ThermWise Update

SWEEP Workshop 2008

Dan Dent
Director, Demand Side Management
November 13, 2008
Questar Gas Company

Year-End 2007

Communities served  281

Customers
Residential  809,838
Commercial/Industrial  63,769

Annual deliveries
Residential  69 MMdth
Commercial/Industrial  93 MMdth

Rate Base  $773 million
ThermWise Campaign

- Market transformation
  - Shifting philosophy/practices
  - Educate and train trade-allies and code officials
- Energy-efficiency programs
  - Effective: January 1, 2007
- Customer education/awareness
  - Advertising, bill Inserts, dealers/contractors
  - Codes Training
ThermWise Programs

• Home Energy Audits
• Appliance Rebates
• Weatherization Rebates
• Builder Rebates
• Multifamily Rebates *(New in 2008)*
• Business Rebates *(New in 2008)*
• Low-Income Wx Funding
ThermWise Marketing

- Advertising Campaign
  - TV, Radio, Print, Theater, HTR, Billboards
- ThermWise.com
- Questar Gas Publications
  - Inserts, Newsletters
- Marketing Collateral
- Alliance Network
  - POP, Promotions, Direct Sales,
- Related Questar Gas Co-op Advertising
Welcome to ThermWise.com

"You’ve come to the right place for energy-saving tips and rebates from Questar Gas."

- Home Audits
- Appliance Rebates
- Weatherization Rebates
- Business Rebates
- Builder Rebates

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ThermWise Promotions

[Image of a sports arena with a scoreboard and advertisement for Questar Gas]

Questar Gas
ThermWise.com
Introducing Therm
“You are not a loser”
“You with the nachos”
“Olympic Swimming”
“Election Campaign”
Spending Update

Actual Program Spending vs. Budgeted $

- 2007: $7,413,141
- 3Q 2008: $11,599,885
- 2009: $17,787,250

Actual $ Spent: Green
Budgeted $: Purple
2008 Incentives

2008 Incentive Budget vs. % of Budget Spent (by program)

Inner Ring = Share of 2008 Incentive Budget by Program
Outer Ring = % of 2008 Incentive Budget Spent by Program

- 96%, $1,192,000
- 18.17%
- 12.30%
- 25.86%
- 4.56%
- 169%, $369,624
- 16%, $143,712
- 3.21%
- 0.22%
- 23%, $2,520
- 156%, $2,674,700
- 695%, $4,102,925

ThermWise Home Energy Audit
ThermWise Appliance Program
ThermWise Weatherization Program
ThermWise Builder Program
ThermWise Multifamily Program
ThermWise Business Custom Program
ThermWise Business Program
TOTAL THERMWISE PROGRAM DTH SAVINGS

QUESTAR Gas
ThermWise.com
Participation Update

2007 ThermWise Program Participation
- Appliance Program: 4,781
- Builder Program: 1,810
- Business Program: 2,184
- Home Energy Audit Rebates: 1,462
- Weatherization Program: 18,826

2008 ThermWise Program Participation
- Appliance Program: 13,904
- Builder Program: 648
- Business Program: 2,799
- Home Energy Audit Rebates: 1,996
- Weatherization Program: 646
- Multi Family Program: 23,444
Top Program Measures

ThermWise 2008 Top Measures (\# of Participants thru 3Q)

- Tier 2 Clothes Washer Rebates Paid
- Attic Insulation Applications Paid
- Windows Applications Paid
- Furnace Rebates Paid (appliance)
- Clothes Dryer Rebates Paid
Communications

2008 ThermWise Customer Interactions

- Rebates Paid: 18,075
- Rebate Mailings Received: 32,734
- Website Visits: 58,504
- Calls Received: 41,525
ThermWise Summary

- **Customers win:**
  - Reducing energy usage and potentially costs
  - Improving the environment

- **Alliance members win:**
  - Increased demand for more high-efficiency equipment
  - Increased marketing visibility
  - Potential co-op advertising opportunities

- **Questar Gas win:**
  - Aligning with customer needs and demand
  - Establishing and maintaining alliance partnerships
  - Revenue stabilization
ThermWise Home-Energy Audits

• Two Options
  – Both Options Include
    • No-charge efficiency applications
      – Low-flow shower head, water-heater blanket, faucet aerator, water-pipe insulation
    • Customized audit report with recommendations
  – In Home Includes
    • Questar Gas audit technicians
    • On-site report
    • $25 refundable charge
  – Mail-in Includes
    • Customer do-it-yourself
    • No Charge
## ThermWise Appliance Rebates

