

NATURAL GAS

Consumption increased and prices remained low in FY2020¹

In Idaho, natural gas is supplied to customers by Avista Corporation, Dominion Questar Gas, 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 utility companies serving Idaho to take advantage of capacity and of pricing at both basins.

Individual Idaho Gas Utility Profiles

FY 2020 Statistics	Total	Residential	Commercial	Industrial	Transportation ²
Avista Corporation					
Customers	86,917	77,662	9,157	89	9
% of Total	100%	89.35%	10.54%	0.10%	0.01%
Therms (millions)	157.94	55.88	31.22	2.57	68.27
% of Total	100%	35.38%	19.77%	1.63%	43.23%
Revenue (millions)	\$65.0	\$45.03	\$18.26	\$1.13	\$0.57
% of Total	100%	69.29%	28.10%	1.74%	0.88%
Dominion Questar Gas					
Customers	2,316	2,058	256	0	2
% of Total	100%	88.86%	11.05%	N/A	0.09%
Therms (millions)	0.28	0.1555	0.1083	N/A	0.0151
% of Total	100%	55.74%	38.81%	N/A	5.45%
Revenue (millions)	\$1.9	\$1.21	\$0.68	N/A	\$0.02
% of Total	100%	63.24%	35.78%	N/A	0.97%
Intermountain Gas					
Customers	380,788	346,612	34,042	28	106
% of Total	100%	91.02%	8.94%	0.01%	0.03%
Therms (millions)	769.1	261	129	10	369
% of Total	100%	33.89%	16.78%	1.29%	48.04%
Revenue (millions)	\$237.08	\$157.33	\$66.82	\$3.27	\$9.66
% of Total	100%	66.36%	28.18%	1.38%	4.08%

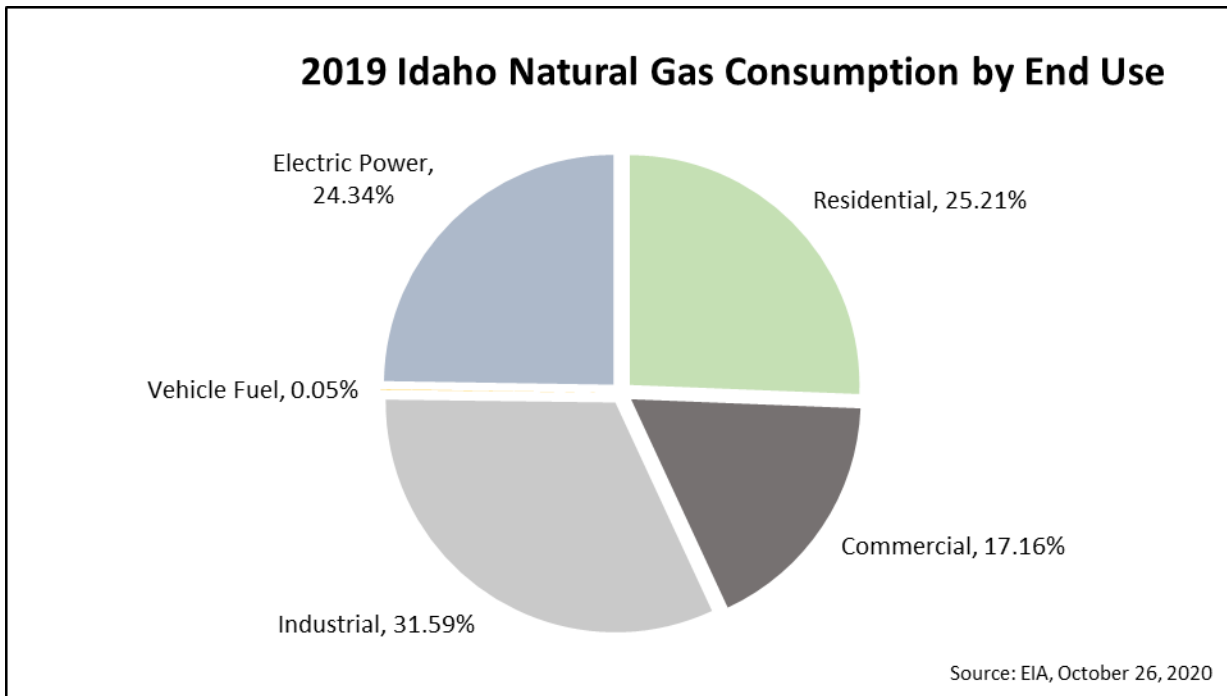
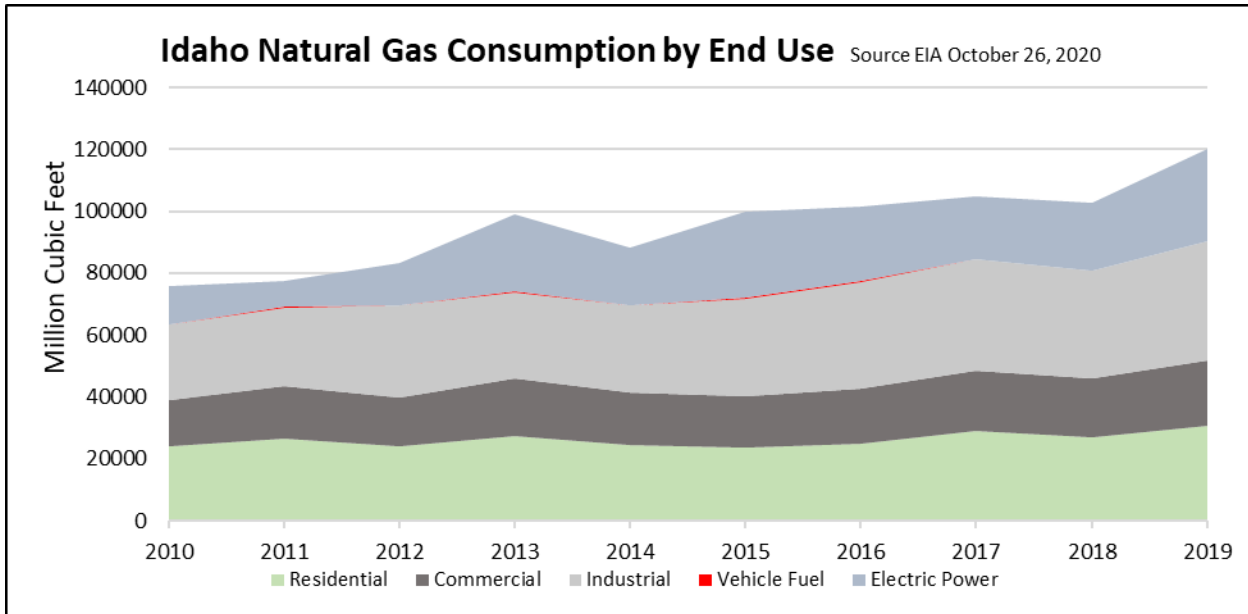
¹ The Idaho Public Utilities Commission's fiscal year is July 1st through June 30th.

