

Natural Gas Working Group



California Energy Commission

December 4, 2008

Electricity Analysis Office

Generation Fuels Unit

Natural Gas Market Assessment

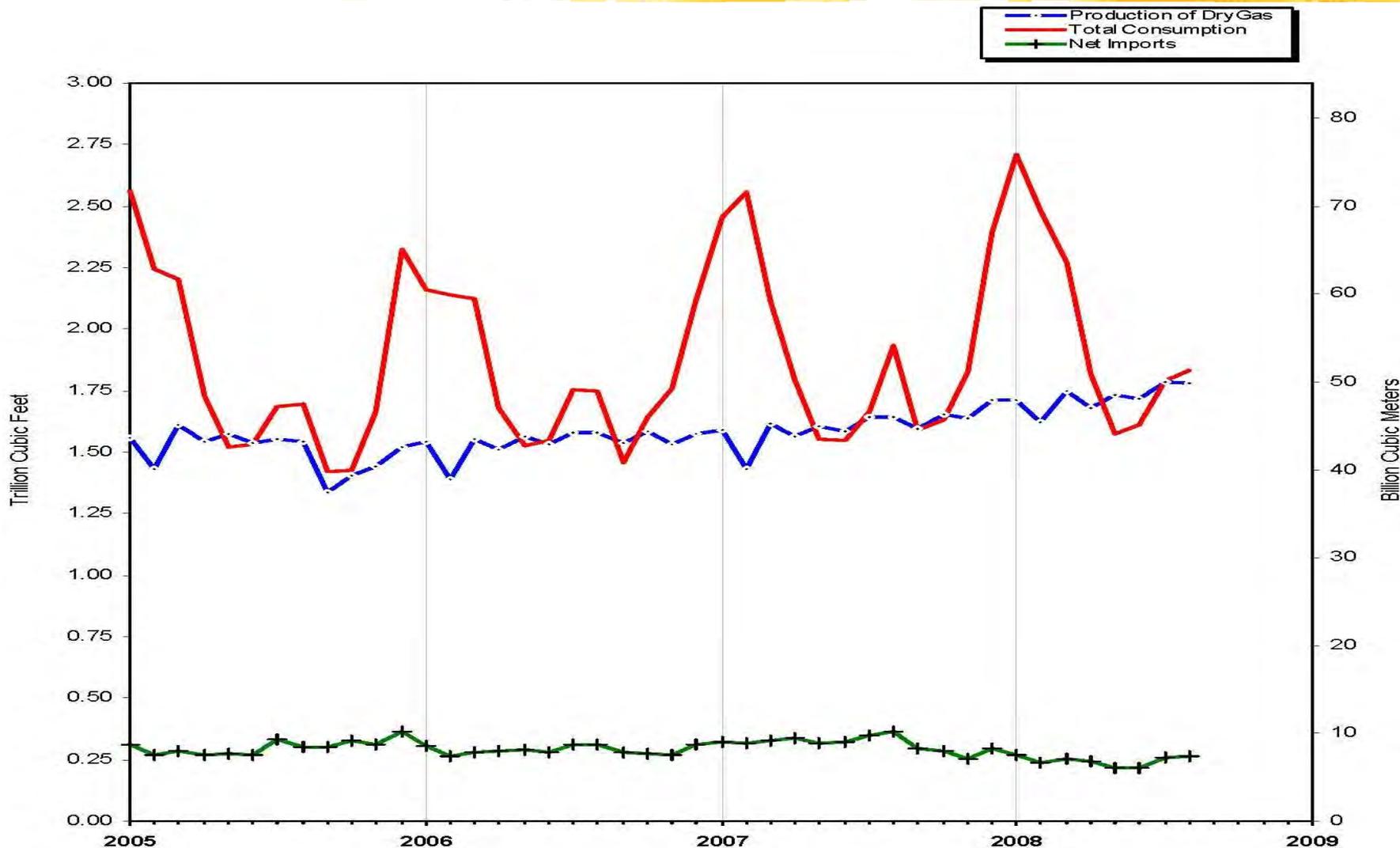
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Industrial, Commercial, Residential and Electric Power Sector Demand

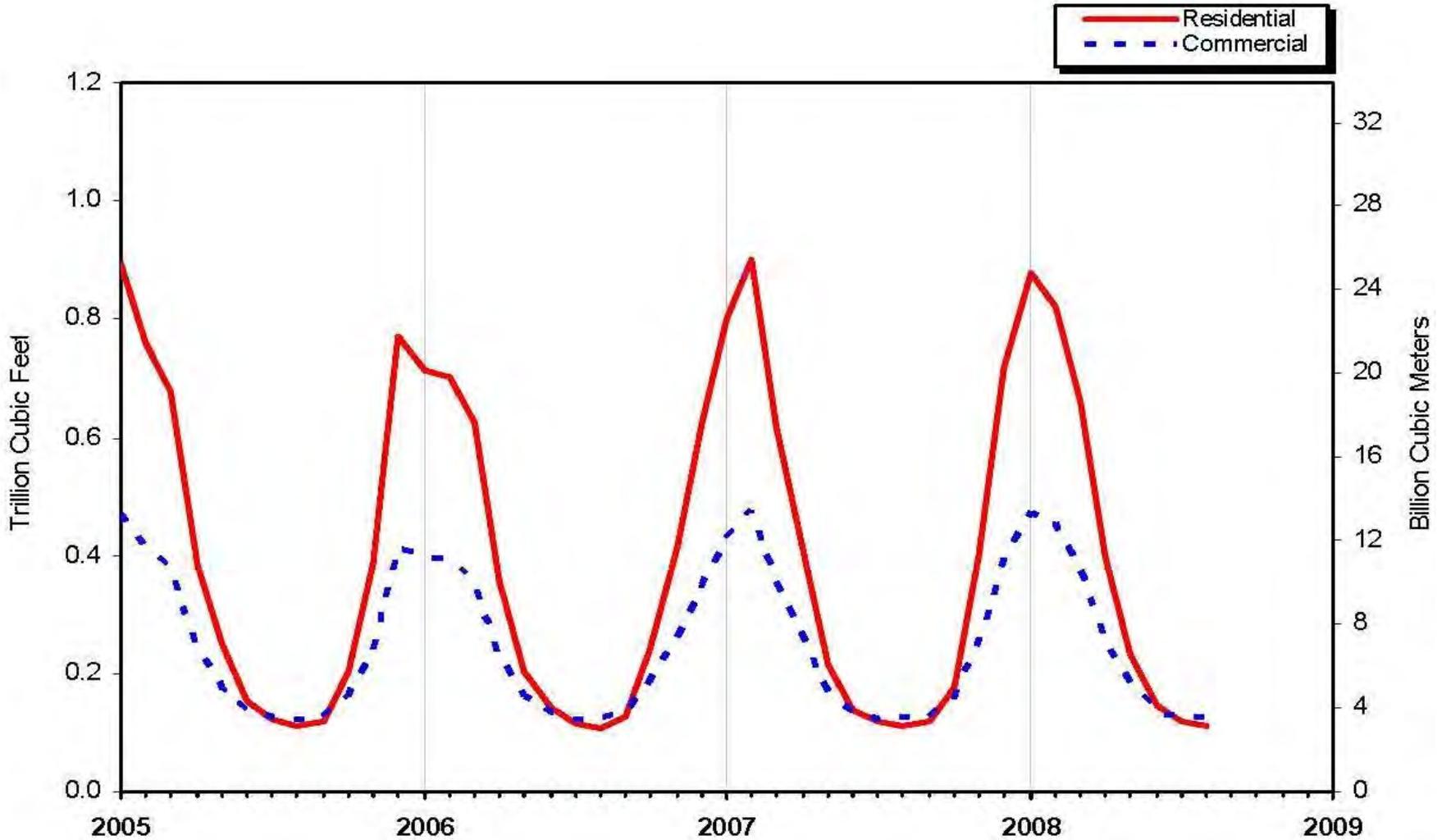
Production, Consumption, and Net Imports of Natural Gas in the United States, 2005-2008

