

NATURAL GAS

Consumption and prices increase in FY2024¹

In Idaho, natural gas is supplied to customers by Avista Corporation, Enbridge Gas Idaho, and Intermountain Gas Company. Idaho is 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 pricing at both basins.

Individual Idaho Gas Utility Profiles

FY 2024 Statistics	Total	Residential	Commercial	Industrial	Transportation ²
<i>Avista Corporation</i>					
Customers	94,957	85,029	9,851	68	9
% of Total	100%	89.54%	10.37%	0.07%	0.01%
2024 Therms (millions)	159.16	58.60	34.14	1.75	64.67
% of Total	100%	36.82%	21.45%	1.10%	40.63%
2024 Revenue (millions)	\$108.744	\$72.46	\$34.09	\$1.53	\$0.67
% of Total	100%	66.63%	31.35%	1.40%	0.62%
<i>Enbridge Gas</i>					
Customers	2,579	2,308	269	0	2
% of Total	100%	89.49%	10.43%	-	0.08%
2024 Therms (millions)	2.759	1.579	1.022	-	0.158
% of Total	100%	57.21%	37.05%	-	5.74%
2024 Revenue (millions)	\$3.46	\$2.18	\$1.25	-	\$0.0225
% of Total	100%	63.18%	36.17%	-	0.65%
<i>Intermountain Gas</i>					
Customers	422,612	386,183	36,280	37	112
% of Total	100%	91.38%	8.58%	0.01%	0.03%
2024 Therms (millions)	820.2	280.8	139.2	14.5	385.7
% of Total	100%	34.23%	16.98%	1.77%	47.02%
2024 Revenue (millions)	\$340.06	\$224.53	\$97.77	\$7.60	\$10.17
% of Total	100%	66.03%	28.75%	2.23%	2.99%

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.

Natural Gas Consumption

In FY 2024, overall consumption of natural gas in Idaho increased approximately 3.58 percent from FY 2023. Residential customers consumed roughly 1.18 percent less and commercial customers consumed roughly 0.15 percent more natural gas than the previous year. Industrial consumption increased approximately 0.33 percent and consumption of gas for electric generation increased by 14.7 percent. Use of natural gas as a vehicle fuel decreased slightly and remains less than 1 percent of overall consumption in the state.

