Association of Bay Area Governments Publicly Owned Energy Resources ABAG POWER

Executive Committee

June 15, 2023 Agenda Item 5.b.

Report on Natural Gas Program

Subject:

Monthly Summary of Operations for Fiscal Year 2022-23

Background:

From July to April, 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 \$4.04 to \$57.07, with an unweighted average of \$11.17. PG&E's small commercial (G-NR1) procurement rate – the rate under which most ABAG POWER accounts would be categorized – averaged \$8.62 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 April 2023 indicate a cumulative rate difference of +16.3% when compared to PG&E's G-NR1 rate.

Market Price Comparison

Several significant event natural gas market events have occurred during fiscal year 2022-23, including:

- 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.
 - o Lower natural gas imports from Canada.
 - Frequent pipeline constraints, including maintenance in West Texas.
 - Low natural gas storage levels regionally.
- In March 2023, production, consumption, and export milestones were recorded: ¹
 - Dry natural gas production increased year-over-year for the month for the 24th consecutive month, with March 2023 being recorded as the highest production level for any month since 1973.

¹ The Energy Information Administration (EIA) began tracking monthly dry natural gas production and imports in 1973, exports in 1997, and monthly natural gas consumption in 2001.

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- o Natural gas consumption is estimated to be highest for the month since 2001.
- Natural gas imports were the lowest level for any month since 1973, while exports were the highest for any month since 1997.

The combination of current production levels combined with warm weather has resulted in a steep decline in market prices.

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
- Summary of Natural Gas Program, Fiscal Year 2022-2023

Reviewed:

Alix Bockelman

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2	0	D(1)			Jul-22	Au	ıg-22	Sep-22	Oct	t-22	No	ov-22	Dec-2		Jan-23	Fe	eb-23	Mar-2	3	Apr-23	May	/-23	Jui	n-23		Total
5	Gas	Purchases ⁽¹⁾ Purchase 1 - Oregon	Qty		18,600		18,600	18,000		18,600		38,310	31	,578	39,583		20,832	4	8,755	17,762						248,620
6		Fulchase 1 - Oregon	Price		\$6.34		\$8.72	\$8.99		\$5.76		\$6.06		3.87	\$39.45		\$12.32		\$3.95	\$3.95						246,020
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7 8		Purchase 2 - California	Qty		-1,983		0	-7,400		0		13,600		,400	26,350		22,750		2,300	15,500						130,517
9			Price		\$9.40		\$0.00	\$8.81				\$10.45	\$3	1.26	\$19.24		\$8.15		\$9.58	\$6.25						
10		Purchase 3 - Canada	Ohi		25,321		26,516	27,210		25,151		23,310	2	,087	23,149		21,756		8,041	27,002						251,543
12		Purchase 3 - Canada	Qty Price		\$5.70		\$4.18	\$3.77		\$3.61		23,310 \$4.14		4.75	\$4.46		\$3.07		\$2.09	\$2.08						251,543
10 11 12 13 16			1 1100		ψ0.70		ψ4.10	ψ0.11		ψ0.01		Ψ4.14	•	4.70	φ4.40		ψ0.01		Ψ2.00	Ψ2.00						
16		Total Quantity Purchased			41,938		45,116	37,810		43,751		75,220	9:	,065	89,082		65,338	7	9,096	60,264		0		0	_	630,680
17		Total Gas Purchase Cost		\$			272,960 \$	199,088		197,895		470,641		184 \$			508,641		2,013				\$	-		\$6,311,845
18		Total Transportation Cost	0 1	\$	-,	\$	44,924 \$			45,077		58,067		491 \$					6,830				\$	-		\$531,665
30		Total Stranded Pipeline Capacity Backbone Shrinkage (Dths)	y Cost	\$	10,741 (1,593)	\$	10,075 \$ (1,513)	10,159 (1,527)	\$	10,551 (1,424)	Ъ	10,083 (1,318)		488 \$ 438)	21,331 (1,533)	\$	21,737 (1,627)	•	3,434	5 11,583 (1,716)		11,082	\$	-		\$139,265 (15,172)
21		WACOG ⁽²⁾		\$	7.44	\$	7.52 \$	6.99	\$	5.99	©	7.29	•	430) 3.11 \$, , ,		9.00	,	6.34							\$11.12
19 20 21 22		WACOG		φ	7.44	Ψ	1.52 φ	0.55	Ψ	3.55	Ψ	1.25	ψ 1	J. 11 φ	25.72	Ψ	9.00	Ψ	0.54	4.79						φ11.12
23	Stor	age/Inventory																								
24 25 26 27 28 29 30		Total Injections/Withdrawals (Dth	h)		6,779		3,870	570		573		(442)		503)	(15,610)		(4,337)	(:	2,908)	4,404						(17,604)
25		Total Inventory Quantity (Dths)			28,787		32,657	33,227		33,800	_	33,358		855	7,245		2,908		0	4,404						
26		Total Inventory Value		\$ \$		\$ 2 \$	217,114 \$ 29,108 \$		\$ 2 \$,	\$ \$	221,601 (2,927)		925 \$ 677) \$			19,557 (28,786)		- 9 9,557) \$		•		\$		\$	(116,500)
28		Net Inventory Change in Value Avg. Inventory Rate (\$/Dth)		\$ \$,	\$	29,108 \$ 6.65 \$		\$ \$		\$ \$	6.64		677) \$ 6.65 \$		\$ \$	6.73		9,55 <i>(</i>) 3		\$	-	Ф	-	ф	(116,500)
29		PG&E Monthly Storage Cost (\$)		\$		\$	1,740 \$		\$		\$	1,740		740 \$			1,740		1,740		\$	-	\$	-	\$	15,663
30		ISP Monthly Storage Cost (\$)		\$	11,990	\$	11,990 \$	11,990	\$	11,990	\$	11,990	\$ 11	990 \$	11,990	\$	11,990	\$ 1	1,990	50,600	\$	-	\$	-	\$	158,506
31	_																									
	Gas	Program Monthly Expenses																								
33		Cost of Energy Used ⁽³⁾		\$	263,302	\$ 3	312,581 \$	263,494		263,824	\$	545,365	\$ 1,724	082 \$	2,348,155	\$	594,389	\$ 522	2,130	298,461	\$ 3	39,922	\$	-	\$	7,175,705
34		Staff Cost			16,984		19,384	26,840		19,772		68,506	29	965	37,617		31,756	4:	2,039	33,882		-		-	\$	326,745
35		Professional Fees & Related ⁽⁴⁾			14,783		18,216	10,597		33,627		10,792		428	49,859		18,197		6,788	16,113						199,399
36		Subtotal			295,069	3	350,181	300,931	3	317,223		624,664	1,764		2,435,631		644,342),956	348,457	3	39,922			\$	7,701,849
37		Rate (\$/Dth)	1		\$8.44		\$10.47	\$8.98		\$6.60		\$8.56	\$2	0.24	\$27.45		\$7.89	;	7.08	\$6.35						\$12.47
34 35 36 37 38 39 40		D005 D # 1 0 1 (5)			470.040	,	200 000	004.000	,	200 000		E47.0E4	000	440	004.405		400.050	0.54	170	047.500						5 000 075
40		PG&E Pass-through Costs ⁽⁵⁾ Total ABAG POWER Cost		<u>¢</u>	172,218 467,287		229,633 579,814 \$	234,263 535,195	_	282,636 599,859		547,851 ,172,515	\$ 2,670	116 591 \$	821,135 3,256,766	¢ 1	486,256 1,130,598		0,170 0,126 \$	847,596 3 1,196,053	¢ :	39,922				5,386,875 13,088,725
41		Total ABAG FOWER Cost	L	Φ	407,207	φ	<u>379,014</u> φ	333,193	Φ .	199,639	Ф 1,	,172,313	φ 2,070	<u> </u>	3,230,700	<u>ф 1</u>	1,130,396	φ 1, 44 1	0,120	1,190,033	φ 3	99,922			φ	13,066,723
42	Acti	ıal (metered) Gas Usage																								
43	note	Core ⁽⁶⁾			29,569		27,858	28,226		42,760		67,570	Q	,696	82,722		78,049	7	9,462	51,885						569,797
43 44		Non Core			5,397		5,579	5,273		5,312		5,399		,465	5,994		3,618		2,600	2,981						47,618
45 46		Total Program Usage			34,966		33,437	33,499		48,072		72,969		,161	88,716		81,667		2,062	54,866						617,415
46																										
47	ABA	G POWER Total Core Rate		\$	14.26	\$	18.72 \$	17.28	\$	13.21	\$	16.67	\$ 3	1.34 \$	37.38	\$	14.12	\$	17.89	22.69						
48																										
49	DC a	E Poto ⁽⁷⁾																								
50	768	E Rate ⁽⁷⁾			7.40		E 07	7.00		0.70		0.40		. 50	40.47		14.04		7 70	0.05		4.50				
51		Procurement Charge ⁽⁸⁾			7.13		5.97	7.82		8.79		9.19		9.59	13.47		14.21		7.78	2.25		1.52		-		
52		Transportation/Other Charge ⁽⁹⁾		_	5.82		8.24	8.30		6.61		8.11		1.09	9.93		6.23		10.81	16.34	_		_			
53		Total PG&E Rate	:	\$	12.96	\$	14.21 \$	16.12	\$	15.40	\$	17.29	\$ 2	0.68 \$	23.39	\$	20.44	\$	18.60	18.58	\$	1.52	\$			
54 55	Ma:-	this Index Destines																								
56	won	thly Index Postings NGI Bidweek for PG&E Citygate			\$7.83		\$9.96	\$10.25		\$7.58		\$7.35	¢.	4.08	\$49.52		\$12.54		\$7.74	\$6.68		\$5.32				
56 57 58 59		Gas Daily Avg. for PG&E Citygate			\$7.86		\$9.96 \$9.76	\$10.25		\$7.33		\$7.35 \$9.56		4.06	\$49.52 \$16.32		\$12.54 \$7.75		\$7.74 \$7.89	\$5.57		φυ.υΔ				
58		NGI Bidweek for Malin			\$6.29		\$8.67	\$8.94		\$5.71		\$5.92		3.73	\$39.31		\$12.14		\$5.50	\$4.06		\$2.57				
59		AB-NIT Month Ahead (7A US)			\$5.52		\$4.13	\$3.72		\$3.41		\$4.16		4.77	\$4.46		\$3.09		\$2.07	\$2.06		\$1.59				
60																										