(Source: U.S. EIA October 2008 Natural Gas Monthly)



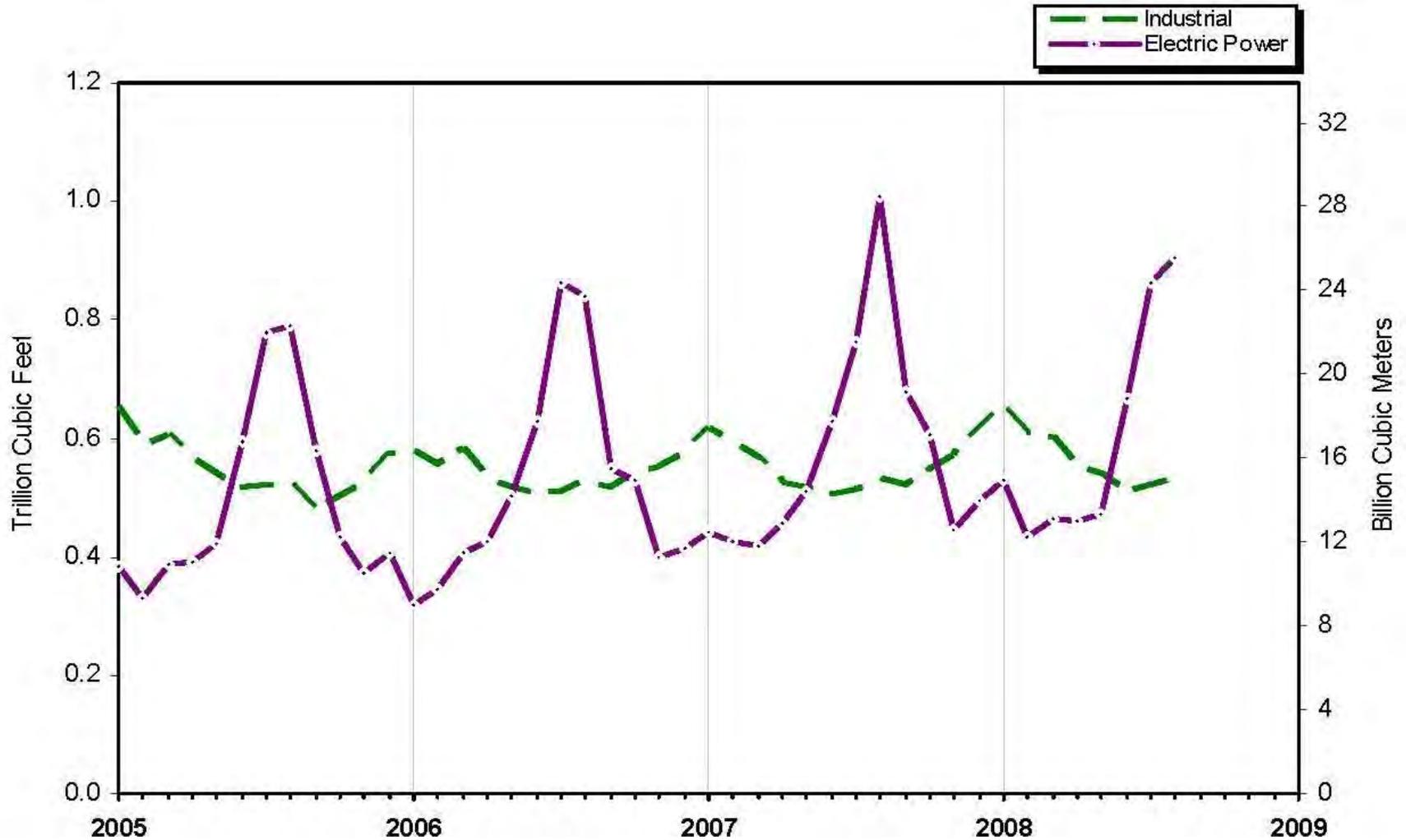
Natural Gas Deliveries to U.S. Residential and Commercial Consumers, 2005-2008

(Source: U.S. EIA October 2008 Natural Gas Monthly)



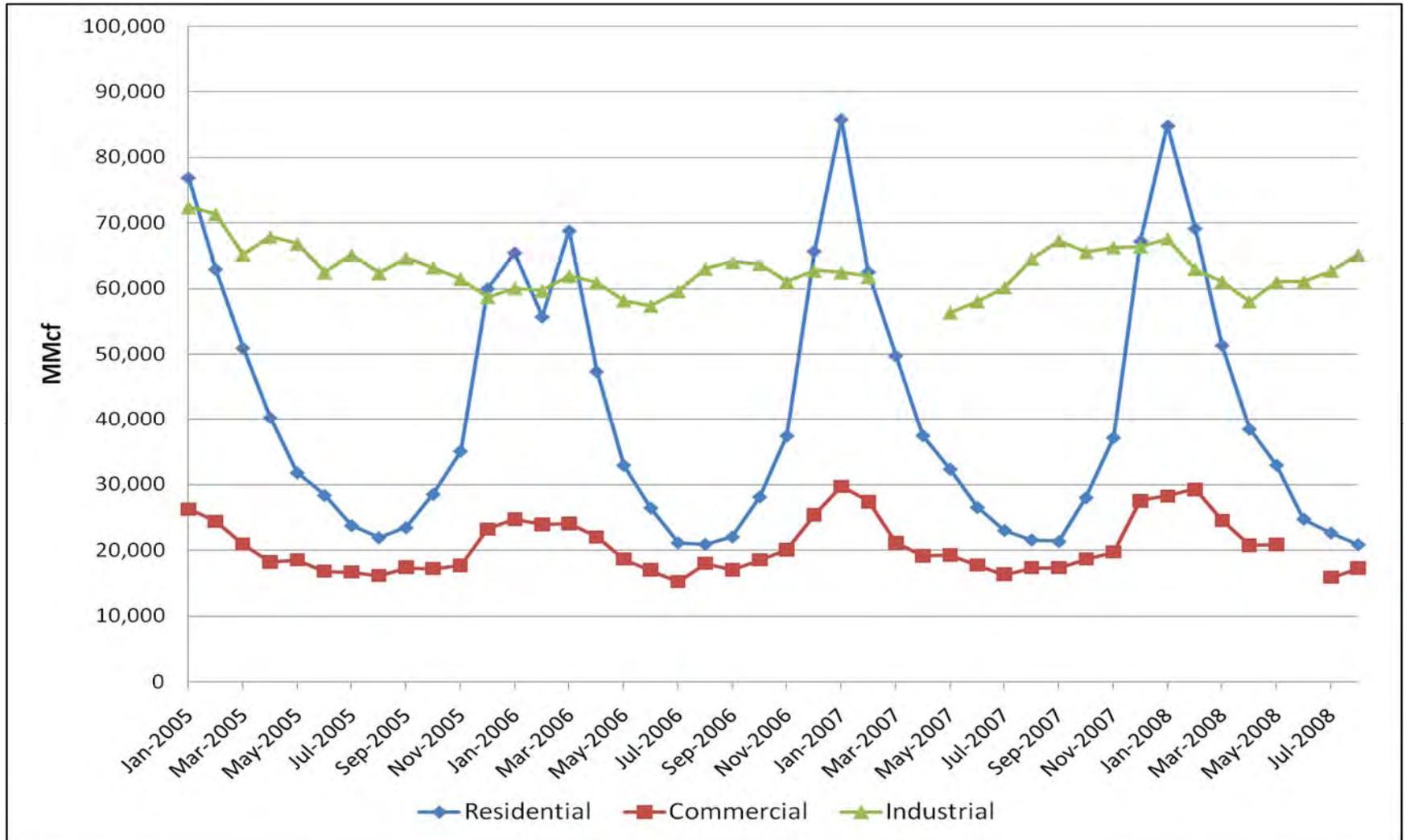
Natural Gas Deliveries to U.S. Industrial and Electric Power Consumers, 2005-2008

