

# NATURAL GAS

## Consumption and prices increased in FY2023<sup>1</sup>

In Idaho, natural gas is supplied to customers by Avista Corporation, Dominion Energy, and Intermountain Gas Company. Idaho is fortuitous 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

<b>FY 2023 Statistics</b>	<b>Total</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Transportation<sup>2</sup></b>
<b><i>Avista Corporation</i></b>					
<b>Customers</b>	<b>93,382</b>	<b>83,660</b>	<b>9,645</b>	<b>69</b>	<b>8</b>
% of Total	100%	89.59%	10.33%	.07%	.01%
Therms (millions)	154.28	61.42	35.64	2.29	54.94
% of Total	100%	39.81%	23.10%	1.48%	35.61%
Revenue (millions)	\$106.26	\$70.46	\$33.47	\$1.76	\$0.57
% of Total	100%	66.31%	31.50%	1.66%	0.53%
<b><i>Dominion Questar Gas</i></b>					
<b>Customers</b>	<b>2,535</b>	<b>2,270</b>	<b>263</b>	<b>0</b>	<b>2</b>
% of Total	100%	89.55%	10.37%	-	.08%
Therms (millions)	3.17	1.78	1.21	-	0.18
% of Total	100%	56.32%	38.14%	-	5.54%
Revenue (millions)	\$3.40	\$2.12	\$1.26	-	\$0.03
% of Total	100%	62.13%	37.11%	-	0.75%
<b><i>Intermountain Gas</i></b>					
<b>Customers</b>	<b>412,897</b>	<b>377,145</b>	<b>35,607</b>	<b>35</b>	<b>110</b>
% of Total	100%	91.34%	8.62%	0.01%	0.03%
Therms (millions)	862.60	312.63	153.80	13.80	382.37
% of Total	100%	36.24%	17.83%	1.60%	44.33%
Revenue (millions)	\$415.17	\$272.67	\$124.21	\$8.40	\$9.89
% of Total	100%	65.68%	29.92%	2.02%	2.38%

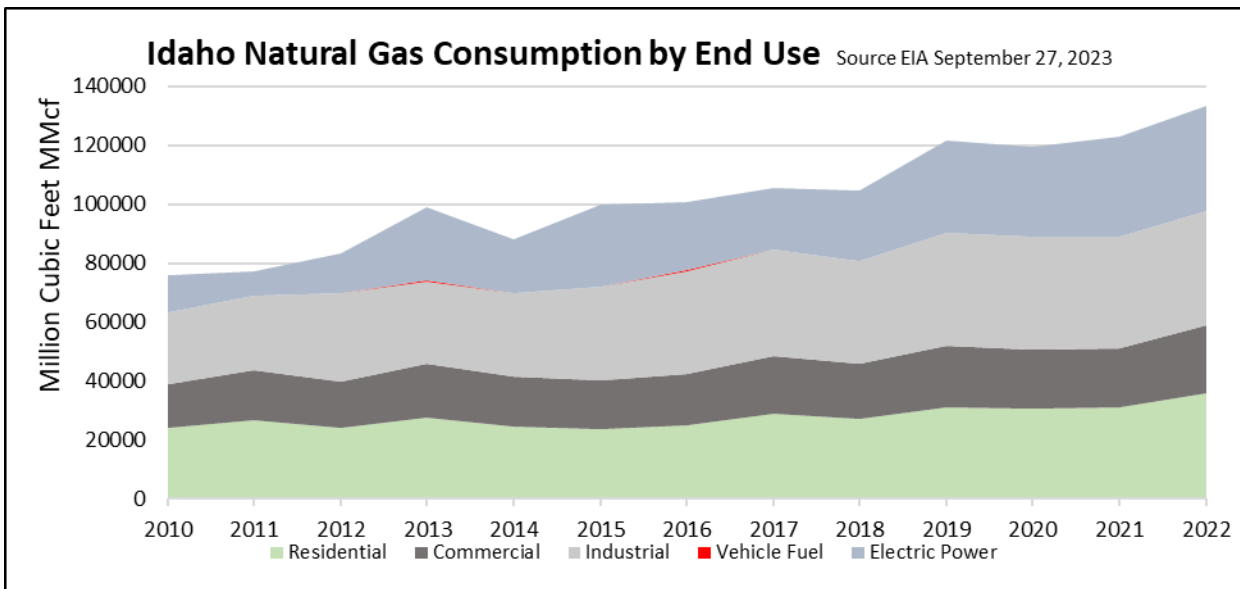
<sup>1</sup> The Idaho Public Utilities Commission's fiscal year is July 1<sup>st</sup> through June 30<sup>th</sup>.

