BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Joint Application of Questar Gas Company, the Division of Public Utilities, and Utah Clean Energy for the Approval of the Conservation Enabling Tariff Adjustment Option and Accounting Orders	))))))	Docket No. 05-057-T01

Surebuttal Testimony of

Sarah Wright

on behalf of

Utah Clean Energy (UCE)

August 31, 2007

Q: **Please state your name, profession, and business address.**

A: My name is Sarah Wright. I am the Executive Director of Utah Clean Energy, a not-for profit public interest organization that works to advance energy efficiency and renewable energy in Utah. My business address is 1014 2nd Ave, Salt Lake City, Utah 80103.

Q: **For whom are you testifying?**

A: I am testifying on behalf of Utah Clean Energy (UCE).

Q: **Did you testify previously in this docket?**

A: No, I have not formally testified in this docket, however, Howard Geller provided testimony on behalf of Utah Clean Energy and SWEEP on January 23, 2006, surrebuttal testimony on August 14, 2006, and testimony December 21, 2006. Utah Clean Energy filed informal comments and a statement of support on June 11, 2007.

Q: **What is your professional background?**

A: I am the founder and director of Utah Clean Energy, a non-profit public interest group working to advance energy efficiency and renewable energy. Through my work with Utah Clean Energy, I have been involved in a number of regulatory dockets in both the natural gas and electricity arenas. For the 15 years prior to founding Utah Clean Energy, I was an occupational health and environmental consultant working on occupational health and ambient air quality issues for a wide variety of commercial, industrial and governmental clients. I have a BS in Geology from Bradley University

in Peoria. Illinois and a Master of Science in Public Health from the University of Utah in Salt Lake City.

Q. **What is Utah Clean Energy's interest in this docket?**

A: Utah Clean Energy works to advance both energy efficiency and renewable energy as part of a cleaner safer more sustainable energy future. Utah Clean Energy is interested in dramatically increasing the amount of energy efficiency implemented in Utah, as we consider energy efficiency to be a high priority resource for Utah that saves money, preserves energy resources, and helps improve environmental quality, public health and energy secutiry. We have been involved in efforts to advance natural gas energy efficiency programs in Utah since the original stakeholder process for the GDS Natural Gas Potential Study for Utah. We were joint applicants on the request for the tariff changes that would implement the CET and pilot natural gas DSM program (dated December 16, 2005). Utah Clean Energy is also an active member of the Questar Demand Side Management (DSM) Advisory group.

Q: **What is the purpose of your testimony today?**

A: The purpose of my testimony is to address issues raised by several parties regarding the continuation of the CET and the public benefits that exist through its continuation. I first explain why it is in the public's best interest to maintain strong utility DSM programs. Then, I address why it is critical to continue the CET throughout the three-year pilot period and address why an LRA mechanism is problematic.

Q: **Why do you believe it is in the public's best interest to conserve natural gas through utility DSM programs?**

A: Utility DSM programs are effective means to conserve finite energy resources, help ratepayers save energy and money, better the quality of the environment, improve energy and national security, and encourage the increased adoption of energy-saving products and measures. Questar's DSM programs are designed to be cost-effective from the utility and rate payer perspectives, thereby providing the same level of service while decreasing the externalities that are not captured in the current cost of natural gas. These "externalities" include criteria pollutant emissions, greenhouse gas emissions, public lands issues, and threats to national and regional energy security. When we fail to capture all cost-effective DSM, current ratepayers waste, and are not encouraged to conserve, our finite natural gas resources; as a result, present and future ratepayers are subjected to undue costs and risks associated with the decline of natural gas resources and the aforementioned externalities. Natural gas imports are closely linked to energy and national security. While currently the vast majority of U.S. natural gas imports come from Canada, [1] this fraction is projected to decline in the future (see Exhibit UCE-A); by 2030, the vast majority of U.S. net imports of natural gas (4.5 trillion cubic feet) are projected to come from overseas, e.g. Russia and the Middle East, in the form of liquefied natural gas (LNG).[2] This is a greater volume than the total amount of gas imported from Canada today (see Exhibit UCE-A). Despite plans for increased domestic production "almost three-quarters of the world's natural gas reserves are located in the Middle East and Eurasia,"[3] and the