(Source: U.S. EIA October 2008 Natural Gas Monthly)



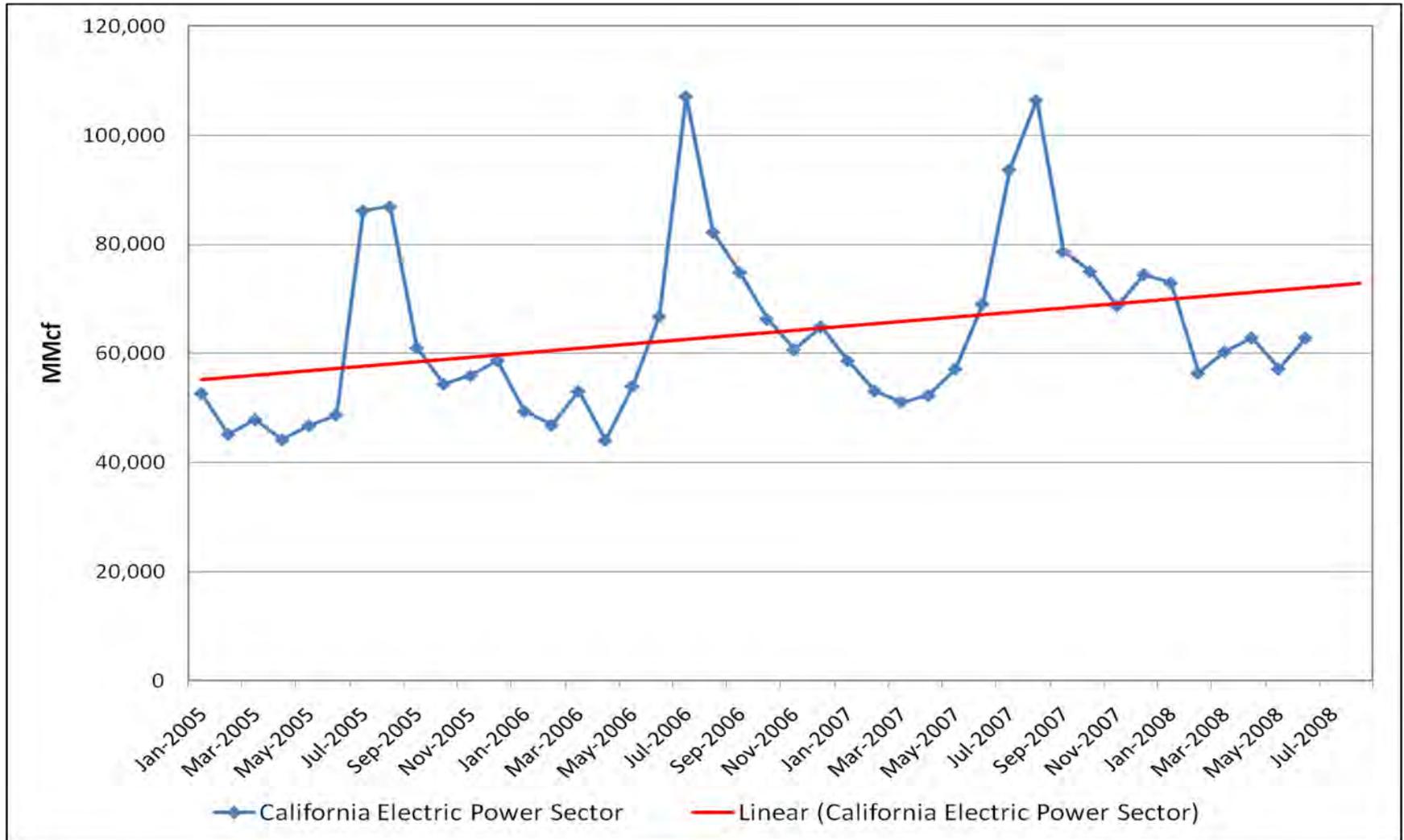
Natural Gas Deliveries to California Residential, Commercial and Industrial Consumers, 2005-2008

(Source: U.S. EIA October 2008 Natural Gas Monthly)