<sup>2</sup> Transportation is nonutility owned gas transported for another party under contractual agreement.

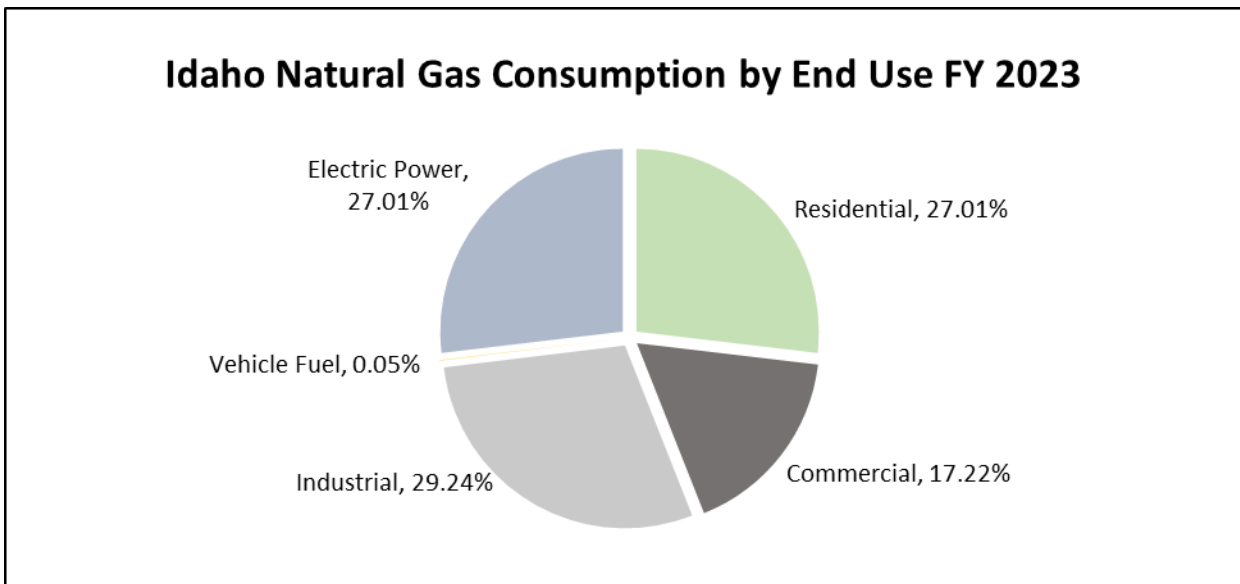
## Natural Gas Consumption

In FY 2023, overall consumption of natural gas in Idaho increased approximately 2.8 percent. Residential customers consumed roughly 14.2 percent more and commercial customers consumed roughly 11 percent more natural gas than the previous year. Industrial consumption increased approximately 2.6 percent and consumption of gas for electric generation increased just under 6 percent. Use of natural gas as a vehicle fuel increased slightly and remains less than 1 percent of overall consumption in the state.

**FIGURE 1. Idaho Historical Natural Gas Consumption Volume**



**FIGURE 2. Idaho Natural Gas Consumption FY 2023 Percentages**



## Natural Gas Demand

The Northwest Gas Association (NWGA) forecasts demand for natural gas in the Northwest to grow at a rate of approximately 0.2 percent per year.<sup>3</sup> Forecast demand growth is 1 percent in the residential and 1.4 percent commercial sectors, while industrial demand growth is relatively flat at 0.2 percent per year growth. Demand for natural gas to generate electricity is forecast to drop -1.7 percent per year primarily due to policy mandates.

Several factors could impact demand for natural gas:

- Geopolitical issues and worldwide market demands.
- LNG and petrochemical production and exports.
- Energy policies, regulations, and legislation.

