Association of Bay Area Governments Publicly Owned Energy Resources ABAG POWER

Executive Committee

April 20, 2023 Agenda Item 8.b.

Report on Natural Gas Program

Subject:

Monthly Summary of Operations for Fiscal Year 2022-23.

Background:

From July to February, 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 \$4.75 to \$57.07, with an unweighted average of \$12.28. PG&E's small commercial (G-NR1) procurement rate – the rate under which most ABAG POWER accounts would be categorized – averaged \$9.52 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 February 2023 indicate a cumulative rate difference of +19.3% 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.

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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:

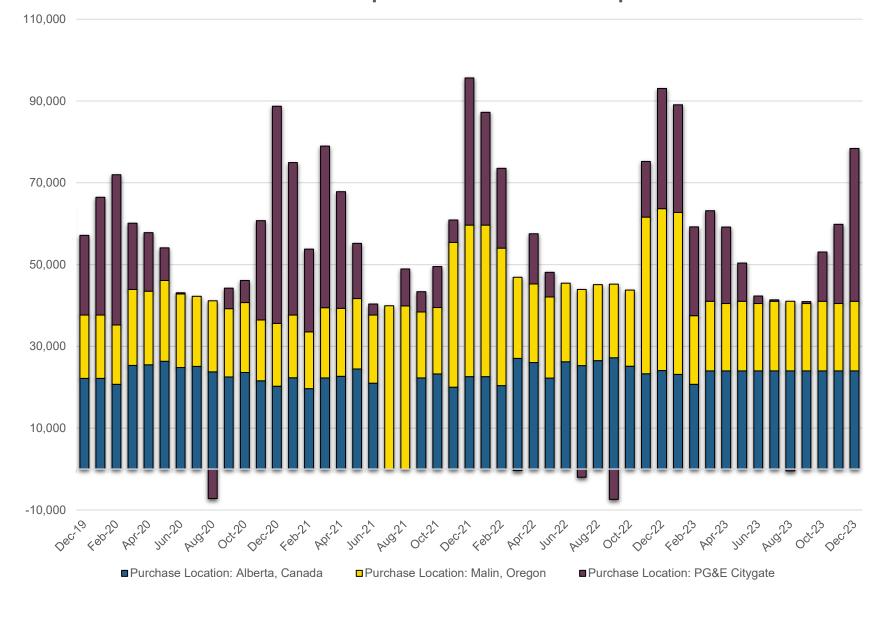
- Summary of Natural Gas Program (Presentation)
- Historical and Anticipated Gas Purchase Requirements
- Market Price Comparison
- Summary of Natural Gas Program, Fiscal Year 2022-2023

Reviewed:

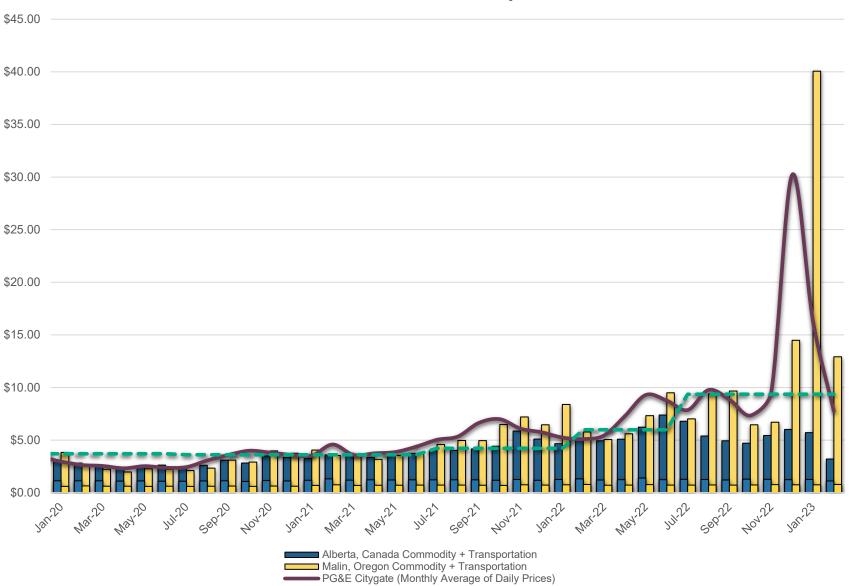
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Historical and Anticipated Gas Purchase Requirements