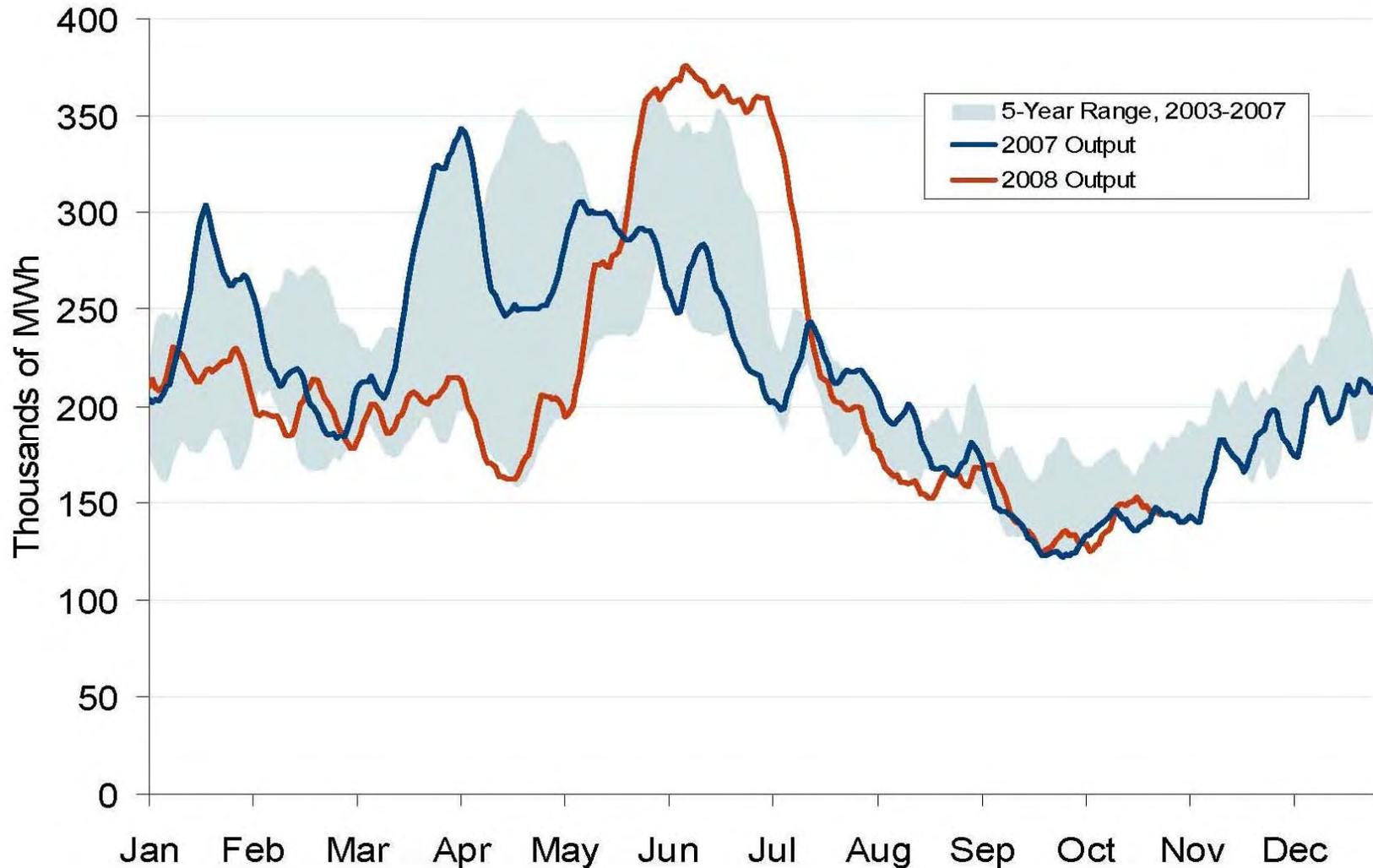
Natural Gas Deliveries to the California Electric Power Generation Sector, 2005-2008

(Source: U.S. EIA October 2008 Natural Gas Monthly)



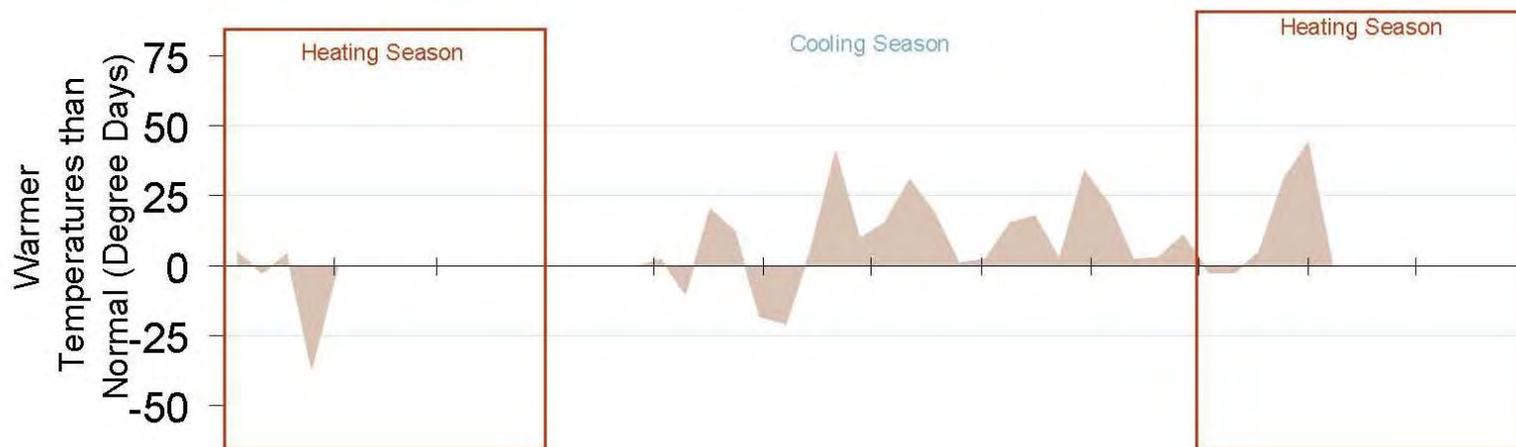
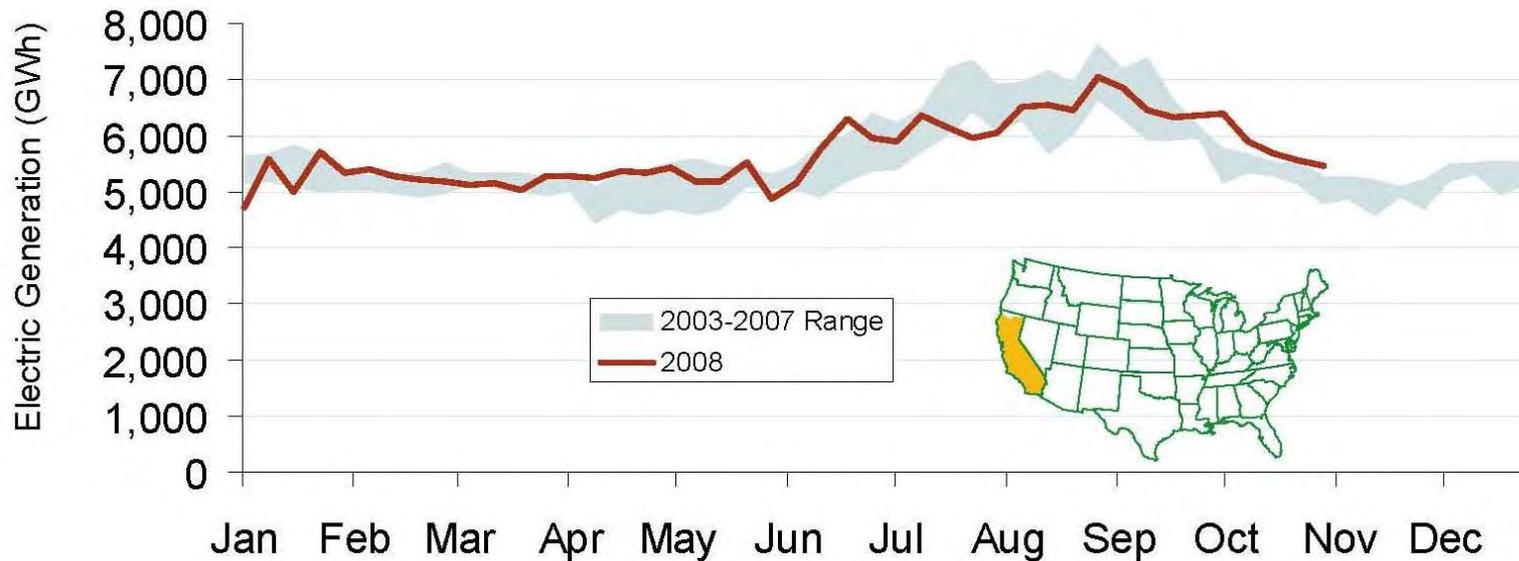
Pacific Northwest Hydroelectric Production

