increased slightly over 10 percent but is less than 1 percent of overall consumption.



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Demand

The Northwest Gas Association (NWGA) forecasts demand for natural gas in the Northwest to grow at a rate of approximately 1.0% per year.³ Forecast demand growth in the residential and commercial sectors is slightly less, while industrial demand growth has dropped by half (from 0.5 to 0.2 percent/yr.). Demand for natural gas to generate electricity is forecast to grow slightly, mostly when coal-fired generation plants are retired in the region.

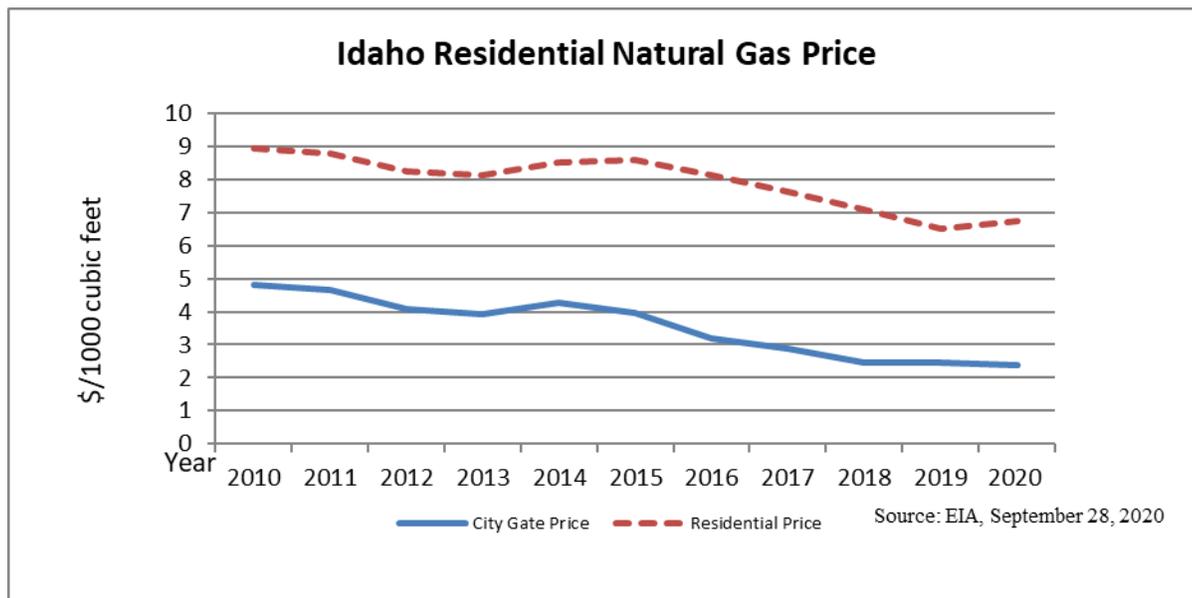
Several factors could impact demand for natural gas:

- Retirement of coal fired generation and increased use for generating electricity.
- LNG and petrochemical production and exports.
- Energy policies, regulations, and legislation.

Prices

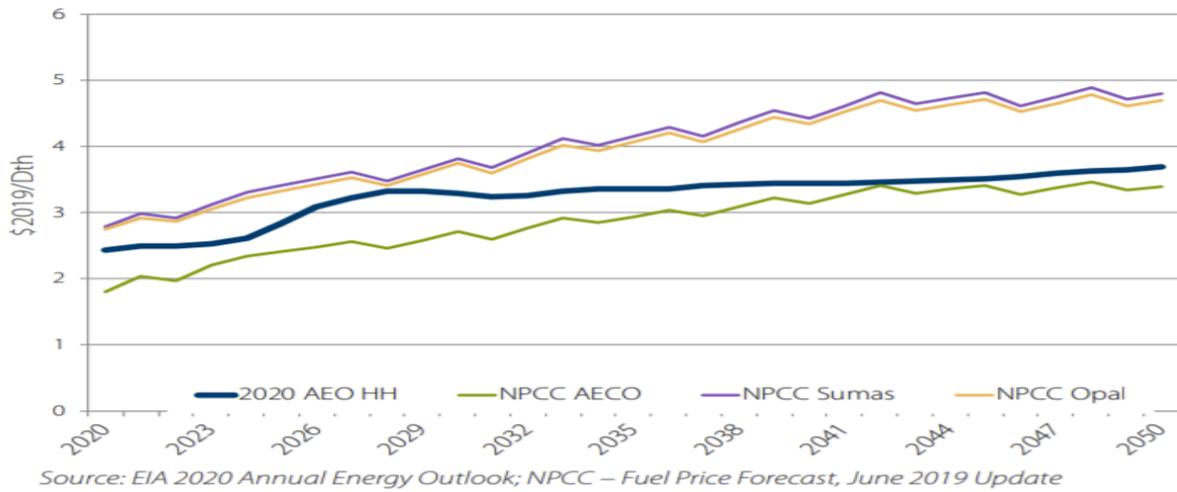
Over the last decade, the commodity price of natural gas has continued to decline (see Figure 1). The Northwest Power and Conservation Council (NPCC) forecasts show that commodity prices are expected to remain below \$5/Dth through 2050 (see Figure 2) at hubs where the Pacific Northwest sources its gas.