Market Price Comparison



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2		U	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
	Gas Purchases ⁽¹⁾		V	· g									,		
5	Purchase 1 - Oregon	Qty	18,600	18,600	18,000	18,600	38,310	39,578	39,583	20,832	18,755				230,858
6		Price	\$6.34	\$8.72	\$8.99	\$5.76	\$6.06	\$13.87	\$39.45	\$12.32	\$3.95				
7	Purchase 2 - California	Qty	-1,983	0	-7,400	0	13,600	29.400	26,350	22,750	32,300				115,017
9	Fulchase 2 - California	Price	\$9.40	\$0.00	\$8.81	O	\$10.45	\$31.26	\$19.24	\$8.15	\$9.58				113,017
8 9 10 11 12															
11	Purchase 3 - Canada	Qty	25,321	26,516	27,210	25,151	23,310	24,087	23,149	21,756	28,041				224,541
12		Price	\$5.70	\$4.18	\$3.77	\$3.61	\$4.14	\$4.75	\$4.46	\$3.07	\$2.09				
13 16 17	Total Quantity Purchased		41,938	45,116	37,810	43,751	75,220	93,065	89,082	65,338	79,096		0	0 0	570,416
17	Total Gas Purchase Cost			\$ 272,960 \$								\$ -	\$ -	\$ -	\$6,088,762
18	Total Transportation Cost			\$ 44,924 \$					58,992			\$ -	\$ -	\$ -	\$439,003
19	Total Stranded Pipeline Capacit Backbone Shrinkage (Dths)	ty Cost	\$ 10,741 (1,593)	\$ 10,075 \$ (1,513)	10,159 (1,527)	\$ 10,551 (1,424)		18,488 \$ (1,438)	21,331 \$ (1,533)	3 21,737 \$ (1,627)	3,434 (1,483)	\$ -	\$ -	\$ -	\$116,599 (13,456)
21	WACOG ⁽²⁾		\$ 7.44	, , ,	, , ,	, , ,	(1,318) \$ 7.29 \$		25.72						(13,430) \$11.72
22	WACOG		φ 7.44	φ 1.52 4	0.55	φ 5.99	φ 1.29 φ	10.11 φ	23.72 4	9.00 4	0.23				φ11.72
19 20 21 22 23 24 25 26 27 28 29 30 31	Storage/Inventory														
24	Total Injections/Withdrawals (Dt	th)	6,779	3,870	570	573	(442)	(10,503)	(15,610)	(4,337)	(2,908)				(22,008)
25	Total Inventory Quantity (Dths) Total Inventory Value		28,787 \$ 188,006	32,657 \$ 217,114 \$	33,227 221,100	33,800 \$ 224,529	33,358 \$ 221,601 \$	22,855 151,925 \$	7,245 48,343 \$	2,908 19,557 \$. 0				
27	Net Inventory Change in Value			\$ 29,108			\$ (2,927) \$		(103,582) \$			\$ -	\$ -	\$ -	\$ (137,603)
28	Avg. Inventory Rate (\$/Dth)			\$ 6.65			\$ 6.64 \$		6.67			•	Ť	*	* (:::,:::,
29	PG&E Monthly Storage Cost (\$))		\$ 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 \$	11,990	\$ -	\$ -	\$ -	\$ 107,906
	Gas Program Monthly Expenses														
33	Cost of Energy Used ⁽³⁾		\$ 263.302	\$ 312,581 \$	263,494	\$ 263,824	\$ 545,365 \$	1,724,082 \$	2,348,155 \$	594,389 \$	515.270	\$ -	\$ -	\$ -	\$ 6,830,463
34	Staff Cost		16,984	19,384	26,840	19,772	68,506	29,965	37,617	31,756	313,270	Ψ -	Ψ -	Ψ	\$ 250,824
35	Professional Fees & Related ⁽⁴⁾		14,783	18,216	10,597	33,627	10,792	10,428	49,859	18,197				_	166,498
36	Subtota	ıl	295,069	350,181	300,931	317,223	624,664	1,764,475	2,435,631	644,342	515,270				\$ 7,247,785
34 35 36 37 38	Rate (\$/Dth		\$8.42	\$10.44	\$8.96	\$6.59	\$8.55	\$20.23	\$27.46	\$7.95	0.10,2.10				\$15.08
38															
39 40	PG&E Pass-through Costs ⁽⁵⁾		172,218	229,633	234,263	282,636	547,851	906,116	821,135	486,256	<u>-</u>		<u> </u>	<u> </u>	3,680,110
40	Total ABAG POWER Cos	st	\$ 467,287	\$ 579,814	535,195	\$ 599,859	<u>\$ 1,172,515</u> <u>\$</u>	2,670,591 \$	3,256,766	1,130,598	515,270				\$ 10,927,895
41	A - 4 1 (4 1) C														
42	Actual (metered) Gas Usage Core ⁽⁶⁾		00.000	07.057	00.047	40.050	07.700	04 774	00.740	77 400					400 440
44	Non Core		29,663 5,397	27,957 5,579	28,317 5,273	42,853 5,312	67,700 5,399	81,771 5,465	82,719 5,994	77,463 3,618					438,443 42,037
45	Total Program Usage		35,060	33,536	33,590	48,165	73,099	87,236	88,713	81,081					480,480
45 46	0 0			•	•		•								
	ABAG POWER Total Core Rate		\$ 14.22	\$ 18.66	17.23	\$ 13.18	<u>\$ 16.64</u> <u>\$</u>	31.31 \$	37.38	14.22					
48															l
49 50	PG&E Rate ⁽⁷⁾														
51			7.13	5.97	7 00	8.79	9.19	9.59	12.47	14.04					l
52	Procurement Charge ⁽⁸⁾				7.82				13.47	14.21	-	-	-	-	
53	Transportation/Other Charge ⁽⁹⁾ Total PG&E Rate	•	5.81	\$ 14.18 g	8.27	6.60	8.09 \$ 17.28 \$	11.08 20.67 \$	9.93	6.28		¢	¢	¢	
53	i otal PG&E Rate	#	\$ 12.94	\$ 14.18	16.10	\$ 15.38	<u>\$ 17.28</u> <u>\$</u>	20.67 \$	23.39	20.49	-	р -	φ -	ф -	
55	Monthly Index Postings														
56	NGI Bidweek for PG&E Citygate	e	\$7.83	\$9.96	\$10.25	\$7.58	\$7.35	\$14.08	\$49.52	\$12.54					
57	Gas Daily Avg. for PG&E Cityga		\$7.86	\$9.76	\$8.85	\$7.33	\$9.56	\$30.20	\$16.32	\$7.75					
56 57 58 59	NGI Bidweek for Malin		\$6.29	\$8.67	\$8.94	\$5.71	\$5.92	\$13.73	\$39.31	\$12.14					
59 60	AB-NIT Month Ahead (7A US)		\$5.52	\$4.13	\$3.72	\$3.41	\$4.16	\$4.77	\$4.46	\$2.07					l
υU															