(Source: FERC Office of Enforcement -- Division of Energy Market Oversight
November 2008 Western Snapshot Report)



Weekly Electric Generation Output and Temperatures California

(Source: FERC Office of Enforcement -- Division of Energy Market Oversight
November 2008 Western Snapshot Report)



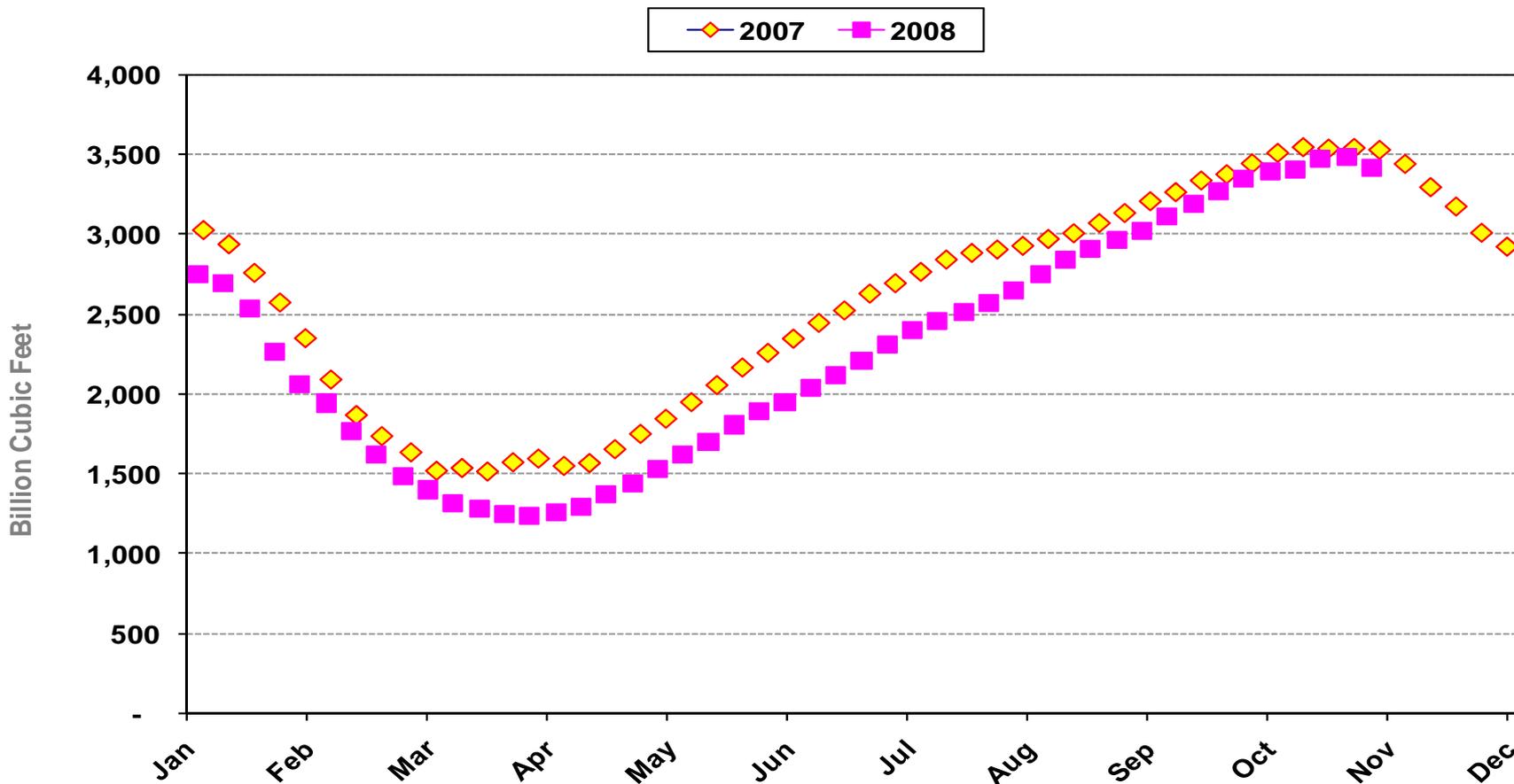
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Storage: United States and California

U.S. Storage Monthly Inventory

(Current Year vs. Previous Year)