FIGURE 1. Idaho Historical Natural Gas Price



³ Northwest Gas Association 2020 Pacific Northwest Gas Market Outlook

FIGURE 2. Pacific Northwest Natural Gas Price Forecast Comparisons

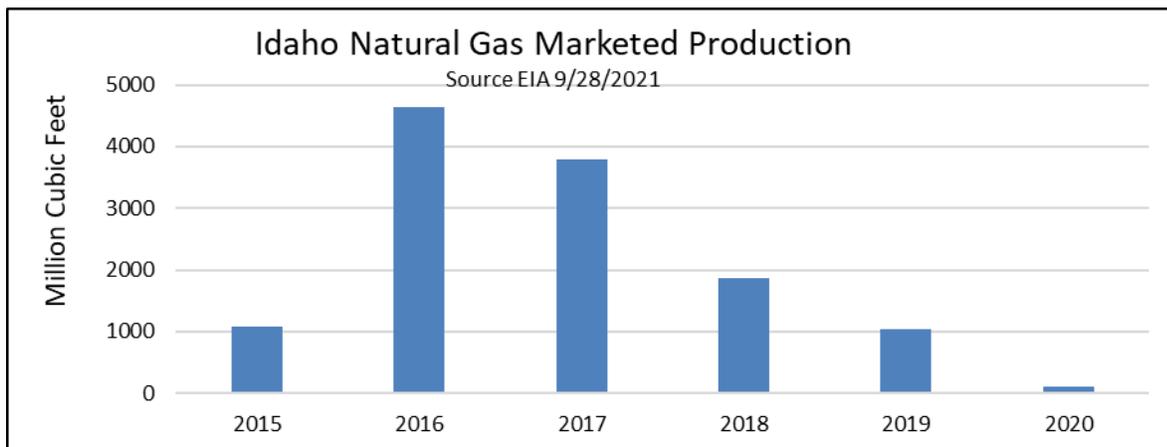


Production

There was approximately 108 Mcf of natural gas produced by the Snake River Oil and Gas Group in Idaho in 2020.⁴ In years prior to 2019, gas was produced by Alta Mesa/High Mesa. Snake River Oil and Gas Group purchased Alta Mesa/High Mesa wells and production facilities in December 2019. Production in Idaho was shut-in March through December 2020.

Snake River Oil and Gas Group operations include:

- Processing facility located at Willow Creek near Payette, Idaho.
- Six wells producing natural gas, condensate, oil, and other liquids in the Willow Creek drainage.
- Six shut-in wells and are no longer producing.



⁴ Source EIA Natural Gas Summary https://www.eia.gov/dnav/ng/ng_sum_lsum_dcu_SID_a.htm

Renewable Natural Gas (RNG)

RNG is pipeline-quality biomethane produced from biogas. Biogas is the mixture of gases produced by the breakdown of organic matter in the absence of oxygen (anaerobically), primarily consisting of methane and carbon dioxide. It can be produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, or food waste. It is interchangeable with natural gas and compatible with the U.S. natural gas infrastructure. In the past, RNG projects in the state consumed gas produced in their operations or used the gas to generate electricity. Recently, a number of biomass operations in the state have pursued development of capabilities to produce sufficient volumes of RNG for export onto pipeline infrastructure. On a per therm basis, RNG is more expensive to produce than traditional natural gas. Given current State and Federal Government policies and programs some RNG projects have the potential to achieve profitability.

Natural gas utility companies in the state are facilitating the transportation of RNG and the growth of the RNG industry. Producers contract to use the utility's distribution system to move RNG from the producers to their end use customers. The utilities are monitoring RNG production activity and government policies as they continue to look for opportunities to participate in the development of this resource.

Summary

Idaho residential, commercial, industrial, and transportation users of natural gas realized benefits from low natural gas prices and plentiful supply, this fiscal year. Lower than average natural gas inventories are contributing to price volatility. It is anticipated that domestic natural gas production will outpace LNG exports in the second calendar quarter of 2022 reducing volatility and putting downward pressure on prices.

-by Kevin Keyt, IPUC Staff Analyst

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NATURAL GAS CASES

Avista:

AVU-G-20-01 IRP Extension
AVU-G-20-02 Clearwater Agreement
AVU-G-20-03 COVID-19 Accounting
AVU-G-20-04 PGA
AVU-G-20-05 FCA
AVU-G-20-06 Depreciation and Amortization
AVU-G-20-07 Federal Income Tax
AVU-G-20-08 DSM Prudency
AVU-G-21-01 General Rate Case
AVU-G-21-02 IRP
AVU-G-21-03 EE Ryder Adjustment
AVU-G-21-04 PGA
AVU-G-21-05 AFUDC
AVU-G-21-06 FCA

Intermountain Gas:

INT-G-20-01 General Service Provisions
INT-G-20-02 FERC Form 2
INT-G-20-03 RNG Access
INT-G-20-04 Commercial EE Program
INT-G-20-05 PGA
INT-G-20-06 DSM Prudency
INT-G-21-01 Depreciation and Amortization
INT-G-21-02 Customer Payments
INT-G-21-03 DSM Prudency
INT-G-21-04 PGA

Dominion:

No cases