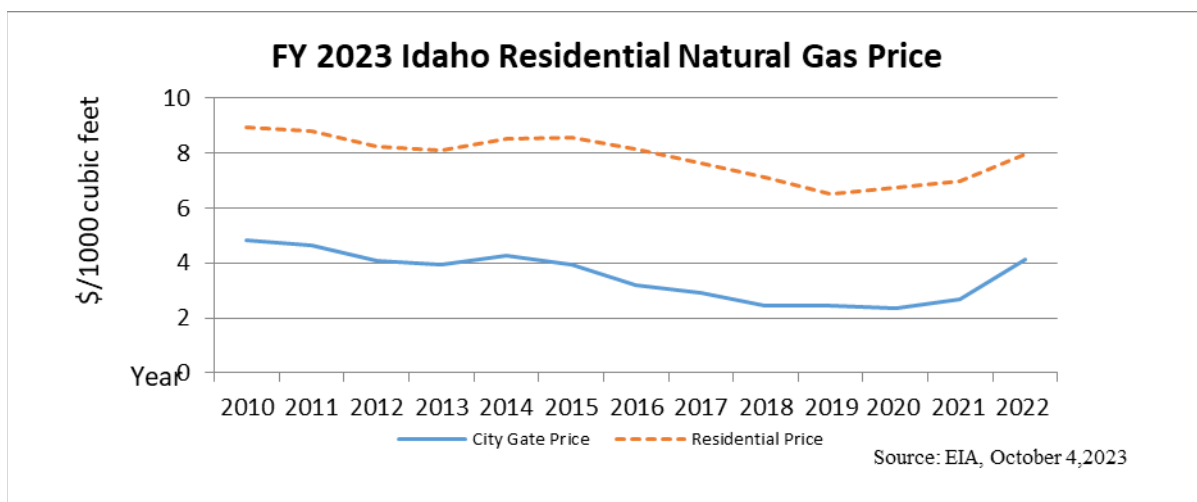
## Natural Gas Prices

Historical Prices:

Over the last decade, the commodity price of natural gas declined (see Figure 1). However, near-term volatility resulted in higher prices in FY 2023. In the winter of 2022, natural gas spot prices exceeded \$50.00/MMBtu at three major trading hubs (PG&E Citygate, Sumas, Malin) in the western United States. Several events occurring simultaneously contributed to prices rising to this level:

- Widespread, below-normal temperatures
- High natural gas consumption
- Reduced natural gas flows
- Pipeline constraints, including maintenance in West Texas
- Low natural gas storage levels in the Pacific region

**FIGURE 3. Idaho Historical Natural Gas Price**



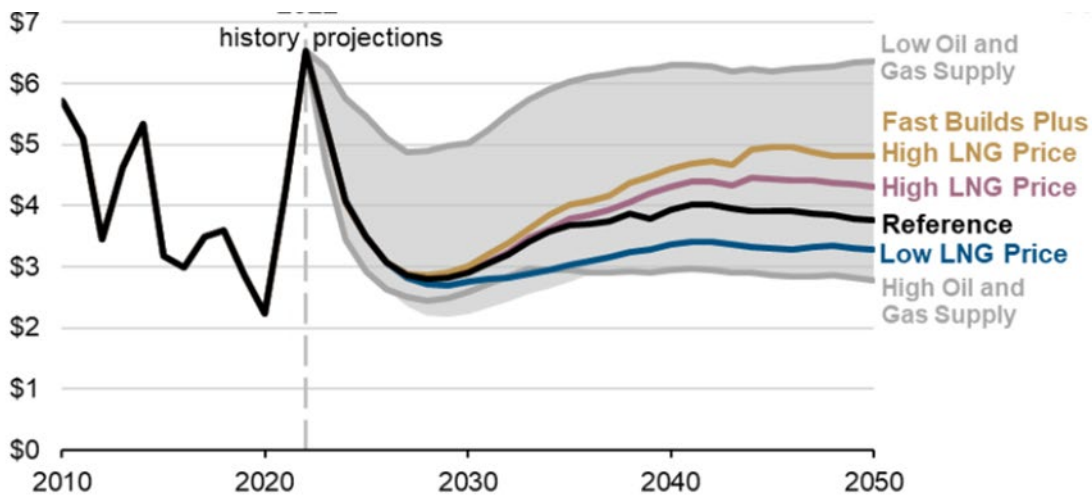
**Expected Prices:**

The U.S. Energy Information Administration (EIA) projects that additional U.S. LNG exports would increase the natural gas spot price at the Henry Hub. The Henry Hub is the benchmark natural gas spot price in the United States. The EIA states; “because end-use natural gas prices are influenced by spot prices, rising natural gas spot prices ultimately affect natural gas prices for consumers in all U.S. end-use sectors to some degree. Delivered natural gas prices for industrial and electric power consumers tend to cause changes in spot prices more directly because delivery costs to those sectors incorporate less fixed charges compared with the residential and commercial sectors” (see Figure 4). See AEO 2023 – Effects of Liquefied Natural Gas Exports on the U.S. Natural Gas Market

