

ABAG Publicly Owned Energy Resources (ABAG POWER)

Executive Committee

August 21, 2019

Agenda Item 5.d.

Report on Natural Gas Program

Subject: Market Price Chart

Background: Western and northwestern regions have experienced significant price volatility this winter, primarily driven by weather-related demand, low storage inventories in Northern California, and maintenance limiting pipeline operability. December, 2018 and February, 2019 were particularly volatile, seeing several sustained price spikes and prompting a revision to ABAG POWER's operating budget.

Prices in March and April returned to the sub-\$4.00 range, and have continued to decrease since then, hovering between \$2.75 and \$3.00. By its nature, market volatility is hard to predict, and the current purchasing strategy subjects the program to this volatility in an effort to capture savings associated with the short-term market. Ultimately, the levelized payment structure insulates members from this monthly volatility by providing a rate that is stable.

Recommended Action: None.

Issues: None.

Attachments: Market Price Chart

Reviewed:



Brad Paul

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