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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 Comp	arison													
62	Monthly Rate Difference (\$/Dth)		1.30	4.50	1.16	(2.19)	(0.62)	10.66	13.99	(6.32)	(0.70)	4.10			
63	Monthly Savings		\$ (38,559) \$	(125,432) \$	(32,711) \$	93,648 \$	42,206 \$	(870,680) \$	(1,157,136) \$	493,382 \$	55,887 \$	(212,949)			
64	Cumulative 'Savings'		\$ (38,559) \$	(163,991) \$	(196,702) \$	(103,054) \$	(60,848) \$	(931,527) \$	(2,088,663) \$	(1,595,281) \$	(1,539,394) \$	(1,752,343)			
	Cumulative 'Savings'		-10.1%	-21.0%	-15.9%	-5.4%	-2.0%	-19.6%	-31.2%	-19.3%	-15.8%	-16.3%			
68															
69	Additional Rate Comparisons														
70	Large Commercial (G-NR2) Cumulative S	Savings	-13.6%	-24.8%	-19.3%	-8.4%	-4.7%	-22.5%	-34.2%	-22.0%	-18.4%	-19.0%			
	Residential (G1/GM) Cumulative Savings		-8.2%	-15.1%	-2.1%	5.3%	1.8%	-17.7%	-16.7%	6.1%	0.8%	-1.8%			
80	Natural Gas Vehicle (G-NGV1/2) Cumula	tive Savings	-14.1%	-13.6%	-5.5%	4.1%	0.4%	-19.6%	-18.3%	5.6%	0.2%	-0.9%			
85															
85 86															
87	Notes:														
88	All gas quantities in Dth and rates in	n \$/Dth.													

- Weighted Average Cost of Gas (WACOG) at PG&E Citygate
- ³ Includes costs to transport gas to PG&E Citygate from alternate delivery points, as well as physical storage costs.
- ⁴ Includes scheduling fees, billing fees, administrative costs and misc. expenses; less interest income.
- ⁵ PG&E charges billed to ABAG POWER via EDI process and passed through to customers. These costs do not necessarily tie directly to the actual gas usage shown above due to timing difference in reporting.
- ⁶ From billing data
- 89 90 91 92 93 94 95 96 97 98 99 ⁷ Based on PG&E's G-NR1 rate schedule.
 - ⁸ Includes: Procurement Charge, Capacity Charge, Brokerage Fee, Shrinkage, and Storage.
 - ⁹ PG&E Transportation Charge; Customer Charge, and surcharge for Public Purpose Programs. Does not include Franchise Fees and City Taxes.