**FIGURE 4. Natural Gas Spot Prices**

Natural Gas Spot Price at the Henry Hub, AEO 2023

2022 dollars per million British Thermal Units



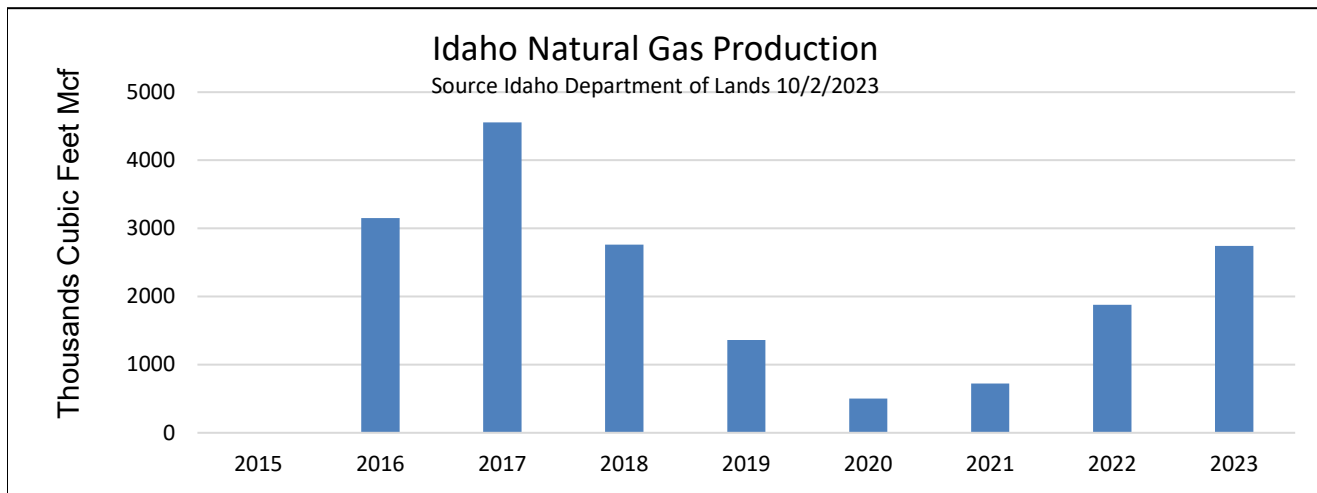
Data source: U.S. Energy Information Administration, *Annual Energy Outlook 2023* (AEO2023)  
Note: Shaded regions represent maximum and minimum values for each projection year across the AEO2023 Reference case and side cases.

[https://www.eia.gov/outlooks/aeo/IIF\\_LNG/images/LNG\\_Fig\\_2.png](https://www.eia.gov/outlooks/aeo/IIF_LNG/images/LNG_Fig_2.png)

## Natural Gas Production

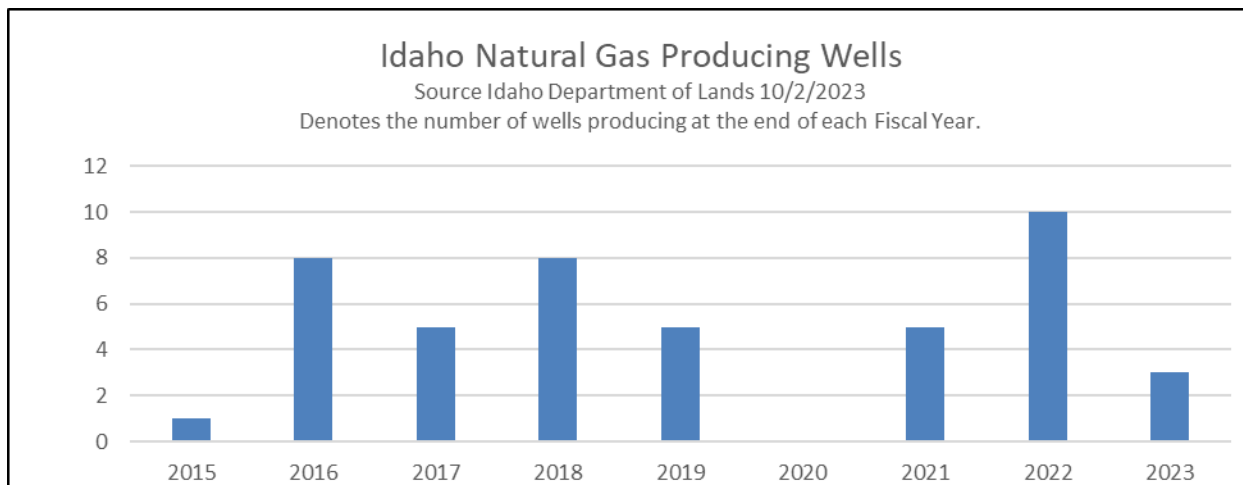
Until 2008, no commercially viable oil or gas resources had been found in Idaho, despite the drilling of around 150 wells throughout the state. In 2008, a natural gas field named Willow Field was discovered in southwest Idaho near Payette and then in 2015, commercial production began from six wells on private lands. The resource is a relatively small, conventional deposit. The reservoir includes porous sand, is accessed via vertical and directional drilling, and does not require hydraulic fracturing (also referred to as fracking).<sup>4</sup>

