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

#### **Executive Committee**

February 16, 2023 Agenda Item 8.b.

# Report on Natural Gas Program

## Subject:

Monthly Summary of Operations for Fiscal Year 2022-23.

## **Background:**

From July to December, 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 \$57.07, with an unweighted average of \$12.29. PG&E's small commercial (G-NR1) procurement rate – the rate under which most ABAG POWER accounts would be categorized – averaged \$8.08 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 +19.8% when compared to PG&E's G-NR1 rate.

## **Market Price Comparison**

In December 2022, major gas trading hubs in the western United States averaged \$48.12/Dth – the highest prices since December 2000. Several events occurred simultaneously, contributing to the extraordinary prices:

- Widespread, below-normal temperatures
- High natural gas consumption
- Lower natural gas imports from Canada
- Frequent pipeline constraints, including maintenance in West Texas
- Low natural gas storage levels regionally

Additionally, geopolitical tensions caused by the continued war in Ukraine and record-level liquefied natural gas (LNG) exports have added to the cause of elevated domestic pricing. In fact, the United States became the world's largest LNG exporter in the first half of 2022, despite increasing domestic demand for natural gas.

# Agenda Item 8.b. – Monthly Summary of Operations February 16, 2023 Page 2 of 2

# **Historical and Anticipated Gas Supply**

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

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:**

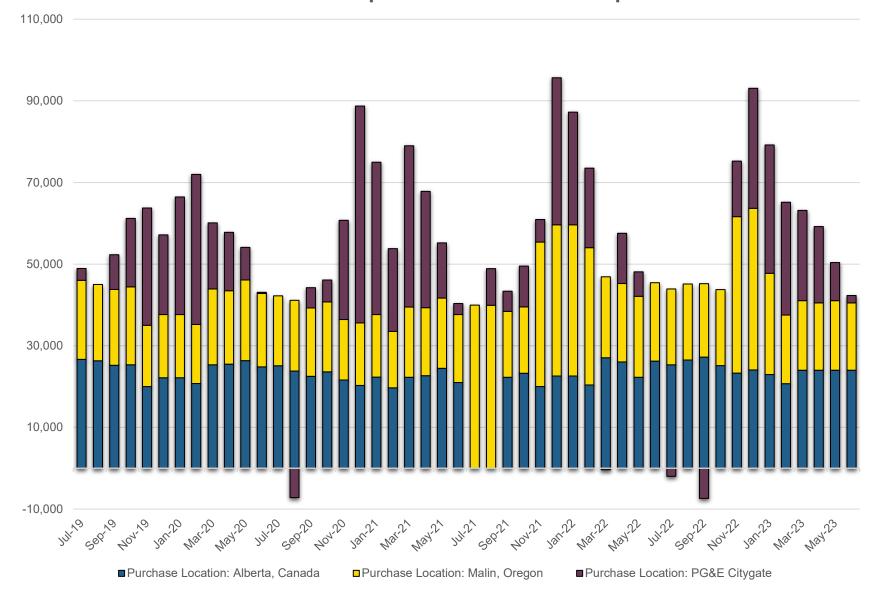
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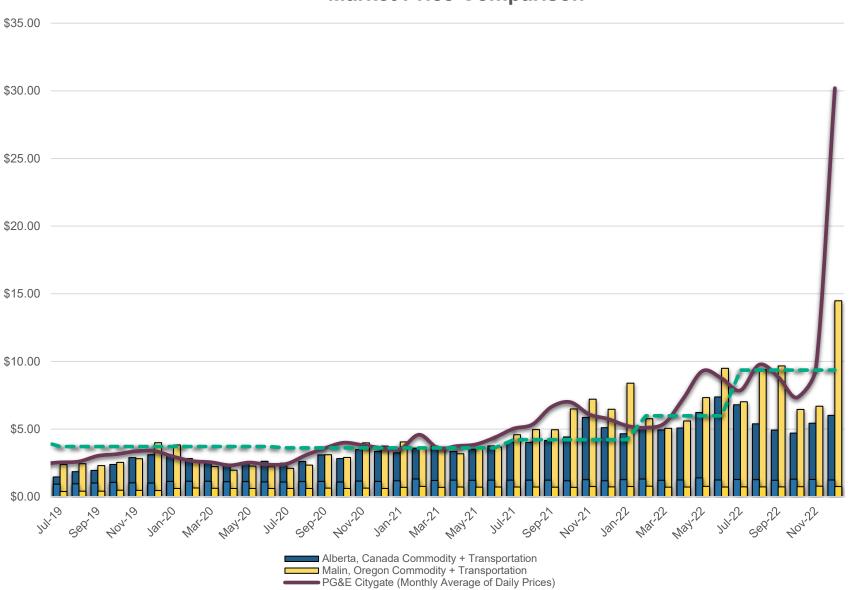
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Jennifer Berg