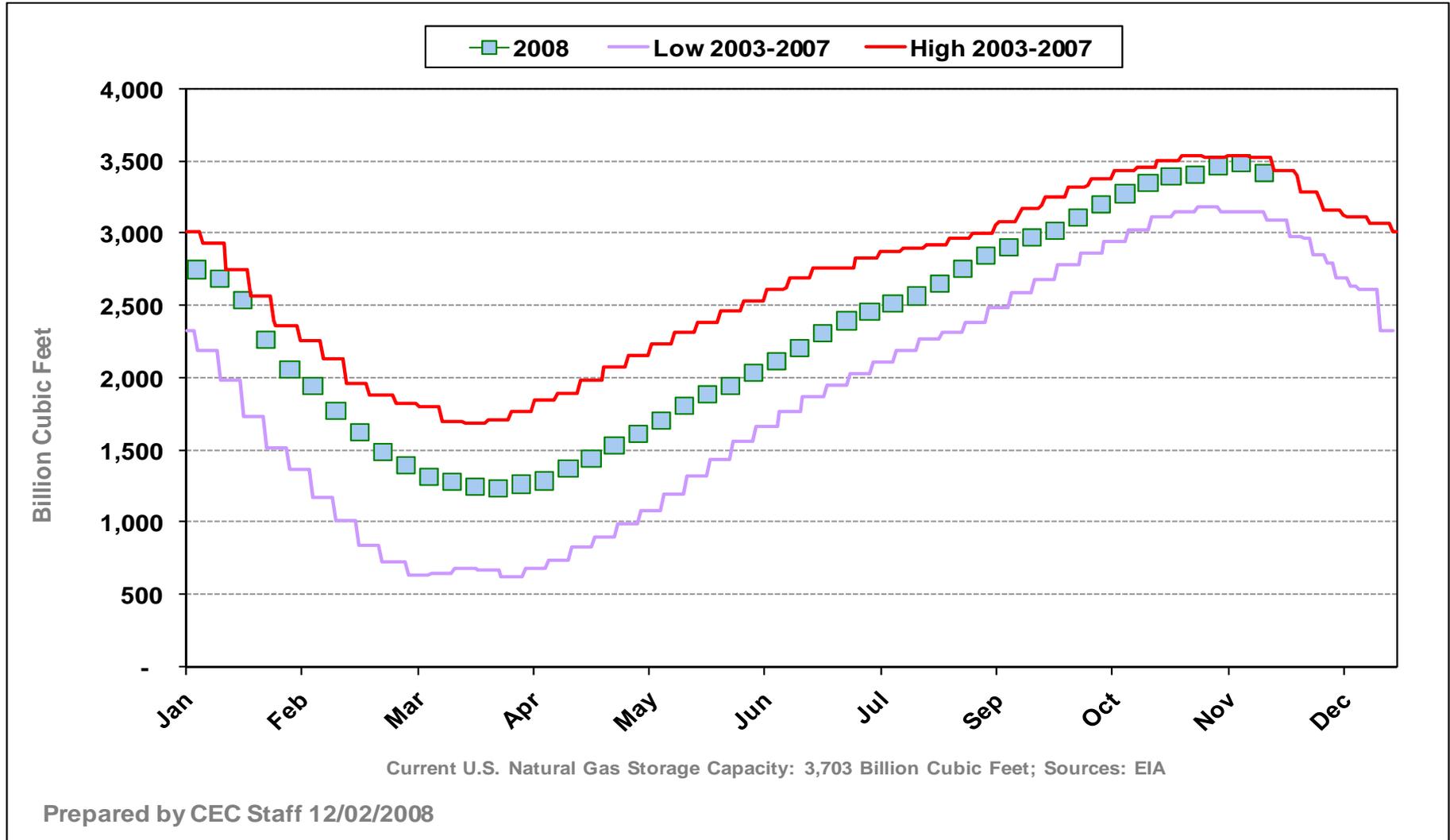


Current U.S. Natural Gas Storage Capacity: 3,703 Billion Cubic Feet; Sources: EIA

Prepared by CEC Staff 12/02/2008

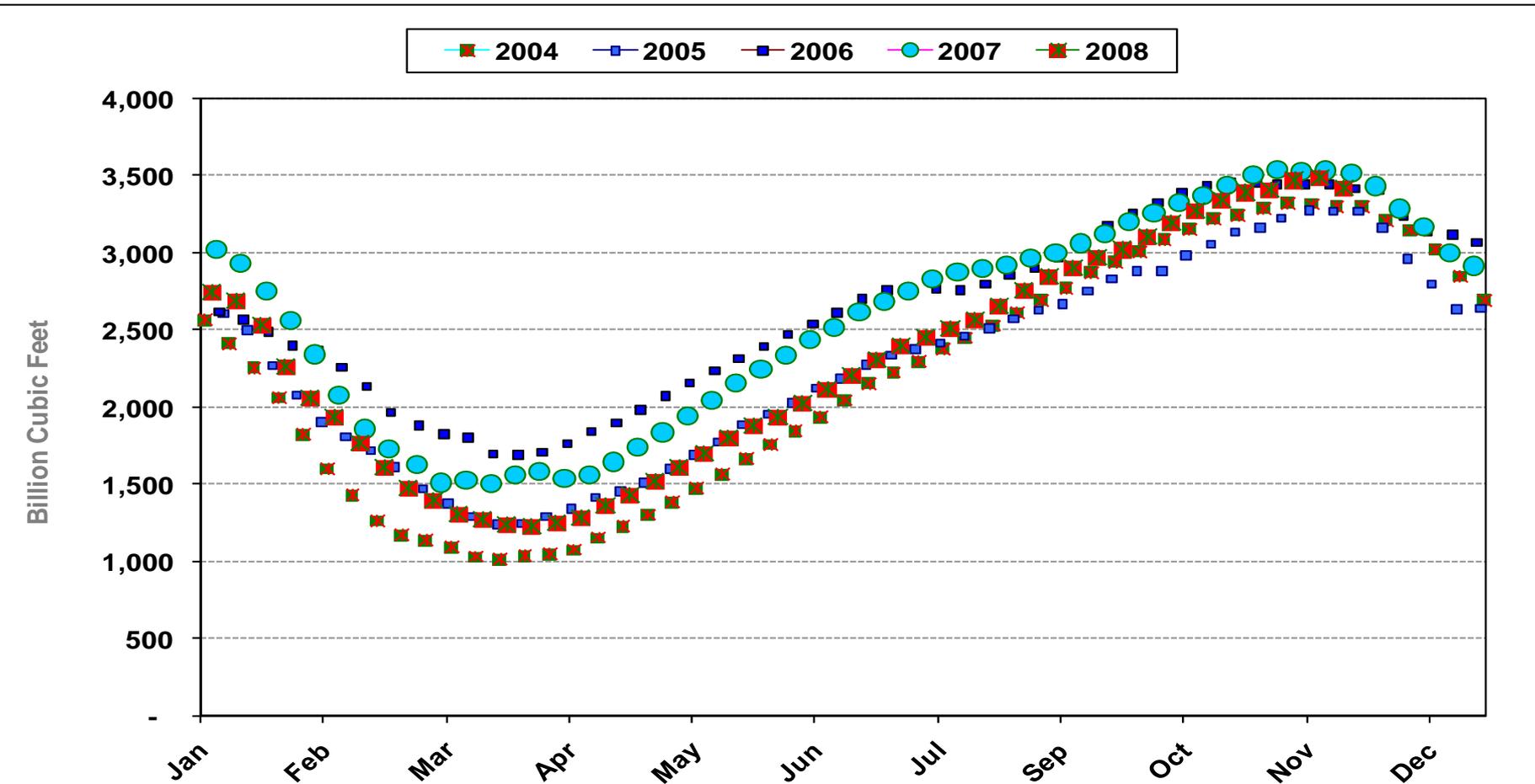
U.S. Storage Monthly Inventory

(Current Year vs. 5-Year Band)