[1] Energy Information Administration, *International Energy Outlook 2007*, Report #:DOE/EIA-0484(2007), Release Date: May 2007
[2] Ibid.
[3] Ibid, pg. 42

largest source of U.S. incremental natural gas supply (50 percent of the increase in 2030 relative to 2004) is expected to be LNG.[4] Projections show that by 2020 the single largest demand of global LNG will come from the Americas (80 percent of the demand will come from the United States), with over half of global LNG supply coming from Russia, African, and the Middle Eastern countries [5,6] (see Exhibit UCE-B). UCE believes that it is in the best interest of Questar ratepayers, the State of Utah, and the Nation to conserve natural gas and employ natural gas efficiency measures, thereby reducing or potentially eliminating the risk of future reliance on natural gas from geopolitically unstable regions. Employing energy efficiency measures and technologies provides the services and quality of life that ratepayers expect, while conserving natural gas for future ratepayers and society and reducing air and green house gas emissions.

Q: **Why do you believe the CET should remain in place for the entire three-year pilot period?**

A: As stated above, we believe it is critical to obtain all cost-effective DSM, and removing financial disincentives and aligning the interests of the utility with that of the consumer are essential for the advancement of aggressive natural gas energy efficiency efforts. The CET has removed these disincentives, and UCE has witnessed a sea change in Questar's interest and actions with respect to DSM, having moved from little to no DSM activity to aggressively implementing and promoting DSM programs. After the approval of the CET, Questar initiated a DSM working group,

[4] Ibid.
[5] Roberto S. Simon, Presentation The LCD Forum Northeast, LNG Overview, Societe Generale, June 12, 2007
[6] See Ref. 1

developed a comprehensive set of DSM programs, known as ThermWise, began aggressively marketing and implemented these programs, and increased its support for energy efficiency education and training in the building codes arena.

As of mid-August, initial program reports from Questar suggest that the public response to ThermWise has been strong, signaling effective education and marketing and public interest in saving money, conserving gas and utilizing the available ThermWise program incentives. In short, the CET has resulted in aggressive implementation of energy efficiency and has created a "culture change" within Questar towards increased interest in natural gas conservation and efficiency measures, marking a departure from how Questar has operated in the past. For these reasons, UCE believes that the CET should remain in place for the entire three-year pilot period, at which point adequate quantifiable data will be available to evaluate both the CET mechanism and the effectiveness of Questar's DSM programs.

Q: **Does Utah Clean Energy support the lost revenue adjustment (LRA) mechanism as an alternative to the CET as proposed by Dr. Dismukes on behalf of the Committee of Consumer Services?**

A: No, UCE does not support the adoption of the LRA as an alternative to the CET. While it is straightforward to calculate the energy savings and lost revenues associated with incentives for efficient appliances, building practices, etc. it is extremely difficult to quantify the savings associated with marketing, education and outreach campaigns; however the savings linked to the public education components can be significant. A 2007 ACEEE study on the impact of education campaigns in the electricity sector in Texas and California showed three percent energy savings and

five percent peak demand savings through behavior changes.[7] Furthermore, Questar's commitment to improve building code training enforcement will support energy efficiency gains in new construction that will be extremely difficult to quantify. In light of this lasting difficulty, UCE supports the rebuttal testimony of Dr. Artie Powell, stating that "*Dr. Dismukes' characterization of the relationship [of cost effectiveness studies used to implement DSM programs and the calculation of avoided costs] is oversimplified and that no amount of increased monitoring will eliminate some fundamental concerns or difficulties with the calculation of lost revenues,*" and that "*the Commission reject the Committee's recommendations in this proceeding and continue with the CET as modified by Division testimony*."[8]

Q: Does this conclude your testimony?

A: Yes, thank you.

[7] American Council for an Energy Efficient Economy, "Potential for Energy Efficiency, Demand Response, and Onsite Renewable Energy to Meet Texas's Growing Electricity Needs," Report Number E073, March 2007, pg. 26-27

[8] Artie Powell, Rebuttal Testimony On Behalf of the Division of Public Utilities, Docket 05-057-T01, August 8, 2007, p. 2