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UTILITIES COMMISSION

Attorney for the Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF)	CASE NO. INT-G-15-01
INTERMOUNTAIN GAS COMPANY'S)	
2015-2019 INTEGRATED RESOURCE)	IDAHO CONSERVATION LEAGUE
PLAN)	COMMENTS
)	

The Idaho Conservation League (ICL) recommends the Commission direct Intermountain Gas to reassess the Company's Integrated Resource Plan (IRP) for 2015 – 2019. ICL is mindful the Commission's IRP review is limited to the process and not the substance of the plan. But Intermountain's IRP fails to meet the Commission's standards for both process and substance. In these Comments, ICL explains why Intermountain Gas's 2015-2019 IRP fails to meet each of the seven criteria contained in Orders Nos. 25342, 27024, 27098, and 30643.¹

*1. A forecast of future gas demand for each customer class, which includes the number, type, and efficiency of gas end-users as well as effects from economic forces on gas consumption;*²

Intermountain does forecast future demand for gas consumption across the system and for each "Area of Interest".³ However, ICL notes this forecast shows increasing growth for 2015 – 2018 and then makes a dramatic decline in 2019.⁴ Intermountain does not explain this forecast slow down of demand growth. Neither Idaho Power's nor PacifiCorp's IRPs indicate any slow down of demand growth in 2019 or beyond.^{5,6} Accurately predicting load growth is a crucial first step in developing an IRP, mostly to indicate the timing and scale of future resource needs. Under-forecasting demand growth in the IRP is likely to result in inadequate lead-time to avoid,

¹ See Staff Comments on Intermountain Gas 2013-2017 Integrated Resource Plan at 1 – 2.

² *Id.*

³ Intermountain 2015 IRP at 13.

⁴ See Intermountain 2015 IRP at 15 (graph showing annual growth for each Area of Interest).

⁵ Idaho Power presentation of the load forecast for the 2015 IRP to the IRP Advisory Committee of October 2, 2014. Available at: <https://www.idahopower.com/pdfs/AboutUs/PlanningForFuture/irp/2015/presentation100214.pdf>

⁶ *PacifiCorp 2015 IRP* at Appendix 2 page 17, table A.13.

defer, or select additional resources or capacity expansions. Intermountain's anomalous demand drop off in 2019, and lack of longer-term forecast is a major flaw in the IRP process that undercuts the validity of the IRP results.

*2. An analysis of gas supply options for each customer class, which includes a projection of spot market versus long-term purchases for both firm and interruptible markets, an evaluation of the opportunities for using company-owned or contracted storage or production, an analysis of prospects for company participation in a gas futures market, and an assessment of opportunities for access to multiple pipeline suppliers or direct purchases from producers;*⁷

Intermountain Gas does discuss the various gas markets and resources the Company plans to rely on to meet demands. As for natural gas supplies, ICL notes that Intermountain explains the increased pipeline capacity for moving Rockies gas to eastern and California markets means Idaho and the Pacific Northwest will lose our traditional price advantage.⁸ Intermountain also points to a pipeline capacity constraint limiting the ability to ship more gas from the Rockies into Canada.⁹ As a result, Intermountain plans to rely on gas hubs at Stanfield and Sumas for future incremental gas supplies. ICL submits that Idahoans face rising gas price pressure as we lose our geographic advantage and nationwide demand for gas continues to increase. Unfortunately Intermountain's IRP does not address the first step in planning to insulate customers from fuel price risk—increasing gas efficiency programs to exposure to gas markets.

*3. A comparative evaluation of gas purchasing options and improvements in the efficient use of gas based on a consistent method for calculating cost-effectiveness, which considers the total costs of each resource including externalities;*¹⁰

Intermountain gas does not use a consistent or complete method for considering the cost effectiveness of efficiency efforts. The IRP reveals no attempt to value the externalities as called for by the Commission.¹¹ The IRP does not reveal if Intermountain includes both avoided cost of gas and avoided capacity expansions when considering the cost-effectiveness of any action. And the IRP does not indicate the appropriate lifetime over which to consider the cost-effectiveness of

⁷ See *Staff Comments on Intermountain Gas 2013-2017 Integrated Resource Plan* at 1 – 2.

⁸ Intermountain 2015 IRP at 59.

⁹ *Id.*

¹⁰ See *Staff Comments on Intermountain Gas 2013-2017 Integrated Resource Plan* at 1 – 2.

¹¹ Intermountain 2015 IRP at 80 and 84-85. (Noting reduced air pollution from gas switching).

an action. Intermountain did not use a consistent or complete method to compare the cost-effectiveness of resource options. Accordingly, the Commission should not accept this IRP.

4. An explanation of whether or not there are cost-effective Demand-Side Management ("DSM") opportunities;¹²

The largest failure of Intermountain's IRP is the inadequate discussion of Demand-Side Management (DSM) opportunities. This reason alone is sufficient for the Commission to instruct Intermountain to reassess the entire IRP. Intermountain mentions building codes and appliance standards have increased gas efficiency and indicates the Company "is an active voice" to improve building codes and standards applicable to Idaho.¹³ Although ICL notes Intermountain's efforts on these state policies is not apparent to the engaged observer, much less the general public. At the very least Intermountain can commit to working with Idaho Building Code Collaborative and Department of Building Safety to encourage Idaho to adopt the latest building and energy codes in the 2016 legislative session.

