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DEPARTMENT OF COMMERCE
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To: The Public Service Commission of Utah

From: The Office of Consumer Services

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Date: September 03, 2020

Subject: Docket 20-057-02

In the Matter of: Dominion Energy Utah's Integrated Resource Plan (IRP)
for Plan Year: June 1, 2020 to May 31, 2021

INTRODUCTION

On June 12, 2020, Dominion Energy Utah (DEU) filed its 2020 Integrated Resource Plan (IRP) for the planning period June 1, 2020 to May 31, 2021. On June 26, 2020, the Utah Public Service Commission (PSC) issued a scheduling order that set a deadline of September 3, 2020 for parties to file initial comments and October 13, 2020 for reply comments on the IRP in this proceeding.

The Office of Consumer Services (OCS) submits these comments to the PSC regarding the DEU's 2020 IRP. The OCS provides comments on the following topics:

- Compliance with PSC Order on 2019 IRP
- Impacts of COVID-19 Pandemic
- Supply Reliability
- Alternatives to Natural Gas
- Joint Operating Agreement
- Cost-of-Service Gas Requirements
- Sustainability
- Long-term Planning

REQUIREMENTS FROM PSC'S 2019-20 IRP ORDER

In the PSC's Order on DEU's 2019-20 IRP, the PSC accepted DEU's commitments made in its reply comments to include additional sections in the 2020-21 IRP. The Order stated that the topics to be addressed in these new sections are: long-term planning, sustainability goals, STEP initiatives and distribution expansion in rural areas. The OCS notes that DEU has complied with the PSC's Order and added sections on these topics to this year's IRP.

In its 2019 IRP Order, the PSC also required DEU to "convene a stakeholder meeting as early as practicable prior to DEU's filing of the 2020 IRP to discuss concerns regarding the sufficiency of information in the IRP."¹ The PSC further stated: "A summary of these discussions should be provided during a 2020 IRP pre-filing technical conference."² On March 10, 2020, staff from the OCS, the Division of Public Utilities (DPU) and DEU met to discuss this issue. As a result of the meeting and through follow-up emails, DEU developed a list of information and issues that parties agreed should be covered in future filed IRPs. The OCS notes that some of these topics and issues have been covered in this IRP while some have not. In addition, the OCS does not believe that DEU provided a "summary of these discussions" in a 2020-21 IRP technical conference as instructed by the PSC. The OCS requests that DEU provide an update on this issue in its reply comments and recommends that DEU cover this topic in a pre-filing technical conference for the next IRP, the 2021-22 IRP.

IMPACTS OF COVID-19 PANDEMIC

In the "Customer and Gas Demand Forecast" section of the present IRP, DEU provides a disclaimer that at the time of writing of the 2020-21 IRP, the recessionary impacts of the pandemic were only just beginning to materialize. DEU states they have applied an assumption of a temporary decline in the customer growth rate through 2022. However, DEU expects that gas demand will return to normal by the 2020 to 2021 heating season. For example, on page 3-3, for small commercial customers, DEU states that it expects pandemic restrictions will be lifted by the heating season; and therefore, no decline in small commercial usage has been included in the IRP forecast. Considering the persistence of the pandemic and continued high unemployment rates and slow economic growth, the OCS questions whether this is still an accurate assumption.

In light of the uncertainties, DEU also states that it will make adjustments to its forecast assumptions for IRP planning as economic impacts of the pandemic continue to be determined. The OCS recommends that the PSC require DEU to provide pandemic related IRP updates in its quarterly variance reports and next year's IRP.

SUPPLY RELIABILITY

Last year, in its 2019-20 IRP, DEU presented a new section in the report titled Supply Reliability. This section essentially was a summary of its stated system supply reliability

¹ Utah PSC January 16, 2020 Order, Docket No. 19-057-01, page 14.