<table>
<thead>
<tr>
<th>Appliance</th>
<th>Qualification</th>
<th>Rebate</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY STAR clothes washer</td>
<td>MEF 1.72 – 1.99 (must have gas water heating)</td>
<td>$50*</td>
</tr>
<tr>
<td>ENERGY STAR clothes washer</td>
<td>MEF 2.0 or higher (must have gas water heating)</td>
<td>$75*</td>
</tr>
<tr>
<td>High-efficiency gas dryer</td>
<td>Moisture sensor included</td>
<td>$30*</td>
</tr>
<tr>
<td>High-efficiency gas storage water heater</td>
<td>EF of 0.62 or higher, minimum 40-gallon capacity</td>
<td>$50*</td>
</tr>
<tr>
<td>Tankless gas water heater</td>
<td>EF 0.80 or higher</td>
<td>$300*</td>
</tr>
<tr>
<td>High-efficiency gas furnace</td>
<td>90% AFUE or higher</td>
<td>$300*</td>
</tr>
<tr>
<td>High-efficiency gas boiler</td>
<td>85% AFUE or higher</td>
<td>$400*</td>
</tr>
<tr>
<td>Solar Assisted Gas Water Heating</td>
<td>Active system certified OG-100 by SRCC</td>
<td>$750*</td>
</tr>
</tbody>
</table>

* 2 max./home
## ThermWise Weatherization Rebates

<table>
<thead>
<tr>
<th>Efficiency Measure</th>
<th>Qualification</th>
<th>Rebate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows</td>
<td>U-factor of 0.35 or better</td>
<td>$0.95 / sq. ft.</td>
</tr>
<tr>
<td>Attic insulation</td>
<td>Minimum increase of R-19</td>
<td>$0.35 / sq. ft.</td>
</tr>
<tr>
<td>Wall insulation</td>
<td>Minimum increase of R-11</td>
<td>$0.45 / sq. ft.</td>
</tr>
<tr>
<td>Floor insulation</td>
<td>Minimum increase of R-11</td>
<td>$0.35 / sq. ft.</td>
</tr>
<tr>
<td>Duct sealing*</td>
<td>Meet performance-tested comfort system (PTCS)</td>
<td>$225</td>
</tr>
<tr>
<td>Duct insulation*</td>
<td>R-6 or higher</td>
<td>$250</td>
</tr>
</tbody>
</table>

* Requires qualified contractor installation
<table>
<thead>
<tr>
<th>Appliance</th>
<th>Qualification</th>
<th>Rebate</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY STAR whole house certification</td>
<td>HERS Index of 85 or lower</td>
<td>$500</td>
</tr>
<tr>
<td>Federal tax credit home</td>
<td>ENERGY STAR certification + Federal energy tax credit qualification (50% better than 2006 IECC)</td>
<td>$800</td>
</tr>
<tr>
<td>High-efficiency gas storage water heater</td>
<td>EF of 0.62 or higher, minimum 40-gallon capacity</td>
<td>$50</td>
</tr>
<tr>
<td>Tank less gas water heater</td>
<td>EF of 0.80 or higher</td>
<td>$300</td>
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<td>$300</td>
</tr>
<tr>
<td>High-efficiency gas boiler</td>
<td>85% AFUE or higher</td>
<td>$400</td>
</tr>
<tr>
<td>Solar assisted gas water heating</td>
<td>Must be active and certified OG-100 by SRCC, one rebate per system. Systems may require multiple collectors.</td>
<td>$750</td>
</tr>
</tbody>
</table>

Single-family dwellings with up to four separately-metered units within Questar Gas Utah service area.
ThermWise Multifamily Rebates
(New in 2008)

• Five or more units
• For new and existing projects
• Rebates available for installation of common area or in-unit high-efficient natural gas appliances
• ENERGY STAR certification rebate of $250 per unit (new construction only)
ThermWise Business Rebates

• Business rebates for buying and installing qualifying energy-efficiency measures
  – Must have active **General Service** account
  – Must be a **Questar Gas Utah** customer
  – Rebate categories
    • Gas **space heating** applications
    • Gas **water heating** applications
    • Control systems for gas applications
    • Gas **boiler tune-ups**
    • Weatherization applications
    • Commercial food service
      – Pre-rinse spray valves
ThermWise Business Custom
(New in 2008)

- Customer Eligibility
  - Commercial GS-1 Customers in Idaho and Utah
- Measure Eligibility
  - Pre-analysis requirement for all projects
  - Incentives for retrofit & new construction
  - New equipment must be installed at a qualifying customer site
- Program Rebates
  - $10.00 per Dth saved during the first year, or
  - 50% of the eligible incremental project cost
### 2008 ThermWise Results

