# Association of Bay Area Governments Publicly Owned Energy Resources ABAG POWER

#### **Executive Committee**

December 15, 2022 Agenda Item 6.b.

#### Report on Natural Gas Program

#### Subject:

Monthly Summary of Operations

#### **Background:**

#### Fiscal Year 2022-23

From July to November, natural gas prices were extremely volatile, with average prices significantly higher than in recent years. Daily prices per dekatherm (\$/Dth) at PG&E's Citygate ranged from \$6.20 to \$15.91, with an unweighted average of \$8.67. PG&E's small commercial (G-NR1) procurement rate – the rate under which most ABAG POWER accounts would be categorized – averaged \$7.78 during this time.

The program continues to purchase gas exclusively on daily and monthly markets within California, Oregon, and Alberta, Canada.

Preliminary (unaudited) financial statements through June 2022 indicate a cumulative rate difference of +8.4% when compared to PG&E's G-NR1 rate.

#### **Market Price Comparison**

Current pricing is driven by limited production of oil and gas. During 2020, the Organization of Petroleum Exporting Countries (OPEC) imposed worldwide production limits in an attempt to balance unusual supply and demand patterns caused by the global COVID-19 pandemic. Rebounding demand has since outstripped productions levels, that, while rising, are not expected to return to pre-pandemic levels until late-2022.

Adding to the cause of elevated domestic pricing is record-level liquefied natural gas (LNG) exports, low national storage inventories, and strong-weather driven demand and geopolitical tensions caused by the war in Ukraine and subsequent commitments made by the U.S. to increase exports of LNG to Europe so as to supplant Russian gas supply.

#### **Historical and Anticipated Gas Supply**

Since July 1, 2018, the general gas purchasing strategy has been exclusively in the short-term, index-based market.

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Gas purchases are currently made on monthly and daily indices at three market locations. Fixed-price purchases are made only by exception and with Committee approval.

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None.

#### **Recommended Action:**

None.

#### **Attachments:**

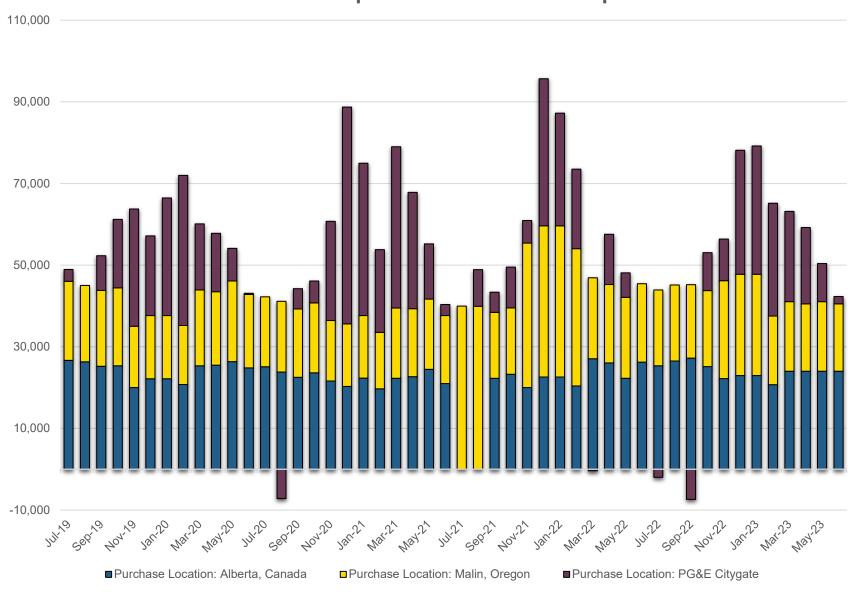
- Summary of Natural Gas Program (Presentation)
- Historical and Anticipated Gas Purchase Requirements
- Market Price Comparison
- Summary of Natural Gas Program, Fiscal Year 2022-2023

# Reviewed: DocuSigned by:

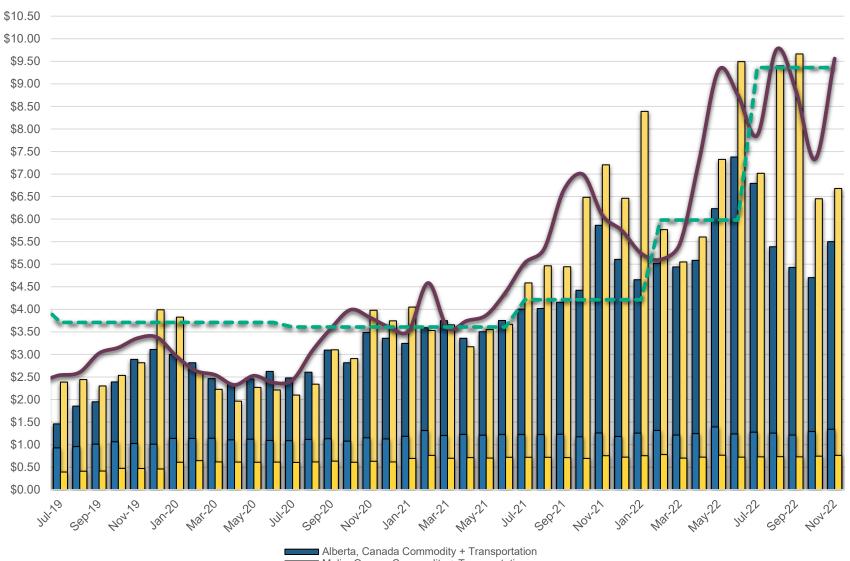
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**Brad Paul** 