# **Historical and Anticipated Gas Purchase Requirements**



# **Market Price Comparison**



	В	С	D	1	E	l	F I	G		Н			.1 1	K			1	М	-	N		0	1		P	l	Q
2					Jul-22	Au	g-22	Sep-2	22	Oct-22	Nov-2	22	Dec-22	Jan-23		Feb-23	<u> </u>	Mar-23		Apr-23		May-2	23		n-23	I	Total
	Gas Purchase																										
5	Purchase	1 - Oregon	Qty		18,600		18,600		8,000	18,600		38,310	39,578														151,688
6			Price		\$6.34		\$8.72		\$8.99	\$5.76		\$6.06	\$13.87														
8	Purchase	2 - California	Qty		-1,983		0		7,400	0		13,600	29,400														33,617
9	i di ciiasc	2 - Gaillottila	Price		\$9.40		\$0.00		\$8.81	O		\$10.45	\$31.26														33,017
10																											
11	Purchase	3 - Canada	Qty		25,321		26,516		7,210	25,151		23,310	24,087														151,595
12			Price		\$5.70		\$4.18	,	\$3.77	\$3.61		\$4.14	\$4.75														
13 16	Total Oua	antity Purchased			41,938		45,116	3	7,810	43,751	-	75,220	93,065		0		0		0		0		0		0	-	336,900
17		Purchase Cost		\$	243,488	\$ 2	272,960 \$		0,088 \$	197,895		0,641 \$	1,582,184	š -	\$	_	\$	_	\$			\$	-	\$	-		\$2,966,256
18		nsportation Cost		\$	45,748		44,924 \$		,503 \$	45,077		8,067 \$	58,491			-	\$	-	\$			\$		\$	-		\$350,224
19		inded Pipeline Capacit	y Cost	\$	10,741	\$	10,075 \$		,159 \$	10,551		0,083 \$	18,488	\$ 21,33	1 \$	-	\$	-	\$		-	\$	-	\$	-		\$91,428
20		Shrinkage (Dths)			(1,593)		(1,513)		,527)	(1,424)	,	1,318)	(1,438)														(8,813)
21	WACOG <sup>(2</sup>	2)		\$	7.44	\$	7.52 \$	\$	6.99 \$	5.99	\$	7.29 \$	18.11														\$10.11
22	Storage/Inven	tory																									
24		ctions/Withdrawals (Dt	th)		6,779		3,870		570	573		(523)	(10,422)														847
25		entory Quantity (Dths)	,		28,787		32,657	33	3,227	33,800	3	3,277	22,855														· · ·
26		entory Value		\$			217,114 \$		,100 \$	224,529		1,520 \$	151,925														
27		tory Change in Value		\$		\$	29,108		,986 \$	3,428		3,008) \$	(69,596)	5 -	\$	-	\$	-	\$		-	\$	-	\$	-	\$	14,322
28 29		ntory Rate (\$/Dth) onthly Storage Cost (\$)	`	\$ \$		\$ \$	6.65 \$ 1,740 \$		6.65 \$ ,740 \$	6.64 1,740		6.66 \$ 1,740 \$	6.65 1,740	174	0 \$		e		\$			e		¢.		\$	12,182
30		hly Storage Cost (\$)	)	Ф \$		э \$	1,740 \$		,740 \$	11,990		1,740 \$	11,990			-	\$ \$	-	Ф \$			\$ \$	-	\$ \$	-	\$ \$	83,927
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32	Gas Program	Monthly Expenses																									
33	Cost of E	nergy Used <sup>(3)</sup>		\$	263,302	\$ 3	312,581 \$	\$ 263	,494 \$	263,824	\$ 54	5,447 \$	1,724,001	\$ 67,14	5 \$	-	\$	-	\$		-	\$	-	\$	-	\$	3,439,793
34	Staff Cos	t			16,984		19,384	26	5,840	19,772	6	8,506	29,965		_		_		-		-		-		_	\$	181,451
35	Profession	nal Fees & Related <sup>(4)</sup>			14,783		18,216		,597	33,627		0,792	10,428		-		-		-		-		-		_		98,443
36		Subtota	al	_	295,069	- 3	350,181		0,931	317,223		4,745	1,764,394	67,14	5											\$	3,719,687
37		Rate (\$/Dth	٦)		\$8.42		\$10.44	\$	8.96	\$6.59		\$8.55	\$20.55	•													\$12.03
38																											
39		ss-through Costs <sup>(5)</sup>			172,218		229,633		,263	282,636		7,851	906,116														2,372,719
40	Tot	al ABAG POWER Cos	st	\$	467,287	\$ 5	579,814	535	,195 <u>\$</u>	599,859	\$ 1,17	2,596 \$	2,670,510	\$ 67,14	5											\$	6,092,406
41																											
		ed) Gas Usage																									
43	Core <sup>(6)</sup>				29,663		27,957		8,317	42,853		37,700	80,407														276,897
44 45	Non Core				5,397		5,579	-	5,273	5,312		5,399	<u>5,460</u>														32,420
46	Total Pro	gram Usage			35,060		33,536	3.	3,590	48,165		73,099	85,867														309,317
	ABAG POWER	R Total Core Rate		\$	14.22	\$	18.66	\$ 1	7.23 \$	13.18	\$	16.64 \$	31.82														
48											-																
49																											
50 <b>!</b>	PG&E Rate <sup>(7)</sup>																										
51	Procurem	ent Charge <sup>(8)</sup>			7.13		5.97		7.82	8.79		9.19	9.59	13.4	7	14.2	1	-			-		-		-		
52	Transport	ation/Other Charge <sup>(9)</sup>			5.81		8.21		8.27	6.60		8.09	11.27														
53		Total PG&E Rat	e	\$	12.94	\$	14.18		6.10 \$	15.38	\$	17.28 \$	20.86	\$ 13.4	7 \$	14.2	1 \$	-	\$		-	\$	-	\$	-		
54												<u></u>		·								-					
	Monthly Index																										
56		eek for PG&E Citygate			\$7.83		\$9.96		10.25	\$7.58		\$7.35	\$14.08	\$49.	52												
57		Avg. for PG&E Cityga	ate		\$7.86		\$9.76		\$8.85	\$7.33		\$9.56	\$30.20	***	24												
58 59		eek for Malin Ionth Ahead (7A US)			\$6.29 \$5.52		\$8.67 \$4.13		\$8.94 \$3.72	\$5.71 \$3.41		\$5.92 \$4.16	\$13.73 \$4.77	\$39.3 \$4.4													
60	AD-INIT IV	ioniin Aneau (7A US)			φυ.32		φ4.13	•	ψυ.12	φυ.41		ψ+. 10	φ4.//	<b>Φ4.</b> 4													