**DEMAND SIDE MANAGEMENT 3Q ACTUAL PARTICIPANTS 2008 - PROGRAM PORTFOLIO DESCRIPTIONS (1 Year)**

<table>
<thead>
<tr>
<th>PROGRAMS</th>
<th>Total Resource Cost</th>
<th>Participant Test</th>
<th>Utility Cost Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NPV</td>
<td>B/C</td>
<td>NPV</td>
</tr>
<tr>
<td>Thermwise Appliance Rebate</td>
<td>$4,588,567</td>
<td>1.9</td>
<td>$6,583,509</td>
</tr>
<tr>
<td>Thermwise Business Rebates</td>
<td>$2,933,604</td>
<td>4.9</td>
<td>$2,904,807</td>
</tr>
<tr>
<td>Thermwise Builder Rebates</td>
<td>$3,031,742</td>
<td>2.1</td>
<td>$4,214,540</td>
</tr>
<tr>
<td>Thermwise Weatherization Rebates</td>
<td>$7,449,581</td>
<td>2.5</td>
<td>$10,053,625</td>
</tr>
<tr>
<td>Thermwise Home Energy Audit</td>
<td>$100,801</td>
<td>1.3</td>
<td>$546,718</td>
</tr>
<tr>
<td>Low Income Weatherization</td>
<td>$7,108</td>
<td>1.0</td>
<td>$197,712</td>
</tr>
<tr>
<td>Thermwise Multi-Family Rebates</td>
<td>-$183,425</td>
<td>0.7</td>
<td>$280,203</td>
</tr>
<tr>
<td>Thermwise Business Custom Rebates</td>
<td>-$42,455</td>
<td>0.0</td>
<td>$0</td>
</tr>
<tr>
<td>Market Transformation</td>
<td>-$748,854</td>
<td>0.0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$17,136,668</strong></td>
<td><strong>2.1</strong></td>
<td><strong>$24,781,114</strong></td>
</tr>
</tbody>
</table>
# 2008 ThermWise Status

**Questar Gas Company**
**Energy Efficiency Report**
**As of September 30, 2008**

<table>
<thead>
<tr>
<th>Line #</th>
<th>Program</th>
<th>Actual Participants</th>
<th>Est. Annual Participants</th>
<th>“Actual” Dth Savings</th>
<th>Est. Annual Dth Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ThermWise Appliance Rebates</td>
<td>23,444</td>
<td>16,185</td>
<td>81,147</td>
<td>64,930</td>
</tr>
<tr>
<td>2</td>
<td>ThermWise Builder Rebates</td>
<td>2,799</td>
<td>3,180</td>
<td>40,339</td>
<td>49,770</td>
</tr>
<tr>
<td>3</td>
<td>ThermWise Business Rebates</td>
<td>646</td>
<td>820</td>
<td>32,796</td>
<td>25,962</td>
</tr>
<tr>
<td>4</td>
<td>ThermWise Home Energy Audits**</td>
<td>1,996</td>
<td>3,952</td>
<td>6,868</td>
<td>13,074</td>
</tr>
<tr>
<td>7</td>
<td>ThermWise Weatherization Rebates</td>
<td>13,904</td>
<td>2,221</td>
<td>74,461</td>
<td>14,157</td>
</tr>
<tr>
<td>8</td>
<td>ThermWise Multi-family Rebates</td>
<td>648</td>
<td>2,990</td>
<td>2,846</td>
<td>23,300</td>
</tr>
<tr>
<td>9</td>
<td>ThermWise Business Custom Rebates</td>
<td>-</td>
<td>50</td>
<td>-</td>
<td>15,395</td>
</tr>
<tr>
<td>5</td>
<td>Market Transformation</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>6</td>
<td>Low Income Weatherization</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>10</td>
<td>Programs Total</td>
<td>43,437</td>
<td>29,398</td>
<td>238,457</td>
<td>206,588</td>
</tr>
</tbody>
</table>
Revenue Decoupling, Rate Stabilization and Straight Fixed Variable
(as of August 2008)
The Questar Gas Solution

• Conservation Enabling Tariff (CET)
  • Purpose:
    – Align with customers needs
    – Remove economic barrier to aggressively pursuing customer energy efficiency
    – Collect Public Service Commission allowed revenue (Revenue Decoupling)
CET

Approved Oct. 5, 2006 as a 3-year pilot

• Revenue Stabilization Mechanism
  – “Decouples” Revenues from Volumes
• Enables Company to Promote Efficiency w/o Disincentive
• Contingent upon:
  – Low-income weatherization-assistance funding
  – Development and immediate introduction of energy-efficiency programs
Energy-Efficiency Activities

• Within 60 days of CET approval, Company filed for approval of 5 DSM programs
  – Created DSM department
  – Created cross-functional implementation team
  – Hired implementation contractors
  – Hired seven full-time employees
  – Coordinated with Rocky Mountain Power
  – Launched $7M “ThermWise” Campaign