² Ibid., page 13

concerns and proposal to build a liquefied natural gas (LNG) storage facility to address those concerns. It appears that with the approval by the PSC to proceed with the construction of the LNG facility, as recorded in the Report and Order of Docket No. 19-057-13, DEU decided to remove the Supply Reliability section from the 2020-21 IRP document. There is a small mention of DEU's progress and planning of the LNG storage facility in the executive summary which states that it will be operational for the 2022 to 2023 heating season. There is also a small mention of DEU's consideration of building smaller satellite LNG storage facilities throughout its system to boost pressures and to provide additional supply reliability resources, including some renewable natural gas (RNG) sites; however, no additional information is reported.

At this point, the OCS does not know DEU's future plans for reporting on supply reliability issues and LNG expansion planning. However, we take this opportunity to recommend to the PSC that DEU should be required to report on the operations and performance of the LNG storage facility when it becomes operational, especially in relation to its impacts on DEU's IRP planning process. The OCS also recommends that the PSC require DEU to provide adequate information, as defined in DEU's IRP guidelines, of any efforts to move forward with any other supply reliability resources, such as satellite LNG facilities. This includes evidence of reliability issues, other potential solutions, and the economic impacts of all options on ratepayers.

CUSTOMER AND GAS DEMAND FORECAST - ALTERNATIVES TO NATURAL GAS

Pages 3-5 to 3-6 of the IRP discuss alternatives to natural gas that could impact DEU's future demand and load profile. Under the subsection on heat pumps, DEU states: "The Company has seen no substantial changes in this area since the publishing of the [heat pump] study" [in 2016]. The OCS notes that in some parts of the US, movement has begun towards the electrification of building heating.³ With currently available, more efficient heat pump technology, this new trend could significantly increase the use of heat pumps. For example, HB431 passed in the 2020 general session of the Utah legislature authorized an electric utility to promote "the use of heat pumps" in a Demand-Side Management program and in its 2021 IRP process, Rocky Mountain Power (PacifiCorp) is beginning to forecast increased electrical demand in Utah, partially due to building electrification and space heating.⁴ Therefore, the OCS recommends that DEU in its next IRP refresh its heat pump study to determine if natural gas demand may be impacted.

JOINT OPERATING AGREEMENT

In July 2020, it was announced that Berkshire Hathaway would purchase Dominion Energy pipeline assets including DEU's sister company, Quester Pipeline.⁵ Page 4-2 of the IRP discusses the Joint Operation Agreement (JOA) with Questar Pipeline. It

³ *'Banning' natural gas is out; electrifying buildings is in*, S&P Global, July 8, 2020 (subscription required).

⁴ PacifiCorp 2021 IRP presentations, July 30, 2020, page 4 & 7 and August 28, 2020, page 56 Winter Space Heating, presentations found at: <https://www.pacificorp.com/energy/integrated-resource-plan/public-input-process.html>.

⁵ [Dominion Energy News Release](#), July 5, 2020.

states that the JOA “requires detailed collaboration [with Questar]” and is necessary “for ensuring customers receive safe and reliable service.” Considering the importance of the JOA for reliable service, the OCS requests that DEU in its reply comments discuss how it will ensure that as Questar Pipeline transitions to Berkshire Hathaway ownership, and is no longer a sister company, the important functions of the JOA will remain intact for the upcoming winter heating season.

COST-OF-SERVICE GAS REQUIREMENTS

The OCS’s review of DEU’s 2020 IRP again included an assessment of DEU’s progress toward reduced reliance on cost-of-service gas supply. In Docket No. 15-057-10, in which DEU and Wexpro sought the inclusion of a new drilling property under the Wexpro II agreement, a settlement stipulation was reached that requires DEU to reduce the proportion of Wexpro supply of its total supply to 55% by the 2020 IRP year (2020-2021). The following table shows DEU’s progress toward this target so far, according to information found in DEU’s IRPs.

	Forecasted Demand - MMDth		
IRP Year	Cost-of-Service	Total	COS % of Total
2016	64.0	111.6	57%
2017	70.7	115.0	61%
2018	70.6	115.2	61%
2019	65.9	117.4	56%
2020	63.0	115.9	54%

The OCS notes that DEU forecasts cost-of-service gas will make-up about 54% of its forecasted percentage of total sales demand. We commend DEU for ensuring its planning models have targeted to meet its Docket No. 15-057-10 settlement commitment for 2020.