U.S. Storage Monthly Inventory

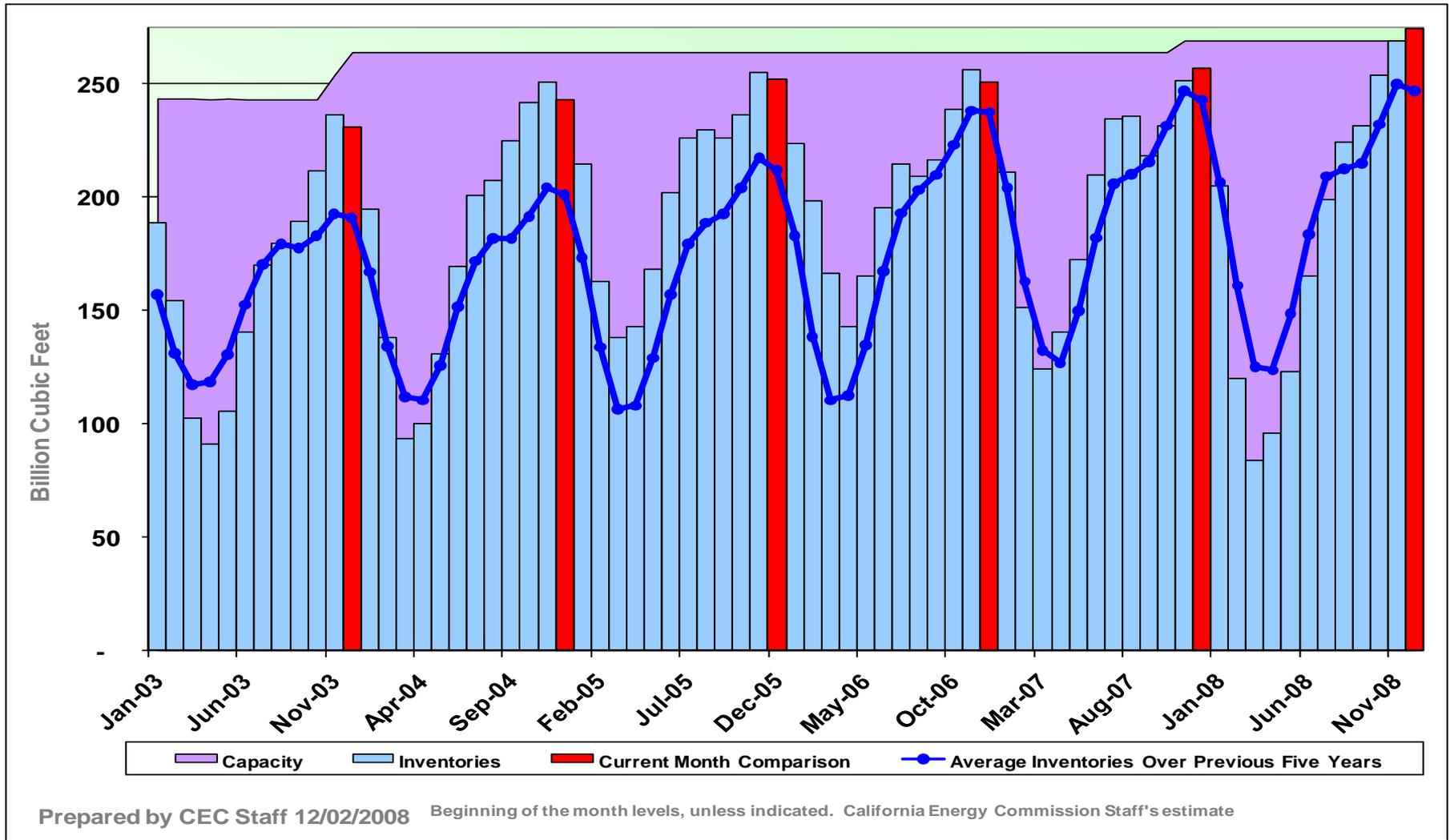
(Current Year vs. Previous Year)



Current U.S. Natural Gas Storage Capacity: 3,703 Billion Cubic Feet; Sources: EIA

Prepared by CEC Staff 12/02/2008

CA Storage Capacity and Utilization



Prepared by CEC Staff 12/02/2008 Beginning of the month levels, unless indicated. California Energy Commission Staff's estimate

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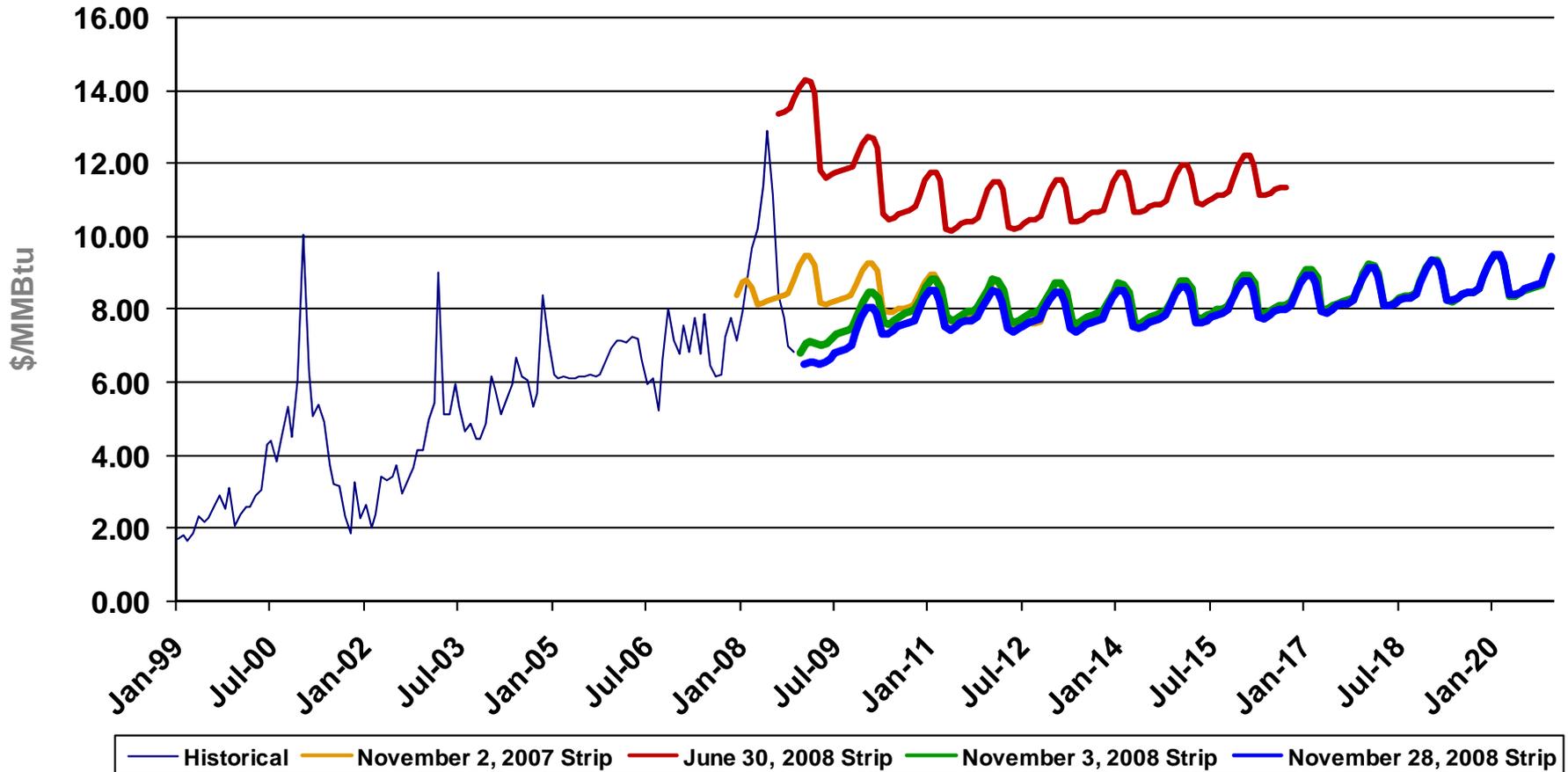