Figure 1. Idaho Historical Natural Gas Consumption Volume

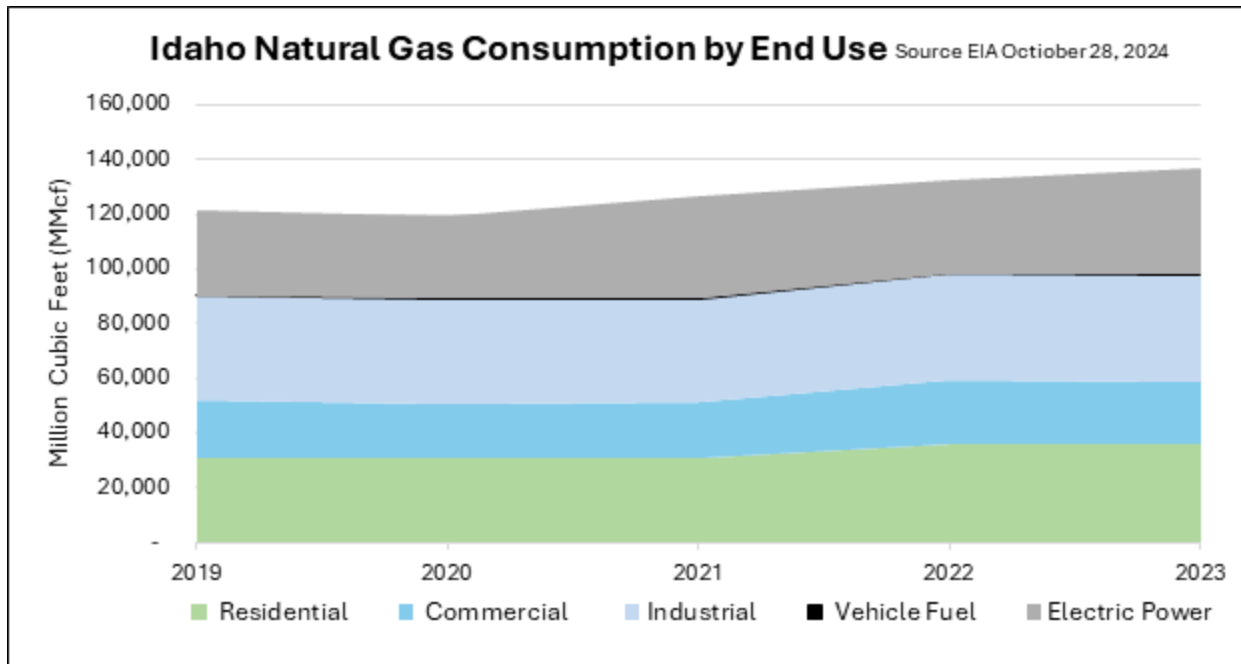
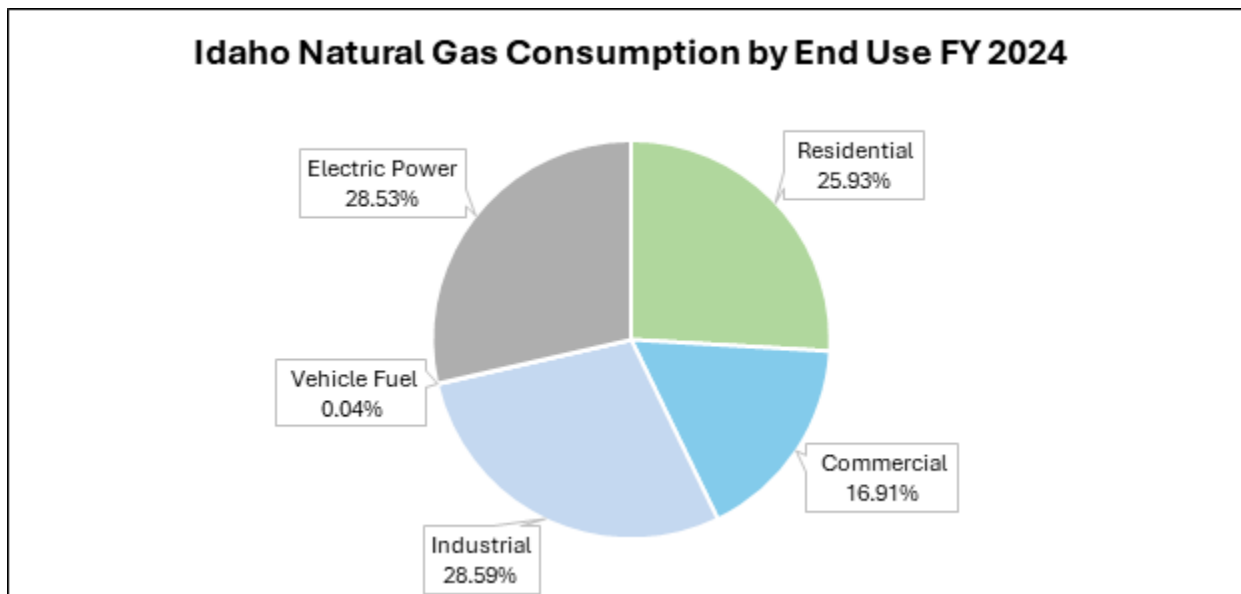


Figure 2. Idaho Natural Gas Consumption FY 2024 Percentages



Natural Gas Demand

The Northwest Gas Association (NWGA) forecasts demand for natural gas in the Northwest to grow at a rate of approximately 1.2 percent per year over the next ten years.³ Forecasted demand growth is 0.8 percent in the residential and 0.3 percent commercial sectors, while industrial demand growth is expected to increase by 3.5 percent per year largely due to LNG exports. Demand for natural gas to generate electricity is forecasted to drop -0.5 percent per year. Several factors could impact demand for natural gas:

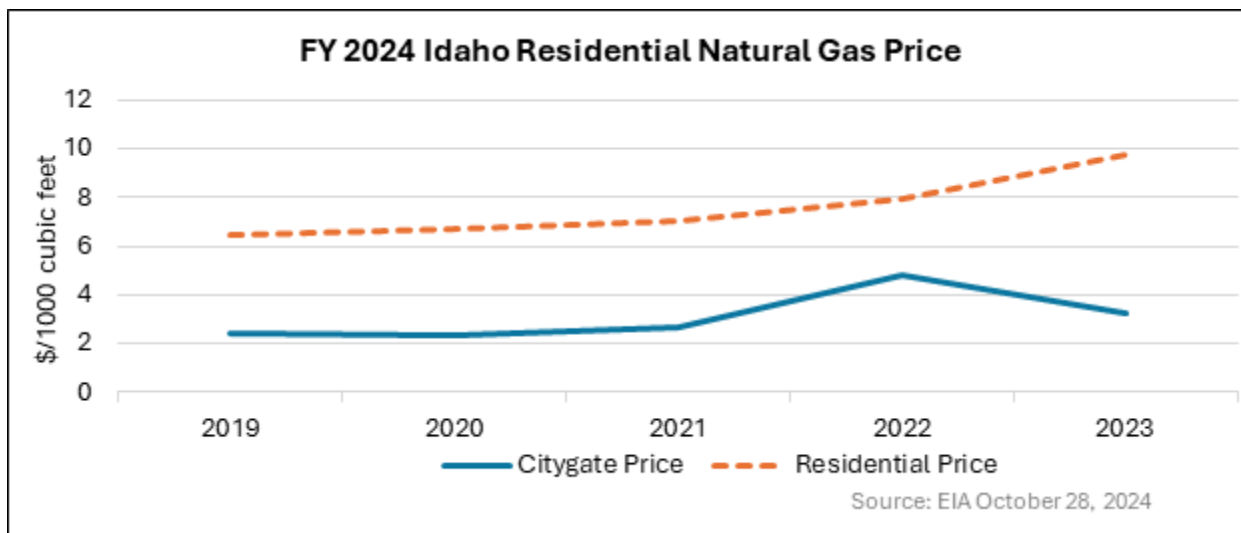
- Geopolitical issues and worldwide market demands.
- LNG and petrochemical production and exports.
- Energy policies, regulations, and legislation.

Natural Gas Prices

Historical Prices:

In the past five years, the commodity price of natural gas was relatively flat with short-term volatility impacting the prices in 2022. In 2023, the natural gas prices at the city gate decreased from the 2022 prices due to increased supply, less pipeline constraints, and average temperatures throughout the year.