**FIGURE 5. Idaho Historical Natural Gas Production**



The number of wells producing reflects the number of producing wells reporting production as of June 30th of the fiscal year. So, although -FY 2020 shows 503,289 Mcf (1,000 cubic feet) produced during the year, all wells were shut in as of June 30, 2020. Wells are turned on and off at various times during the year for maintenance or other issues, so the number of wells reporting production at the end of the fiscal year may not reflect a maximum number of wells that were producing at any time during that year.

**FIGURE 6. Idaho Historical Natural Gas Producing Wells Summary**



<sup>4</sup> BLM.gov <https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/about/idaho>

## **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. A number of biomass operations in the state have 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.

Some 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 and expansion of this resource.

## **Natural Gas Summary**

Idaho residential, commercial, industrial, and transportation users of natural gas experienced increased prices and, in some cases, constrained availability of natural gas, this fiscal year. Price volatility and natural gas inventories are stabilizing and are putting favorable downward pressure on market prices. However, weather impacts, increasing LNG exports, storage levels, and low reserves could put upward pressure on prices.

-by Kevin Keyt, IPUC Staff Analyst

# Natural Gas Press Releases from the Commission for the Fiscal Year 2023

## Intermountain Gas Company

### COMMISSION SCHEDULES PUBLIC WORKSHOPS ON INTERMOUNTAIN GAS APPLICATION TO RAISE RATES

The Idaho Public Utilities Commission has scheduled public informational workshops to share information on an application filed by Intermountain Gas requesting authority to increase its rates. The Commission may approve, reject, or modify the rates and charges proposed.

If Intermountain Gas's request is approved by the Commission, the monthly bill for the average residential customer would increase by approximately \$2.19, or 4.4 percent. The monthly bill for the average commercial customer would increase by approximately \$3.43, or 1.5 percent. Intermountain Gas represented the primary reason for the requested increase in rates is due to infrastructure investments it has made.

Commission staff will hold public informational workshops in Pocatello and Twin Falls on Wednesday, March 15. A public informational workshop will also be held in Boise on Tuesday, March 21. At the public workshops, Commission staff will present information on Intermountain Gas's application to increase rates. They also will answer questions from customers and the public.

The public workshop in Pocatello will start at 11:00 a.m. (MDT) and is being held at the regional Idaho Department of Fish and Game Office at 1345 Barton Road. Those interested in attending the workshop can do so in-person or online. To listen to the workshop, please call 1-415-655-0001 and enter meeting number 2457 823 8326. To watch the workshop online, please visit [idahogov.webex.com](http://idahogov.webex.com) and enter meeting number 2457 823 8326. At the next window, please enter your name, e-mail address and this password: Pocatello Meeting. The workshop in Pocatello will conclude at 2:00 p.m. (MDT) or after all questions have been answered, whichever comes first.

A public workshop will also be held in Twin Falls on March 15. The workshop will start at 6:00 p.m. (MDT) and is being held at the College of Southern Idaho, Health Science & Human Services Building, Lecture Hall 150, 315 Falls Avenue. Those interested in attending can do so in-person or online. To listen to the workshop, please call 1-415-655-0001 and enter meeting number 2455 415 4468. To watch the workshop online, please visit [idahogov.webex.com](http://idahogov.webex.com) and enter meeting number 2455 415 4468. At the next window, please enter your name, e-mail address and this password: Twin Falls Meeting. The workshop in Twin Falls will conclude at 9:00 p.m. (MDT) or after all questions have been answered, whichever comes first.