	ВС	D	Е	F	G	Н	I	J	K	L	М	N	0	Р	Q
2			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	Small Commercial (G-NR1) Rate Compar	rison_													
	Monthly Rate Difference (\$/Dth)		1.28		1.13	(2.20)	(0.64)	10.96							
	Monthly Savings		\$ (38,011					(881,396)							
	Cumulative 'Savings'		\$ (38,011					(938,906)							
	Cumulative 'Savings'		-9.9%	-20.9%	-15.8%	-5.3%	-1.9%	-19.8%							
68															
	Additional Rate Comparisons														
	Large Commercial (G-NR2) Cumulative Sav	vings	-13.5%		-19.1%	-8.3%	-4.6%	-22.7%							
	Residential (G1/GM) Cumulative Savings		-8.1%		-2.1% -5.4%	5.4%	1.9%	-18.0% -19.8%							
	Natural Gas Vehicle (G-NGV1/2) Cumulativ	e Savings	-13.9%	-13.5%	-5.4%	4.1%	0.4%	-19.8%							
85 86															
87	Notes:														
88	<sup>1</sup> All gas quantities in Dth and rates in \$.	:/Dth													
89	•		City make												
	<sup>2</sup> Weighted Average Cost of Gas (WAC	,													
90	<sup>3</sup> Includes costs to transport gas to PG8					-									
91	Includes scheduling fees, billing fees,														
92	<sup>5</sup> PG&E charges billed to ABAG POWE	R via EDI pr	ocess and pas	sed through to cus	tomers. These	costs do not nece	essarily tie directly to	the actual gas	usage shown at	pove due to timing	difference in repo	rting.			
93	<sup>6</sup> From billing data														
94	Based on PG&E's G-NR1 rate schedu	ıle.													
95	<sup>8</sup> Includes: Procurement Charge, Capac	city Charge,	Brokerage Fee	Shrinkage, and S	orage.										
96	<sup>9</sup> PG&E Transportation Charge; Custom	ner Charge.	and surcharge	for Public Purpose	Programs. Doe	s not include Fra	nchise Fees and Ci	tv Taxes.							
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96 97 98 99															
100															