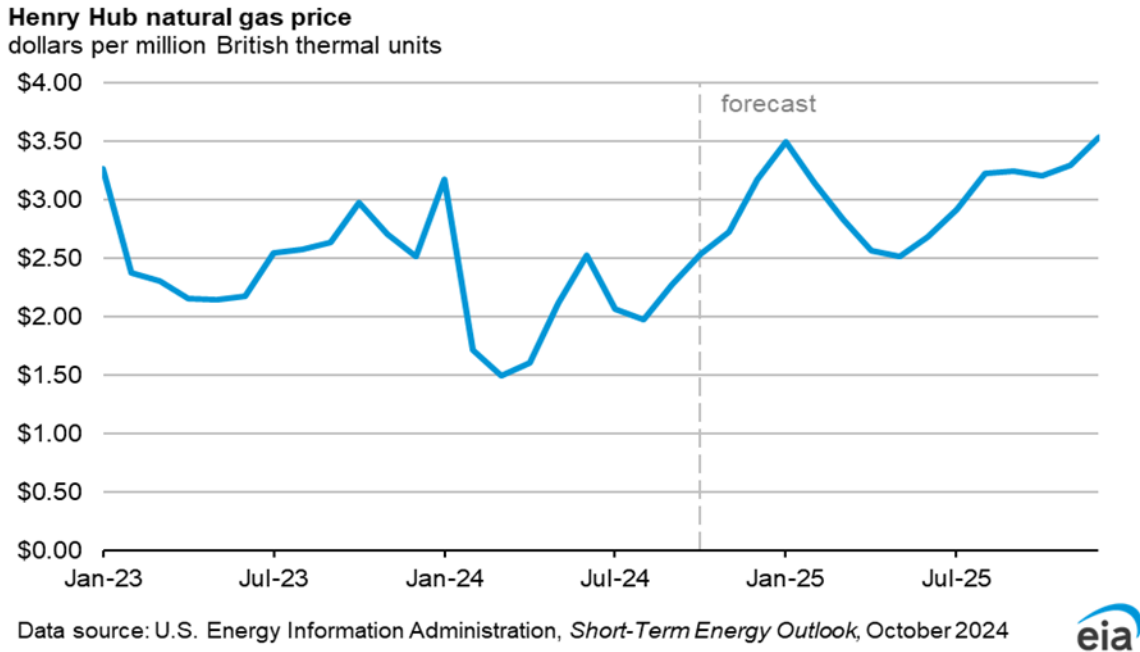
Figure 3: Idaho Historical Natural Gas Prices



Expected Prices:

The U.S. Energy Information Administration (EIA) projects prices to rise in 2025 as LNG exports increase, while domestic consumption and production remain relatively flat. EIA projects Henry Hub prices will rise to average nearly \$2.80/MMBtu in fourth quarter of 2024 and around \$3.10/MMBtu in 2025. The Henry Hub is the benchmark natural gas spot price in the United States. See Figure 4 below for the Short-Term Henry Hub natural gas price.

