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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Bob Davis, Utility Technical Consultant

Date: January 27, 2025

Re: **Docket No. 19-057-33**, Application of Dominion Energy Utah for Approval of a Natural Gas Clean Air Project and Funding for the Intermountain Industrial Assessment Center.

Recommendation (Acknowledge)

The Division of Public Utilities (Division) has reviewed Enbridge Gas Utah's (EGU) Natural Gas Clean Air Project and Funding for the Intermountain Industrial Assessment Center Program Annual Status Report (Report).¹ The current Report covers the period from January 1, 2024, through February 29, 2024. The Division recommends the Public Service Commission of Utah (Commission) acknowledge EGU's 2024 Report.

Issue

On December 23, 2024, EGU filed its final Report in compliance with the Commission's Order issued in Docket No. 19-057-33.² On December 23, 2024, the Commission asked the Division to review EGU's filing for compliance and make recommendations by January 22, 2025. On December 27, 2024, the Commission issued its Notice of Filing and Comment Period asking any interested person to file comments by January 27, 2025.

¹ *Enbridge Gas Utah's Annual Report on 2024 Sustainable Transportation & Energy Plan (Redacted)*, Docket No. 19-057-33, December 23, 2024,

<https://pscdocs.utah.gov/gas/19docs/1905733/337275RdctdEGU2024STEPPrpt12-23-2024.pdf>.

² *Order*, Docket No. 19-057-33, August 31, 2020,

<https://pscdocs.utah.gov/gas/19docs/1905733/3152031905733oass8-31-2020.pdf>.



Background

Utah Code Section 54-4-13.1 authorizes the Commission to approve a gas corporation to establishing natural gas clean air programs that promote sustainability through increasing the use of natural gas or renewable natural gas that the Commission determines are in the public interest, subject to the funding limits set forth in Subsection 54-20-105(3)(d).³

On December 31, 2019, Dominion (now EGU) filed for approval of its Natural Gas Clean Air Project and Funding for the Intermountain Industrial Assessment Center (IIAC). On July 16, 2020, Dominion, the Division, and the Office of Consumer Services (OCS) submitted a Settlement Stipulation to the Commission. The Commission approved the Stipulation on August 31, 2020, and ordered a program start date of October 1, 2020. The terms of the Stipulation included funding for the IIAC at a level of \$500,000 annually for a pilot period of two years.⁴ In return for the funding, the IIAC is required to perform 20 energy efficiency assessments (in addition to the 20 Department of Energy funded energy efficiency assessments) and 40 clean air assessments in each of the pilot-period program years.

The Stipulation also included a temporary suspension feature, which could be invoked by Dominion and IIAC for COVID-19 pandemic-related restrictions. As a result of the COVID-19 pandemic, Dominion and the IIAC initially experienced difficulties and setbacks related to performing the assessments contemplated in the Stipulation. Consequently, Dominion sought, and the Commission approved, an adjusted IIAC program year of March 1, 2021, through February 28, 2022. Since March 1, 2021, Dominion and the IIAC have resolved all COVID-19 related issues.⁵

³ Utah Code Ann. § 54-20-105, https://le.utah.gov/xcode/Title54/Chapter20/54-20-S105.html?v=C54-20-S105_2016051020160510.

⁴ *Id.* § 54-20-105(3)(d), Upon commission approval, the commission may authorize the large-scale natural gas utility to allocate on an annual basis up to \$10,000,000 to a specific sustainable transportation and energy plan as described in Subsections (3)(a)(i) through (vii) or a specific natural gas clean air program as provided in Section 54-4-13.1.

⁵ *Enbridge Gas Utah's Annual Report on 2023 Sustainable Transportation & Energy Plan (redacted)*, Docket No. 19-057-33, June 21, 2024, page 10, <https://pscdocs.utah.gov/gas/19docs/1905733/334365RdctdEGU2023StnblTrnsprtnEnrgyPln6-21-2024.pdf>.

The Division supported the Settlement Stipulation between the Parties and the modified term of the IIAC assessment program that concluded on February 28, 2023.⁶ The Parties agreed that Dominion may extend funding to the IIAC for an additional year beginning on March 1, 2023, and proceed through February 28, 2024, with the same terms and conditions approved by the Commission in its original Order.⁷

In the Settlement Stipulation, Dominion agreed to not seek Commission approval for any additional funding for the IIAC at the conclusion of the extended program. The Parties also agreed that Dominion would not make any additional funding requests under Utah Code Subsection 54-20-105(3)(a)(vii) through the sunset of the Sustainable Transportation and Energy Plan Act (STEP) legislation on July 1, 2024.

Dominion has provided informal quarterly status updates to the Division and OCS since the program officially got underway in March of 2021.⁸

Discussion

EGU combines January and February 2024 included in this report with its 2023 annual report. EGU reports for the months of January and February of 2024 that IIAC completed an additional 4 STEP-related energy efficiency assessments for a total of 24 assessments and an additional 10 clean air assessments for a total of 48 clean air assessments over the combined period.

The Division is tasked with reviewing the annual status of the program for prudence. This review includes the references and calculations used to develop the tables and graphs in the report, an accounting of expenditures, carrying charges, cost and benefit analysis, and future plans and accomplishments for the program.

⁶ *Comments from the Division of Public Utilities*, Docket No. 22-057-24, January 18, 2023, <https://pscdocs.utah.gov/gas/22docs/2205724/326625DPUCmnts1-18-2023.pdf>.

⁷ *Settlement Stipulation*, Docket No. 22-057-24, December 21, 2022, ¶ 3, <https://pscdocs.utah.gov/gas/22docs/2205724/326475StlmntStpltn12-21-2022.pdf>.

⁸ The Commission's approved Stipulation directed EGU to update interested parties quarterly and annually on the status of its clean air programs approved by the Commission, Docket No. 19-057-33, August 31, 2020, section 15(B) and (C) of the Stipulation.

The Division relies on these types of supporting exhibits to determine the prudence of the monies spent on the program. In prior filings, the Division requested that EGU/IIAC provide a detailed illustration of the balancing account, in Excel format with intact formulae and references, be included. This would include an accounting of the surcharge revenues, all expenses of the program and carrying charge (including the calculation of the surcharge). EGU provided the requested level of detail in this report in Excel format.

The IIAC team concludes that the program was successful completing numerous energy and clean air assessments at facilities all around Utah including private manufacturers, refineries, public buildings, wastewater treatment plants, university buildings, and medical centers. The IIAC found that boiler, steam/heat recovery and HVAC opportunities had the best energy and emissions savings for the cost of the recommendation. The IIAC reports that over the 3-year program horizon, it achieved a 59% assessment recommendation implementation rate.⁹

Conclusion

The Division has reviewed EGU's Report for January 1, 2024, through February 29, 2024. The Division concludes EGU, on behalf of IIAC, followed the Commission's Orders for the quarterly and annual filing requirements of the approved Stipulation(s). The Division recommends the Commission acknowledge EGU's 2024 Annual Status Report. This report is the final report and concludes EGUs Natural Gas Clean Air Project.

cc: Michael Orton, EGU
Michele Beck, OCS
Service List

⁹ Docket 19-057-33, *supra* note 1, page 17.