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

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Consumption

In 2019, overall consumption of natural gas in Idaho increased approximately 15 percent. Residential and commercial segments consumed roughly 10 percent more natural gas than the previous year. Industrial consumption increased just under 10 percent and consumption of gas for electric generation increased over 25 percent. Use of natural gas as a vehicle fuel increased slightly over 5 percent.



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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.

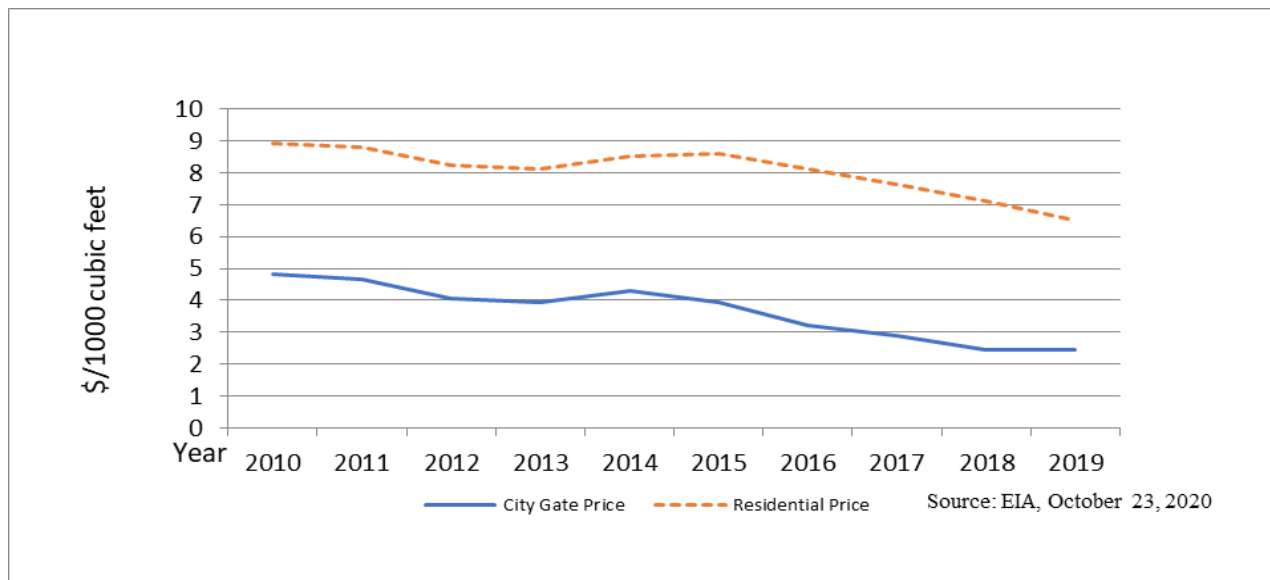
Several factors could impact demand for natural gas:

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

Prices

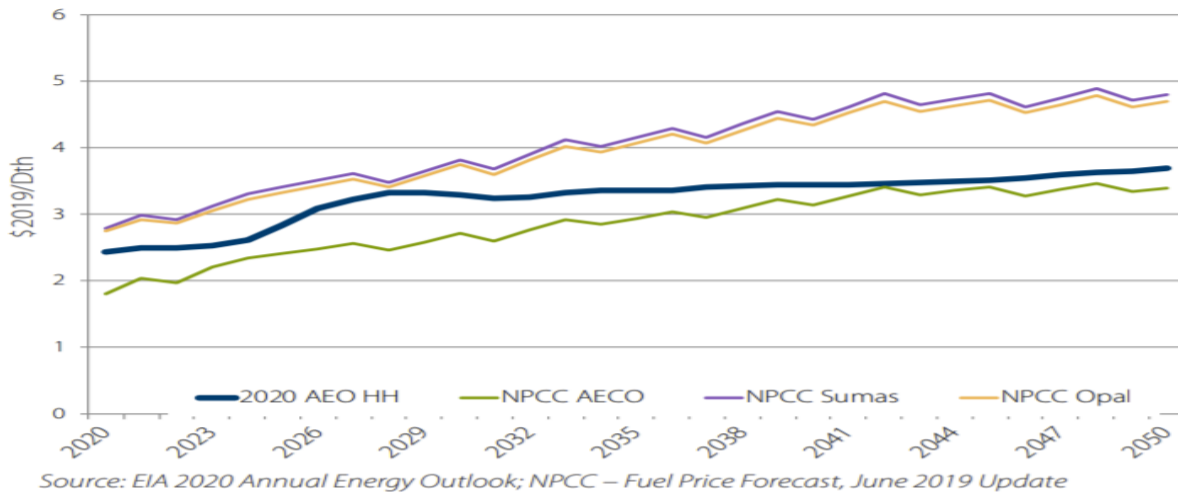
Over the last decade, the commodity price of natural gas has continued to decline (see Figure 1). The Northwest Power and Conservation Council (NPCC) forecasts show that commodity prices are expected to remain below \$5/Dth through 2050 (see Figure 2) at hubs where the Pacific Northwest sources its gas.

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

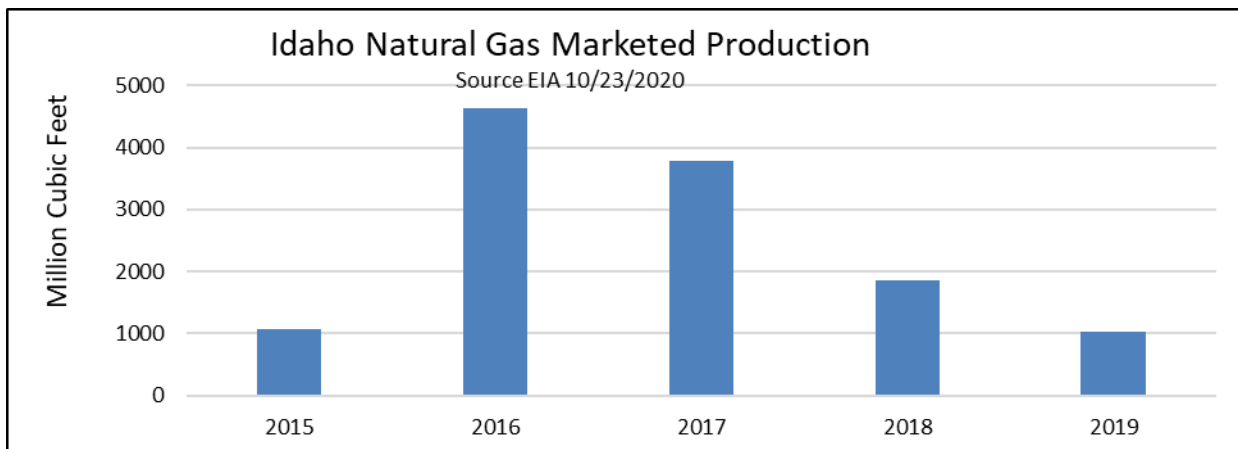


Production

There was approximately 1,033 Mcf of natural gas produced by Snake River Oil and Gas Group in Idaho in 2019.⁴ In prior years, 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.

As of January 2020, Snake River Oil and Gas Group operations include:

- Processing facility located at Willow Creek near Payette, Idaho.
- Six wells capable of producing natural gas, condensate, oil, and other liquids in the Willow Creek drainage.
 - Four wells including the state’s only oil well have been shut-in and are no longer producing.
 - Two wells drilled in Fruitland are shut-in waiting for construction of connecting pipelines to the Willow Creek processing facility.



⁴ Source EIA Natural Gas Summary https://www.eia.gov/dnav/ng/ng_sum_lsum_dcua_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 monitoring RNG production activity and government policies to participate in development of this resource.

Summary

Idaho residential, commercial, industrial, and transportation users of natural gas continue to benefit from low natural gas prices and plentiful supply.

-by Kevin Keyt, IPUC Staff Analyst