## **Historical and Anticipated Gas Purchase Requirements**



### **Market Price Comparison**



Alberta, Canada Commodity + Transportation
Malin, Oregon Commodity + Transportation
PG&E Citygate (Monthly Average of Daily Prices)

	В С	D		E	F	G	Н	1 1	.l	K	1 1		М	N	0		Р	Q
2	5			Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	N	//ar-23	Apr-23	May-23		Jun-23	Total
	<u>Gas Purchases<sup>(1)</sup></u>				· ·	·								·	·			
5 6 7	Purchase 1 - Oregon	Qty Price		18,600 \$6.34	18,600 \$8.72	18,000 \$8.99	18,600 \$5.76											73,800
7 8	Purchase 2 - California	Qty		-1,983	0	-7,400	0											-9,383
10		Price		\$9.40	\$0.00	\$8.81												
8 9 10 11 12 13 16 17	Purchase 3 - Canada	Qty Price		25,321 \$5.70	26,516 \$4.18	27,210 \$3.77	25,151 \$3.61											104,198
13	Total Occupits Developed			44.000		07.040												400.045
16	Total Quantity Purchased Total Gas Purchase Cost		\$	41,938 243,488	45,116 \$ 272,960 \$	37,810 199,088 \$	43,751 3 197,895	O \$ - \$	0	¢	0	0	0	<u>.</u>	0	0	0	168,615 \$913,430
10	Total Transportation Cost		Φ 2	45,748		44,503	,		-	ъ - \$ -	\$ -	э \$	- ; - !	- -	\$ -	э \$	-	\$186,204
19	Total Stranded Pipeline Capac	ity Cost	\$	10,741		10,159			_	\$ -	\$ -	\$	- ·	•	\$ -	\$	-	\$41,526
20	Backbone Shrinkage (Dths)	mty Cost	Ψ	(1,593)	(1,513)	(1,527)	(1,424)	- Ψ		Ψ	Ψ	Ψ	_	-	Ψ	Ψ		(6,057)
21	WACOG <sup>(2)</sup>		\$	7.44	, ,	, ,	•											\$6.76
22	WACOG		Ψ	7.44	Ψ 7.52 Ψ	0.99	5.55											ψ0.70
23	Total Transportation Cost  Total Stranded Pipeline Capac  Backbone Shrinkage (Dths)  WACOG <sup>(2)</sup> Storage/Inventory																	
24	Total Injections/Withdrawals (D	Oth)		6,779	3,870	570	573											11,792
24 25 26 27 28 29 30 31	Total Inventory Quantity (Dths)			28,787	32,657	33,227	33,800											
26	Total Inventory Value		\$	188,006	\$ 217,114 \$	221,100	224,529											
27	Net Inventory Change in Value	•	\$	50,403	\$ 29,108 \$	3,986	3,428	- \$	-	\$ -	\$ -	\$	- 5	-	\$ -	\$	-	\$ 86,926
28	Avg. Inventory Rate (\$/Dth)		\$	6.53		6.65												
29	PG&E Monthly Storage Cost (	\$)	\$	.,	\$ 1,740 \$	1,740			-	\$ -	T	\$	- 5		\$ -	\$	-	\$ 6,961
30	ISP Monthly Storage Cost (\$)		\$	11,990	\$ 11,990 \$	11,990	11,990	- \$	-	\$ -	\$ -	\$	- 3	-	\$ -	\$	-	\$ 47,958
31																		
	Gas Program Monthly Expenses																	
33	Cost of Energy Used <sup>(3)</sup>		\$	263,302	\$ 312,581 \$	263,494	263,824	5,953 \$	-	\$ -	\$ -	\$	- 5	-	\$ -	\$	-	\$ 1,109,153
34	Staff Cost			16,984	19,384	26,840	19,772	_	_		_	_	_		-	_	_	\$ 82,980
35	Professional Fees & Related <sup>(4)</sup>	1		14,783	18,216	10,597	33,627	_	_		_	_	_		_	_	_	77,224
36	Subto			295,069	350,181	300,931	317,223	5,953			_				_			\$ 1,269,357
37	Rate (\$/D			\$8.42	\$10.66	\$9.19	\$7.46	0,000										\$8.87
35 36 37 38	rtate (\$\psi D	,		ψ0.12	Ψ10.00	φο. το	Ψ1.10											ψ0.01
39	PG&E Pass-through Costs <sup>(5)</sup>			172,218	229,633	234,263	282,636	_	_		_	_	_		_	_	_	918,751
40	Total ABAG POWER Co	net	<del>-</del>	467,287	\$ 579,814 \$	535,195		5,953										\$ 2,188,108
41	TOTAL ABAG FOWER OF	231	<u>Ψ</u>	407,207	<del>φ 379,014</del> <del>φ</del>	333,193	399,039	<del>y 3,933</del>										φ 2,100,100
	Actual (metered) Gas Usage																	
	Core <sup>(6)</sup>			20 662	27 260	27 474	27 105											101 600
43	Core <sup>(3)</sup> Non Core			29,663	27,268 5,570	27,474 5,273	37,195 5,312											121,600
44				<u>5,397</u>	<u>5,579</u>	<u>5,273</u>	<u>5,312</u>											<u>21,561</u>
45 46	Total Program Usage			35,060	32,847	32,747	42,507											143,161
40	ABAG POWER Total Core Rate		\$	14.22	\$ 19.08 \$	17.72	15.06											
48	ADAGT OWEN TOtal Gore Nate		Ψ	14.22	<u>ψ 19.00</u> <u>ψ</u>	17.72	10.00											
40																		
49	PG&E Rate <sup>(7)</sup>																	
				= 40		=		0.10										
51	Procurement Charge <sup>(8)</sup>			7.13	5.97	7.82	8.79	9.19	9.59	-	-		-	-	-		-	
52	Transportation/Other Charge <sup>(9)</sup>	)	_	5.81	8.42	8.53	7.60											
53	Total PG&E Ra		\$		\$ 14.39			9.19 \$	9.59	\$	\$	\$		-		\$		
53 54																		
55	Monthly Index Postings																	
56	NGI Bidweek for PG&E Cityga	te		\$7.83	\$9.96	\$10.25	\$7.58	\$7.35										
57	Gas Daily Avg. for PG&E City			\$7.86	\$9.76	\$8.85	\$7.33	\$9.56										
58	NGI Bidweek for Malin	•		\$6.29	\$8.67	\$8.94	\$5.71	\$5.92										
58 59 60	AB-NIT Month Ahead (7A US)			\$5.52	\$4.13	\$3.72	\$3.41	\$4.16										
60	, ,																	