The public workshop in Boise on March 21 will start at 6:00 p.m. (MDT) at the Idaho Public Utilities Commission, 11331 W. Chinden Blvd., Building 8, Suite 201-A. Those interested in attending can do so in-person or online. To participate over the phone, please call 1-415-655-0001 and enter meeting number 2461 848 6162. To watch the workshop online, please visit [idahogov.webex.com](http://idahogov.webex.com) and enter meeting number 2461 848 6162. At the next window, please enter your name, e-mail address and this password: Boise Meeting. The workshop in Boise will conclude at 9:00 p.m. (MDT) or after all questions have been answered, whichever comes first.

Written comments on the application are being accepted until Wednesday, April 26, 2023. Comments must be filed through the Commission’s website or by e-mail unless computer access is unavailable. To comment using the website, please visit [puc.idaho.gov](http://puc.idaho.gov). Click on the “Case Comment Form” link that is on the upper left side of the page. Complete the form using Case Number INT-G-22-07.

When filing by e-mail, those submitting comments must e-mail their comments to the Commission secretary and Intermountain Gas at the e-mail addresses listed below.

Additional information on the application can be found at: [puc.idaho.gov/case/Details/6936](http://puc.idaho.gov/case/Details/6936).

## HEARINGS SCHEDULED ON PROPOSED SETTLEMENT OF INTERMOUNTAIN GAS RATE CASE

The Idaho Public Utilities Commission will hold two hearings on a proposed settlement that would set new rates for the service Intermountain Gas offers customers.

If the settlement is approved by the Commission, average residential customer bills would increase by \$0.70 per month, or 1.21 percent. Commercial customer bills would increase by about \$.96, or 0.35 percent per month.

A customer hearing to accept testimony on the proposed settlement will be held Monday, June 5, starting at 6:00 p.m. (MDT), and will conclude at 9:00 p.m. or after all customers have testified, whichever comes first. Testimony gathered at the hearing will become part of the official record for the case. Those interested in testifying are required to attend in-person at the Commission, 11331 W. Chinden Boulevard, Building 8, Suite 201-A, Boise. Those interested in listening only can call 1-415-655-0001, and enter meeting number 2630 884 3847. Next, please enter numeric password 249 74 983 when prompted.

A technical hearing will be held Thursday, June 8, starting at 9:00 a.m. (MDT). Technical hearings are an opportunity for parties involved in a case to present witnesses, testimony and exhibits. It will end after all parties have testified. Those interested in listening to the hearing can call 1-415-655-0001, and enter meeting number 2633 028 3230. Please enter numeric password 832 46 422 when prompted.

To watch or listen online, please visit [idahogov.webex.com](http://idahogov.webex.com) and enter meeting number 2633 028 3230. Then click on the green “Join” button. At the next window, please enter this password: Technical Hearing. Next, please click on the green “Join Webinar” button. At the next window, please enter your name and e-mail address, and then click on the “next” button. Then click on the green “Join Webinar” button.

The Commission is accepting written comments on the proposed settlement until June 8, 2023. Comments are required to be filed through the Commission’s website or by e-mail unless computer access is not available. To comment electronically, please visit the Commission’s homepage at [puc.idaho.gov](http://puc.idaho.gov). Click on the “Case Comment Form” link on the upper left side of the page, and complete the form using case number INT-G-22-07. To file by e-mail, comments must be sent to the Commission secretary and Intermountain Gas at the e-mail addresses listed below.

Additional information on the rate case and proposed settlement can be found at: [puc.idaho.gov/case/Details/6936](http://puc.idaho.gov/case/Details/6936).

## COMMISSION APPROVES NATURAL GAS UTILITY’S APPLICATION THAT WILL REDUCE RATES

The Idaho Public Utilities Commission recently approved Intermountain Gas Company’s application that will reduce rates for most customers, including residential and commercial customers.



The new rates will reduce the utility's annualized revenues collected through the Purchased Gas Adjustment by about \$86.9 million. Intermountain Gas said a typical residential customer will see a monthly decrease of \$11.96 and a typical commercial customer will see a monthly decrease of \$72.88.

The utility's rates include a base-rate component and a gas-related cost component. The base-rate component is intended to cover Intermountain Gas' fixed costs to serve its customers. These include costs for equipment and facilities to provide service. The Purchased Gas Adjustment—gas-related costs—allows the utility to adjust rates up or down to reflect changes in the costs to purchase natural gas. This includes changes in transportation, storage, and other related costs.

The rate reduction will be in effect until Sept. 30, 2024.

Additional information is available at [puc.idaho.gov/case/Details/7095](http://puc.idaho.gov/case/Details/7095).