SUSTAINABILITY

The Sustainability section of DEU’s IRP was introduced in 2019. In 2019, DEU set carbon emission reduction targets of 55 percent reduction by 2030 and 80 percent reduction by 2050 – both in comparison to 2005 levels. In 2020, DEU’s corporate parent, Dominion Energy, Inc. (DEI), has a new goal to “expand” its “greenhouse gas emission-reduction” target to be net zero by 2050.⁶ DEI has also updated DEU’s methane emission reduction target. Last year this target was a 50 percent methane

⁶ DEU 2020-21 IRP, page 11-1, first paragraph.

emission reduction by 2030 in comparison to 2010 levels. This year in the 2020-21 IRP, DEU presents these two new methane emission targets:

- 65 percent reduction in methane emissions by 2030 in comparison to 2010 levels.
- 80 percent reduction in methane emissions by 2040 in comparison to 2010 levels.

The OCS notes that the IRP's Sustainability section is confusing because it begins with a discussion of DEU's greenhouse gas (referred to as carbon in the 2019 IRP) reduction goals and then later under the subsection "Sustainability In The West", discusses specifics for just methane reduction for DEU. It is unclear if DEU's and DEU's "greenhouse gas emission-reduction" net zero goals are the same. The OCS recommends that DEU should make this clear in future IRPs.

Also, last year in the 2019-20 IRP, DEU discussed changes to the Sustainable Transportation & Energy Plan Act (STEP). However, DEU did not provide details on any specific STEP projects for which it intended to request approval. This year, however, this section of the report has been updated to include DEU's focus on creating a partnership with the Intermountain Industrial Assessment Center (IIAC) at the University of Utah to identify potential STEP projects. This issue was recently settled in Docket No. 19-057-33 where the terms and conditions for use of STEP funding for the IIAC is documented.

In addition, DEU documents that the Utah PSC in Docket No. 18-057-T05 approved renewable natural gas (RNG) suppliers to transport RNG to their fleet customers at DEU's compressed natural gas (CNG) fueling stations. DEU reports that Fleet Saver LLC is the first RNG supplier to deliver RNG to its fleet customers under the new RNG tariff. Also discussed in the Sustainability section is that Docket No. 19-057-T04 was approved through a settlement stipulation on July 30, 2019, creating a voluntary renewable natural gas program that DEU calls GreenTherm. DEU states that it expects to sell 3,000 Dth of RNG to GreenTherm customers in 2020. In its March 9, 2020 technical conference, DEU clarified that customers can elect to pay \$5 per RNG block (which is the equivalent of 5 therms or one-half a Dth) and can purchase as many blocks as they want.

In the OCS's IRP comments last year, we noted that it was unclear if DEU was affiliated with the RNG projects it discussed during the February 20, 2019 technical conference. It appears now that those projects were just used as an example for how RNG could be used but that DEU was not affiliated as no such projects were included in the IRP or associated technical conferences this year. Instead, DEU simply states that it is "currently evaluating ways to include RNG in its own natural gas portfolio" and "will report on these efforts in future IRPs.

In the 2020-21 IRP, DEU presents new ways Wexpro has committed to reduce its emissions. Such actions include: changing to no-bleed devices, switching some devices

to use alternative sources of power instead of natural gas, and conducting voluntary leak surveys.

Finally, as also mentioned in the Sustainability section, on page 11-3, DEU states that it is conducting research and development. Specifically, DEU states: “The Company is participating in the International HyReady study which evaluates the potential to blend renewable Hydrogen into natural gas systems. The Company is participating in ten other RNG research projects with GTI and NySearch.” The OCS submitted discovery questions to DEU on these R&D initiatives. In its DR response with respect to hydrogen, DEU stated that it “has the goal to have its system ready to accept up to 5% [of hydrogen] on its system” and that the HyReady study will “test hydrogen at DEUs training facility to understand the impacts of combusting a blend of methane and hydrogen in a variety of appliances. That test is expected to take place in 2021.”⁷ The OCS is aware that hydrogen may play an important role in the current transition away from fossil fuels to renewable energy. The OCS recommends that DEU include more detailed information in future IRPs, information such as provided in DEU’s response to OCS 1.02 (see Attachment A to these comments). The OCS also believes that it may be appropriate to include topics on methane-hydrogen blending and potential sources of hydrogen supply in future IRP’s long-term planning sections.