Intermountain mentions a website where customers can access information about consumption and efficiency measures.¹⁴ But the Company does not discuss new methods to push this information to customers through behavioral science based programs such as OPower's peer comparison letters. Merely offering information on the web, without any indication of whether customers access and implement this information, is an inadequate educational program.

Intermountain last assessed the potential for gas efficiency in 2012.¹⁵ In such a rapidly evolving and improving marketplace, this assessment is stale and no longer represents the true technical, economic or achievable potential. Further, Intermountain initially constrained the potential study to consider only existing DSM programs.¹⁶ Instead, Intermountain should take a fresh look at DSM potential for Idaho, not merely assess what other gas companies provide in their service territory. Just as a utility must update supply side data for each IRP, utilities must update demand side data for each IRP cycle.

¹² See *Staff Comments on Intermountain Gas 2013-2017 Integrated Resource Plan* at 1 – 2.

¹³ Intermountain 2015 IRP at 83.

¹⁴ Intermountain 2015 IRP at 81 – 82.

¹⁵ Intermountain 2015 IRP at 90.

¹⁶ Intermountain 2010 IRP at 77; Intermountain 2015 IRP at 90.

Intermountain then explains why they will continue to not offer energy efficiency programs to customers, except for the self-serving incentive for electric to gas conversions. For example, Intermountain explains that homebuyers already have an incentive to enhance energy efficiency in new homes, but Idaho Power knows this incentive is inadequate so they offer the Energy Star Homes Northwest program. Intermountain claims to participate in marketing and promotion of energy star homes, but provides no specific examples of these efforts or the results.

More broadly, Intermountain attempts explain that due to falling cost of gas, DSM programs are not cost effective.¹⁷ But ICL questions Intermountain's assessment, mostly the IRP does not provide any details of these calculations. What explanation Intermountain provides also misses a large category of avoided costs – avoided capacity expansions. Meanwhile Intermountain has included capacity expansions on several lateral lines without clearly and completely considering how efficiency improvements can defer or avoid these investments. For example, Intermountain plans to install a new 8” pipe on Cloverdale road in Central Ada County¹⁸ and a second Liquefied Natural Gas storage tank in 2018 on the Idaho Falls Lateral.¹⁹ While the IRP does not predict any capacity need along the state street lateral²⁰ ICL notes design base case shows a 50,000 therms capacity increase available in fiscal year 2016.²¹ Meanwhile the IRP explains Intermountain has invested heavily in the past on the Sun Valley Lateral and while the Company does not foresee additional needs yet, acquiring land to do so is “very expensive or simply unobtainable.”²² Clearly, Intermountain has definite plans for capacity expansions over the IRP horizon. But Intermountain does not appear to factor in these avoidable capacity costs when considering DSM options. Intermountain does not give a reasonable explanation for not offering DSM programs for customers and thus the Commission should not accept the 2015 IRP.

*5. The integration of the demand forecast and resource evaluations into at least a five-year integrated resource plan describing the strategies designed to meet current and future needs at the lowest cost to the utility and its ratepayers;*²³

¹⁷ Intermountain 2015 IRP at 91.

¹⁸ Intermountain 2015 IRP at 78.

¹⁹ Intermountain 2015 IRP at 79.

²⁰ Intermountain 2015 IRP at 78.

²¹ Intermountain 2015 IRP at 9.

²² Intermountain 2015 IRP at 79.

²³ See Staff Comments on Intermountain Gas 2013-2017 Integrated Resource Plan at 1 – 2.

As stated above, Intermountain inadequately considered DSM options to compare with supply side and capacity needs. Without an accurate and robust DSM assessment, the IRP is incapable of ensuring Intermountain selects the strategies designed to meet future needs at the lowest cost.

More generally, while Intermountain does assess needs and resources over five years, ICL submits this time horizon is inadequate to ensure robust long-term planning. The decision to acquire supply or demand side resources often takes several years. A five-year planning horizon is inadequate to capture the changing marketplace and customer trends facing Intermountain with sufficient lead-time to consider a range of options and find the least cost/least risk resource. ICL submits the Commission should direct Intermountain to consider at least a 10-year time horizon for planning purposes.

6. *A progress report that relates the new plan to the previously filed plan; and*²⁴

Intermountain appears to have integrated the comparison between the 2010 and 2015 IRP's throughout the document. This is one part of the IRP ICL agrees with as explaining what the Company planned for in 2010 while discussing each part the 2015 plan provides a timely and easy comparison.

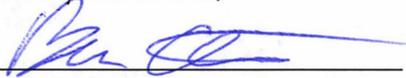
7. *Public participation.*²⁵

ICL tried but could not uncover the opportunities afforded for public participation in the IRP process. Notifying the public of the time and place of meetings is the first step in ensuring meaningful public participation. Intermountain did not satisfy even this first step.

For the foregoing reasons ICL recommends, the Commission not accept Intermountain Gas Company's 2015 IRP.

DATED this 27th day of April 2015.

Respectfully submitted,



Benjamin J. Otto
Idaho Conservation League

²⁴ See Staff Comments on Intermountain Gas 2013-2017 Integrated Resource Plan at 1 – 2.
²⁵ See Staff Comments on Intermountain Gas 2013-2017 Integrated Resource Plan at 1 – 2.

CERTIFICATE OF SERVICE

I hereby certify that on this 27th dya of April 2015 I delivered true and correct copies of the foregoing COMMENTS to the following persons via the method of service noted:

Hand delivery:

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Commission Secretary (Original and ~~seven copies~~ provided)
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