	В	C D		E	F	G	Н	ı	J	К	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 Comparison														
62	Monthl	ly Rate Difference (\$/Dth)		1.28	4.47	1.13	(2.20)	(0.64)	10.64	13.99	(6.26)					
63	Monthl	ly Savings	\$	(38,011) \$	(125,014) \$	(32,127) \$	94,398 \$	43,318 \$	(870,056) \$	(1,157,171) \$	485,260					
64	Cumul	ative 'Savings'	\$	(38,011) \$	(163,024) \$	(195,151) \$	(100,753) \$	(57,435) \$	(927,491) \$	(2,084,662) \$	(1,599,402)					
67	Cumul	ative 'Savings'		-9.9%	-20.9%	-15.8%	-5.3%	-1.9%	-19.5%	-31.2%	-19.3%					
68																
69	Additi	onal Rate Comparisons														
70	Large	Commercial (G-NR2) Cumulative Savings		-13.5%	-24.6%	-19.1%	-8.3%	-4.6%	-22.4%	-34.1%	-22.0%					
		ential (G1/GM) Cumulative Savings		-8.1%	-15.0%	-2.1%	5.4%	1.9%	-17.7%	-16.7%	6.0%					
80	Natura	al Gas Vehicle (G-NGV1/2) Cumulative Saving	S	-13.9%	-13.5%	-5.4%	4.1%	0.4%	-19.6%	-18.3%	5.5%					
85 86																
86																

- ¹ All gas quantities in Dth and rates in \$/Dth.
- ² 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.
- 88 89 90 91 92 93 94 95 96 97 98 99 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
 - 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.