Figure 4. Short-Term Henry Hub natural gas price⁴

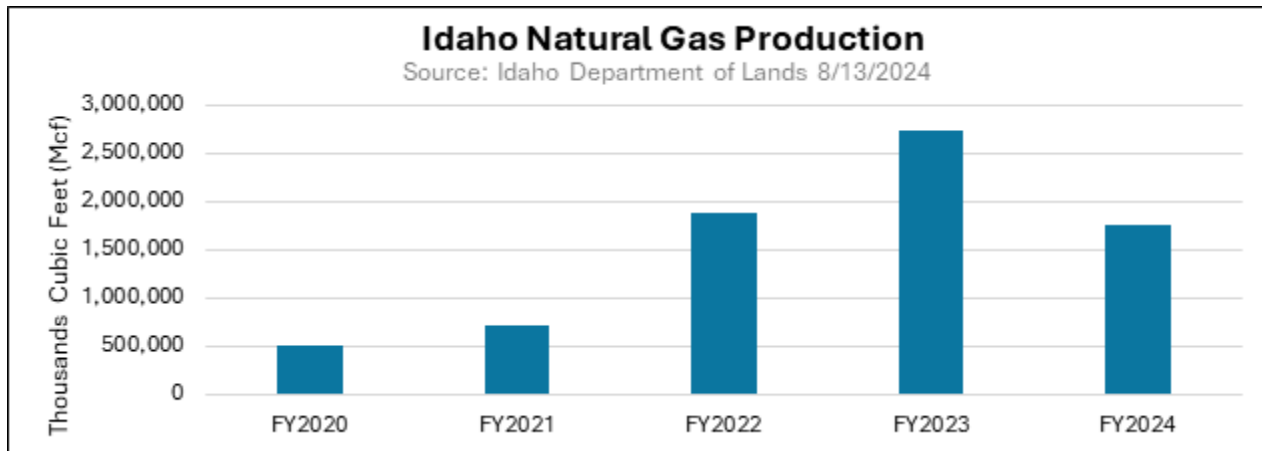


⁴ <https://www.eia.gov/outlooks/steo/report/natgas.php>

Natural Gas Production

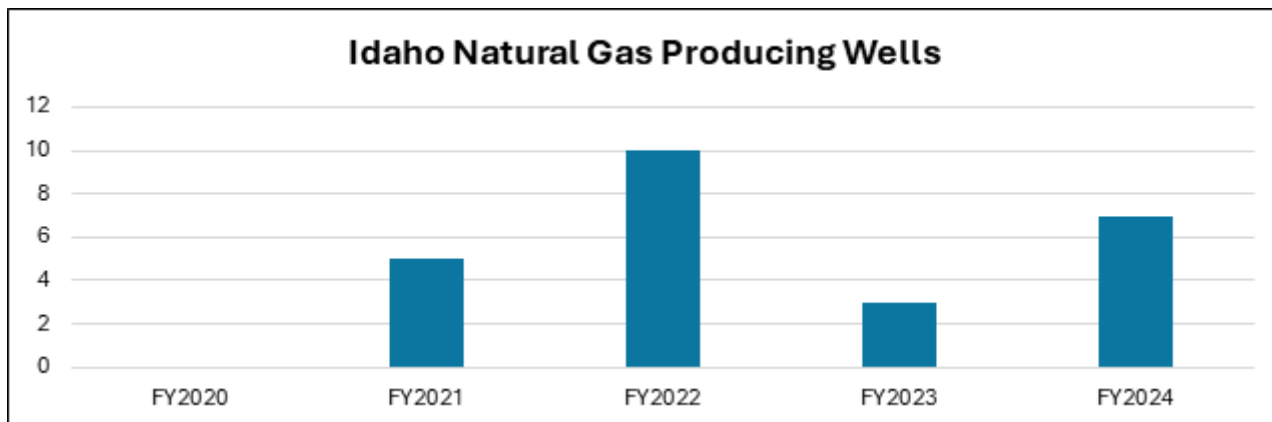
In 2008, a natural gas field named Willow Field was discovered in southwest Idaho near Payette and then in 2015, commercial production began from six wells on private lands. The resource is a relatively small, conventional deposit. The reservoir includes porous sand, is accessed via vertical and directional drilling, and does not require hydraulic fracturing (also referred to as fracking).⁵ Production was down in FY 2024 as a result of low natural gas prices. All production was shut-in from approximately the first week of March 2024 until early June 2024.

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



⁵ 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.

-by Kimberly Loskot, IPUC Staff Analyst

Natural Gas Press Releases from the Commission for the Fiscal Year 2024

Avista Utilities

Commission is accepting written comments on applications to change rates for natural gas customers

The Idaho Public Utilities Commission is accepting written comments on applications from Avista Utilities to change the rates it charges to offer service to natural gas customers in northern Idaho.

Avista Utilities is seeking commission approval to adjust the fixed cost adjustment (FCA) rates for natural gas service from Nov. 1, 2024, through Oct. 31, 2025. The FCA is a rate adjustment mechanism that is designed to break the link between the energy a utility sells and the revenue it collects to recover fixed costs by providing service, which decouples the utility's revenues from its customers' energy usage. The decoupling removes a utility's incentive to increase sales to increase revenue and profits and encourages energy conservation.

The utility also submitted an application for its purchased gas cost adjustment (PGA). The PGA allows Avista to adjust on a regular basis the amount it charges customers to reflect the actual cost of the gas used by customers.

If the applications are approved by the commission, residential natural gas customers using an average of 64 therms per month would see their monthly bills decrease from \$78.03 to \$59.37, a decrease of \$18.66 per month. The commission can approve, deny or modify the applications.

