

## Association of Bay Area Governments Publicly Owned Energy Resources

### ABAG POWER

#### Executive Committee

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February 15, 2024

Agenda Item 5.b.2.

#### Report on Natural Gas Program

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#### **Subject:**

Monthly Summary of Operations for Fiscal Year 2023-24

#### **Background:**

During the first six months of fiscal year 2023-24, natural gas prices were less volatile than the preceding year, with average prices lower than in the beginning of recent winter seasons. Daily prices per dekatherm (\$/Dth) at PG&E's Citygate ranged from \$3.00 to \$7.93, with an unweighted average of \$4.76. PG&E's small commercial (G-NR1) procurement rate – the rate under which most ABAG POWER accounts would be categorized – averaged \$5.34 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 December 2023 indicate a cumulative rate difference of +19.9% when compared to PG&E's G-NR1 rate.

#### **Market Price Analysis**

In a ruling issued on August 31, 2023, the California Public Utilities Commission (CPUC) voted unanimously to increase capacity at the Aliso Canyon storage field in Southern California by over 65%, following a controversial methane leak in 2015 that threatened the facility's permanent closure. The decision was made, among other reasons, in an attempt to reduce extreme volatility seen in the preceding winter. Storage inventories both regionally and nationally are currently at or near five-year maximums, causing downward pressure on market prices and futures. Also contributing to comparatively low prices are relatively moderate winter weather, and minimal unplanned maintenance incidents.

#### **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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**Issues:**

None.

**Recommended Action:**

None.

**Attachments:**

- Report on Natural Gas and Renewable Natural Gas Programs Presentation
- Summary of Natural Gas Program, Fiscal Year 2023-2024

**Reviewed:**

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