LONG-TERM PLANNING

The OCS also provides comments on the new section of DEU’s 2020 IRP that is dedicated to long-term planning. This section is found within the System Capabilities and Constraints area of the IRP. We commend DEU for addressing parties’ concerns last year that prior IRP reports did not adequately keep stakeholders apprised of DEU’s long-term outlook for natural gas service in Utah. In this new long-term planning section, DEU states that with a recent historical annual customer growth rate of about 2%, they anticipate a continued need to adjust the distribution system to maintain current levels of service. DEU includes the following as part its long-term planning considerations:

- Increasing the size of the Saratoga Springs gate station tap to the Kern River Gas Transmission company’s pipeline to feed the growth in that area,
- Extending the 720 maximum allowable operating pressure (MAOP) corridor from Vineyard to Hyrum to bridge the MAOP bifurcation that currently exists in the distribution system,
- Investing in upstream pipeline systems to bring more capacity to the Wasatch Front,
- Constructing modular LNG sites throughout its system to serve isolated areas, boost system pressures, and increase supply reliability,
- Constructing RNG sites as an additional supply resource, and

⁷ See Attachment A - DEU response to discovery request OCS 1.02, September 1, 2020.

- Tapping into Ruby Pipeline near Brigham City.

While the OCS appreciates this first step to better keep stakeholders apprised of DEU's long-term considerations, we encourage DEU to develop this section more fully over time. We believe it's important that this section is not just a place for abstract ideas, but will include justifying evidence and meaningful analysis. There are ways to share preliminary confidential ideas and information with stakeholders during the IRP process, and we encourage DEU to provide such information to minimize surprises in future regulatory filings.

That being said, the OCS has submitted additional discovery questions to DEU regarding two issues from the bullet list above. Specifically, DEU's long-range planning statements from page 4-12 of the IRP, that (1) "the Company is considering constructing modular LNG sites throughout its system" and (2) "the Company is also considering constructing RNG sites as possible supply resources." The OCS notes that these two topics were covered on slide 8 of DEU's May 12, 2020 technical conference. One criticism the OCS has had of DEU's IRP process in the past is that important information provided on technical conference slides or verbally in a technical conference often is not included in the IRP document itself.⁸ Based on DEU's responses to our DRs, the OCS may provide additional comments on modular LNG and RNG sites in our reply comments.

RECOMMENDATIONS

Based on the discussion above, the OCS recommends that the PSC require DEU to:

1. Provide an update on the March 10, 2020 stakeholder meeting regarding the sufficiency of information in the IRP if not included in DEU's reply comments and perhaps cover this topic in an upcoming 2020-21 IRP pre-filing technical conference.
2. Provide Covid-19 pandemic related IRP gas demand updates in its quarterly variance reports and next year's IRP.
3. Continue to include a Supply Reliability section in the IRP that provides updates on the LNG facility and adequate information on potential new supply reliability resources with supporting evidence of the reliability problems, other potential solutions, and cost/benefit analyses.
4. Refresh its heat pump study due to new trends in building electrification and recently passed legislation.
5. Provide an update on the Joint Operating Agreement with Questar Pipeline due to the sale of the pipeline company to Berkshire Hathaway, if this is not included in DEU reply comments.

⁸ Docket No. 19-057-01, DEU 2019 IRP, OCS Comments, September 17, 2019, pages 4 & 7.

6. Clearly distinguish in future IRPs the sustainability goals for DEU versus its parent company DEI.
7. Include expanded discussions and analyses of hydrogen in the Sustainability and Long-Term Planning sections of future IRPs.

The OCS may provide additional recommendations on the issues of modular LNG sites and constructing RNG sites in its reply comments, depending on responses to outstanding discovery requests.

cc:

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