The commission is accepting written comments on the FCA application until Oct. 10, 2024. Comments are required to be filed through the commission's website or by e-mail unless computer access is not available. To submit comments using the commission website, please visit puc.idaho.gov and click on the "Case Comment Form" link on the upper left side of the page. Please use case number AVU-G-24-01 when filling out the form. The commenter should also include their name and address. If using e-mail, comments are required to be sent to the commission secretary and Avista Utilities at the e-mail addresses listed below. Commenters should include their name, address and case number AVU-G-24-01. If computer access is not available, comments can be mailed to the commission and Avista Utilities at the addresses listed below. Those submitting comments through the mail are required to include their name, address and case number AVU-G-24-01.

Written comments on the PGA are being accepted until Oct. 16, 2024. Those interested in submitting comments can follow the steps above, and use case number AVU-G-24-02 instead of AVU-G-24-01.

Additional information on the utility's applications is available at: puc.idaho.gov/case/Details/7345 and puc.idaho.gov/case/Details/7349.

Commission denies utility’s application to account for costs associated with neighboring state’s Climate Commitment Act allowances

The Idaho Public Utilities Commission has denied an application from Avista Utilities to modify its annual power cost adjustment mechanism to account for costs associated with Washington state’s Climate Commitment Act (CCA) allowances.

A power cost adjustment mechanism allows a utility to increase or decrease the rates it charges customers based on the actual cost of generating and purchasing electricity.

In its application, Avista proposed to include in the power cost adjustment the costs of: 1) purchasing carbon allowances due to the CCA to cover Idaho’s share of the utility’s Boulder Park natural gas generation plant that is located in Washington and is serving Idaho customers; and 2) buying carbon allowances for Idaho’s share of surplus sales delivered to Mid-Columbia trading hub that require a carbon allowance.

Avista said that in 2021 Washington state enacted the CCA, which is a cap-and-trade program that is intended to eliminate the state’s economy-wide carbon emissions by 95 percent by the year 2050. The utility said that under the CCA it must secure enough allowances to cover the carbon emissions of imported power and generation from Washington- based sources emitting 25,000 metric tons or more annually.

The utility also said its Idaho customers are affected because the CCA’s carbon allowance requirement applies to the Boulder Park natural gas generation plant, imported carbon emitting thermal generation related to Colstrip, Lancaster, Rathdrum and Coyote Springs 2 for surplus sales at the Mid-Columbia trading hub, and all non-specific electricity imported into Washington for surplus market sales at the Mid-Columbia trading hub. Avista proposed to allocate 35 percent of the CCA’s carbon allowance costs to Idaho customers based on the utility’s production/transmission ratio. The Washington State Department of Ecology distributes CCA carbon allowances based on the production/transmission ratio and grants allowances at “no cost” to carbon emissions already regulated by that state’s 2019 Clean Energy Transformation Act.

The commission denied the application after reviewing it and submitted information. While Avista only requests authorization to account for costs associated with the CCA, and not for any prudence determination for recovery, the commission believes the question raised by the application and the CCA is whether the costs associated with the act should be borne by Idaho ratepayers.

The commission found that after a review of the record, it is not fair, just, or reasonable to include costs associated with the CCA compliance in Idaho rates. The CCA is a Washington-specific policy initiative for which the state has established a revenue generating market through the creation and distribution of allowance for the state’s greenhouse gas emissions. The commission is concerned that Washington is then requiring Idaho customers to pay the costs associated with complying with the CCA while at the same time mitigating the costs of that compliance for Washington customers through no-cost allowances.

The commission found that the interests of Idaho customers outweigh Washington state’s policy interests.

Additional information is available at puc.idaho.gov/case/Details/7021.

Dominion Energy

Customer hearing scheduled regarding proposed sale of natural gas utility in south eastern Idaho

The Idaho Public Utilities Commission has scheduled a customer hearing for April 10 to take testimony on an application to buy a natural gas utility that provides service to customers in Franklin County, Idaho.

Questar Gas Company, doing business as Dominion Energy Utah, and Enbridge Quail Holdings, LLC submitted a joint notice and application for commission approval of a proposed transaction whereby Enbridge Quail Holdings will acquire all of the outstanding equity interests of Fall West Holdco LLC, the parent company of Questar Gas, from Dominion Energy, Inc.

