

**Position Statement of Utah Clean Energy and Southwest Energy Efficiency Project (SWEEP) In Support of the continuation of Questar Gas Company's Conservation Enabling Tariff
Docket No. 05-057-T01**

Submitted to: the Utah Public Service Commission
June 1, 2007

Utah Clean Energy and Southwest Energy Efficiency Project support the continuation of Questar Gas Company's Conservation Enabling Tariff (CET) as we believe it is in the public's best interest. Increasing the energy efficiency of natural gas use provides benefits for Questar Gas Company's (QGC) customers, the natural gas supply, the economy, and the environment. Reducing gas consumption preserves resources for future generations and decreases costly market-based gas purchases, which represent approximately 50 percent of the gas provided by QGC.

Removing financial disincentives and aligning the interests of the utility with that of the consumer are critical for advancing natural gas energy efficiency. The CET removed these disincentives, and we have witnessed a sea change in QGC's interest and actions with respect to Demand Side Management (DSM). To date, the CET has not adversely impacted rates, and QGC has moved from having no DSM programs to aggressively implementing DSM. The CET should remain in place for the entire three-year pilot period, at which point more information will be available to evaluate the mechanism.

Progress on Energy Efficiency Programs

QGC has demonstrated a commitment to natural gas DSM. Since the October 2006 approval of the CET, QGC has initiated a DSM working group, developed a comprehensive set of DSM programs, known as ThermWise, and has aggressively marketed and implemented these programs with Commission approval.

Initial program reports suggest that the response to ThermWise has been strong, signaling effective education and marketing and public interest in saving money, conserving gas and utilizing the available incentives. For instance, in less than 3-months since the program's inception:

- There has been high demand for Home Energy Audits (with over 500 undertaken, and a 3-week waiting period when gas is in highest demand);
- Nearly 4,000 appliance rebate applications submitted;
- Over 36,000 website visits, phone calls and mailings have been reported;
- As anticipated, ENERGY STAR New Homes are slightly below target level because of the longer lead-time required;¹
- In addition, increased support from QGC for the state's Low Income Weatherization Assistance Program has been successful, having fully utilized the first installment of \$250,000 by May 2007.²
- QGC's DSM program is providing support for energy code training which should result in further energy efficiency gains in new construction and associated energy and financial savings, benefiting gas consumers and public at large.

QGC was recently ranked 5th in the nation for per capita energy efficiency program expenditures according to figures from the Consortium for Energy Efficiency.³ To date, this expenditure has supported a strong outreach and marketing component that has promoted the public benefits of natural gas conservation through financial savings. The public interface of this program has received wide deployment, reaching the general public through billboards, television commercials and movie theater teasers with positive responses. From numerous public outreach and education events that Utah Clean Energy has participated in, anecdotal evidence suggests that the general public recognizes and is enthusiastic about the ThermWise program. Utah Clean Energy and SWEEP assert that this aggressive deployment and marketing campaign would not have happened without removal of the financial disincentives to QGC through the CET.

Benefits to Customers

QGC's DSM programs will result in savings for both participants and non-participants. In a recent presentation to the Utah Energy Forum, Alan Allred, CEO and President of Questar Gas Company, explained that average general service customers *not* participating in the ThermWise program can save an average of \$108 over 5 years due to reduced demand and the associated decreased need for Questar Gas to purchase natural gas on the open market. Additionally the general public benefits from the reduction in emissions associated with natural gas consumption (despite being relatively clean, natural gas emissions contribute to ground level ozone in the summer months and climate change⁴).

State Energy Efficiency

The CET and resulting DSM programs enable Questar Gas Company to help Utah meet the Governor's goal to increase energy efficiency 20% by 2015. Questar's DSM programs are clearly aligned with this statewide goal and will continue to benefit the general public through energy and financial savings, increased economic competitiveness, as well as environmental improvements. Continuation of the CET and the DSM programs will allow Utahns to realize gas and financial savings today and into the future. A recent study suggests that with widespread adoption of high efficiency measures, Utah has the potential to reduce its natural gas consumption by 20 percent in 12 years with a net present savings to customers of \$835 million.⁵ Contemporary energy policy trends suggest that additional state and federal policies will support programs such as QGC's CET.⁶

Summary

Although it is still early to provide a full assessment, indications at this time suggest that the creation of the CET and associated DSM programs is already providing broad benefits to customers and society at large. On the other hand, modifying the CET at this time could have a chilling effect on DSM programs and gas conservation efforts by consumers. As such, Utah Clean Energy and SWEEP support the continuation of QGC's CET throughout the entire three-year pilot period.

Notes:

¹ Presentation by Alan Allred, President and CEO of Questar Gas Company, Utah Energy Forum, 5/23/07 (Figures current as of 5/19/2007).

² Personal communication with Mike Johnson, Utah Weatherization Assistance Program, May 10, 2007

³ Presentation by Barrie McKay, manager Regulatory Affairs Questar Gas Company, CET Technical Conference, April 19, 2007

⁴ Emissions from the Combustion of Natural Gas, URL:

<http://www.naturalgas.org/environment/naturalgas.asp#emission>

⁵ The Maximum Achievable Cost Effective Potential Gas DSM for Questar Gas, Final Report Prepared for the Utah Natural Gas DSM Advisory Group, GDS Associates, Marietta, GA, March 2004

⁶ For example, the Western Regional Climate Action Initiative

http://www.eere.energy.gov/states/news_detail.cfm/news_id=10987 , The Climate Registry

<http://www.theclimateregistry.org>