	B C D		Е	F I	G	Н		J	К	l L	М	N	Ο	Р	Q
2		I	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Total
61	61 Small Commercial (G-NR1) Rate Comparison														
	Monthly Rate Difference (\$/Dth)		1.28	4.69	1.37	(1.33)									
	Monthly Savings	\$	(38,011)												
	Cumulative 'Savings'	\$	(38,011)	, , ,											
67	Cumulative 'Savings'		-9.9%	-21.4%	-16.6%	-8.4%									
68															
	Additional Rate Comparisons		10 =0/	0= 40/	10.00/	4.4.407									
	Large Commercial (G-NR2) Cumulative Savings		-13.5%	-25.1%	-19.9%	-11.4%									
	Residential (G1/GM) Cumulative Savings	vinas	-8.1%	-15.5% -14.1%	-2.5% 5.0%	3.1% 1.8%									
85	Natural Gas Vehicle (G-NGV1/2) Cumulative Sav	vings	-13.9%	-14.1%	-5.9%	1.0%									
86															
87 1	Notes:														
88	<sup>1</sup> All gas quantities in Dth and rates in \$/Dth.														
80	<sup>2</sup> Weighted Average Cost of Gas (WACOG)		Citygate												
00	<sup>3</sup> Includes costs to transport gas to PG&E Ci			vorv points on w	all as physical st	araga aaata									
90						orage costs.									
91	<sup>4</sup> Includes scheduling fees, billing fees, admir			•											
92	<sup>5</sup> PG&E charges billed to ABAG POWER via	EDI proc	cess and passe	through to cust	omers. These c	osts do not nece	essarily tie directi	y to the actual gas	s usage snown ab	ove due to timing	difference in repo	rting.			
93	<sup>6</sup> From billing data														
94	<sup>7</sup> Based on PG&E's G-NR1 rate schedule.														
95	<sup>8</sup> Includes: Procurement Charge, Capacity Cl	harge, Bro	okerage Fee, S	hrinkage, and Sto	orage.										
96	<sup>9</sup> PG&E Transportation Charge; Customer Cl	harge, an	d surcharge for	Public Purpose I	Programs. Does	not include Fra	nchise Fees and	City Taxes.							
97															
88 89 90 91 92 93 94 95 96 97 98 99															
99															
100															