The public utilities commission is hosting the customer hearing on Wednesday, April 10, at 1:00 p.m. Mountain Standard Time at the Elks Lodge in Preston, ID, 1229 N. 8th E. The commission will accept testimony for the record regarding the application. In-person attendance is required to submit testimony. Those who do not wish to submit testimony can listen to the hearing by calling 1-415-655-0001 and enter meeting number 2631 080 0497 when prompted. The hearing will conclude when it appears all customer testimony has been received.

Written comments on the application are being accepted until Wednesday, April 10, 2024. Comments are required to be filed through the commission's website or by e-mail unless computer access is not available. To submit comments using the commission website, please visit puc.idaho.gov and click on the "Case Comment Form" link on the upper left side of the page. Please use case number QST-G-23-01 when filling out the form. The commenter should also include their name and address. If using e-mail, comments are required to be sent to the commission secretary, Enbridge Quail Holdings and Questar Gas Company at the e-mail addresses listed below. If computer access is not available, comments can be mailed to the commission, Enbridge Quail Holdings and Questar at the addresses listed below. Those submitting comments through the mail are required to include their name, address and case number QST-G-23-01.

Additional information is available at: puc.idaho.gov/case/Details/7202.

Intermountain Gas

Commission approves natural gas utility's application for new rates resulting from purchased gas adjustment

The Idaho Public Utilities Commission has approved an application from Intermountain Gas that will result in a decrease in the rates it charges customers.

The rate changes are the result of the utility's purchased gas adjustment (PGA). The rates Intermountain Gas charges include a base-rate component and a gas-related cost – PGA component. The base-rate component is designed to cover the utility's fixed costs to serve its customers. These include costs for equipment and facilities to provide service, and rarely change. The PGA is a commission-approved mechanism that adjusts rates up or down to reflect changes in the utility's costs

to buy natural gas from suppliers, including changes in transportation, storage and other related costs. Intermountain Gas defers these costs into its PGA account and passes them on to customers through an increase or decrease in rates.

The commission's approval of the application will result in a decrease of \$6.69, or 13.14 percent, for typical residential customers' monthly bills. A typical commercial customer's bill will decrease by \$33.26, or 14.16 percent per month.

The rates are effective from Oct. 1, 2024, through Sept. 30, 2025.

Additional information is available at: puc.idaho.gov/case/Details/7353.

Commission is accepting written comments on natural gas utility application to adjust rates

The Idaho Public Utilities Commission is accepting written comments on an application from Intermountain Gas to decrease the rates it charges customers.

The utility is asking for commission approval to change rates effective Oct. 1, 2024, that reflect changes in its purchased gas adjustment (PGA) costs. The rates include a base-rate component and a gas-related cost, which is the PGA component. The base rate component is designed to cover the utility's fixed costs to serve customers. These costs include expenses for equipment and facilities to provide service. The PGA is a commission- approved mechanism that adjusts rates up or down to reflect changes in the utility's costs to buy natural gas from suppliers, including changes in transportation, storage and other related costs. Intermountain Gas defers these costs into its PGA account and then passes them on to customers through an increase or decrease in rates.

If the utility's application is approved by the commission, a typical residential customer's monthly bill would decrease by \$6.69 or 13.14 percent, and the typical commercial customer's bill would decrease by \$33.26, or 14.46 percent. The commission can approve, deny or modify the application.

Written comments are being accepted until Sept. 11, 2024. Comments are required to be filed through the commission's website or by e-mail unless computer access is not available. To submit comments using the commission website, please visit puc.idaho.gov and click on the "Case Comment Form" link on the upper left side of the page. Please use case number INT-G-24-04 when filling out the form. The commenter should also include their name and address. If using e-mail, comments are required to be sent to the commission secretary and Intermountain Gas at the e-mail addresses listed below. Commenters should include their name, address and case number INT-G-24-04. If computer access is not available, comments can be mailed to the commission and Intermountain Gas at the addresses listed below. Those submitting comments through the mail are