Prices: United States and California

U.S. Natural Gas Futures Prices



Historical & Forward NYMEX Settlements

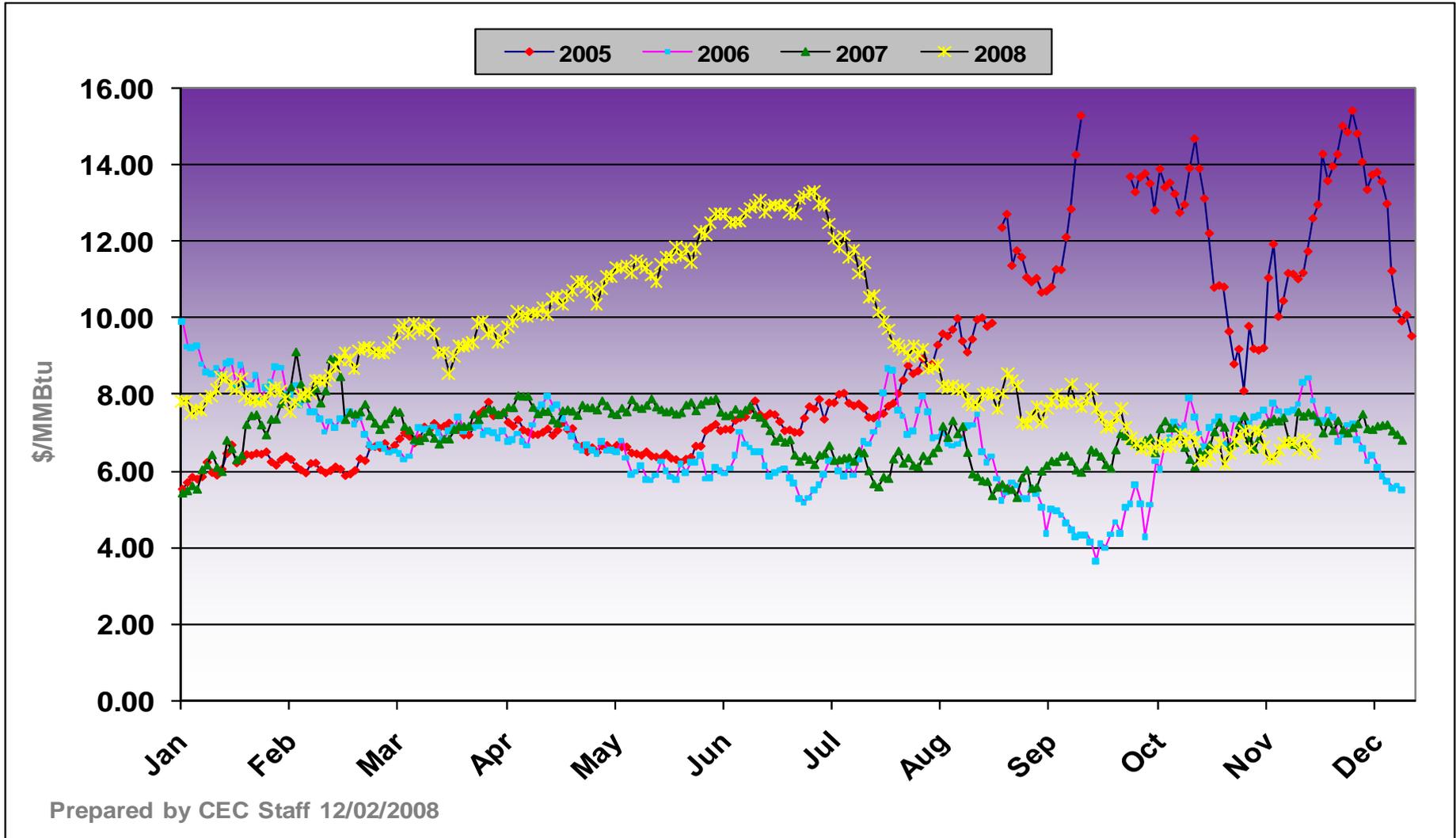


Prepared by CEC Staff 12/02/2008

Henry Hub Daily Spot Prices

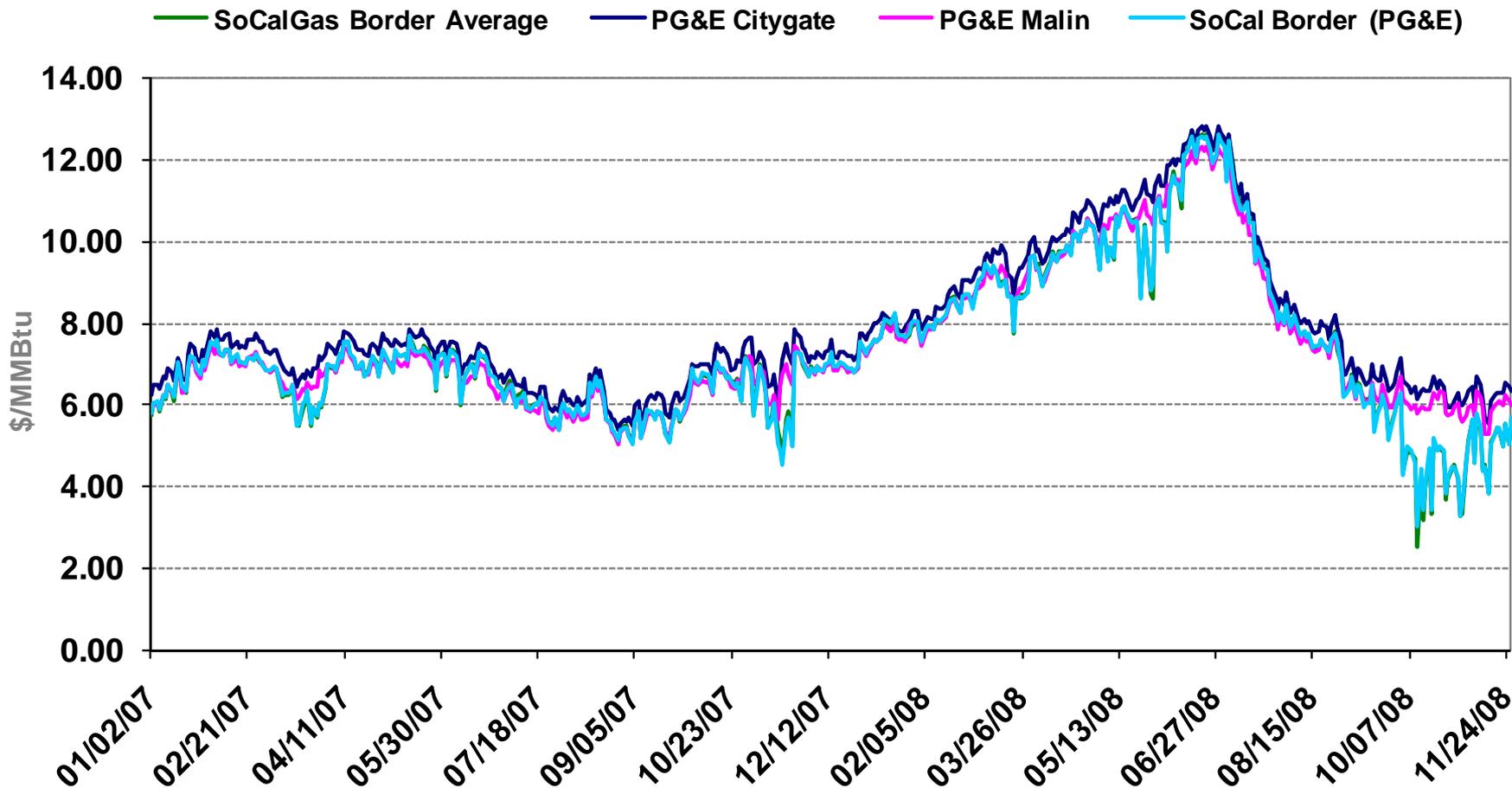


Henry Hub Daily Spot Prices



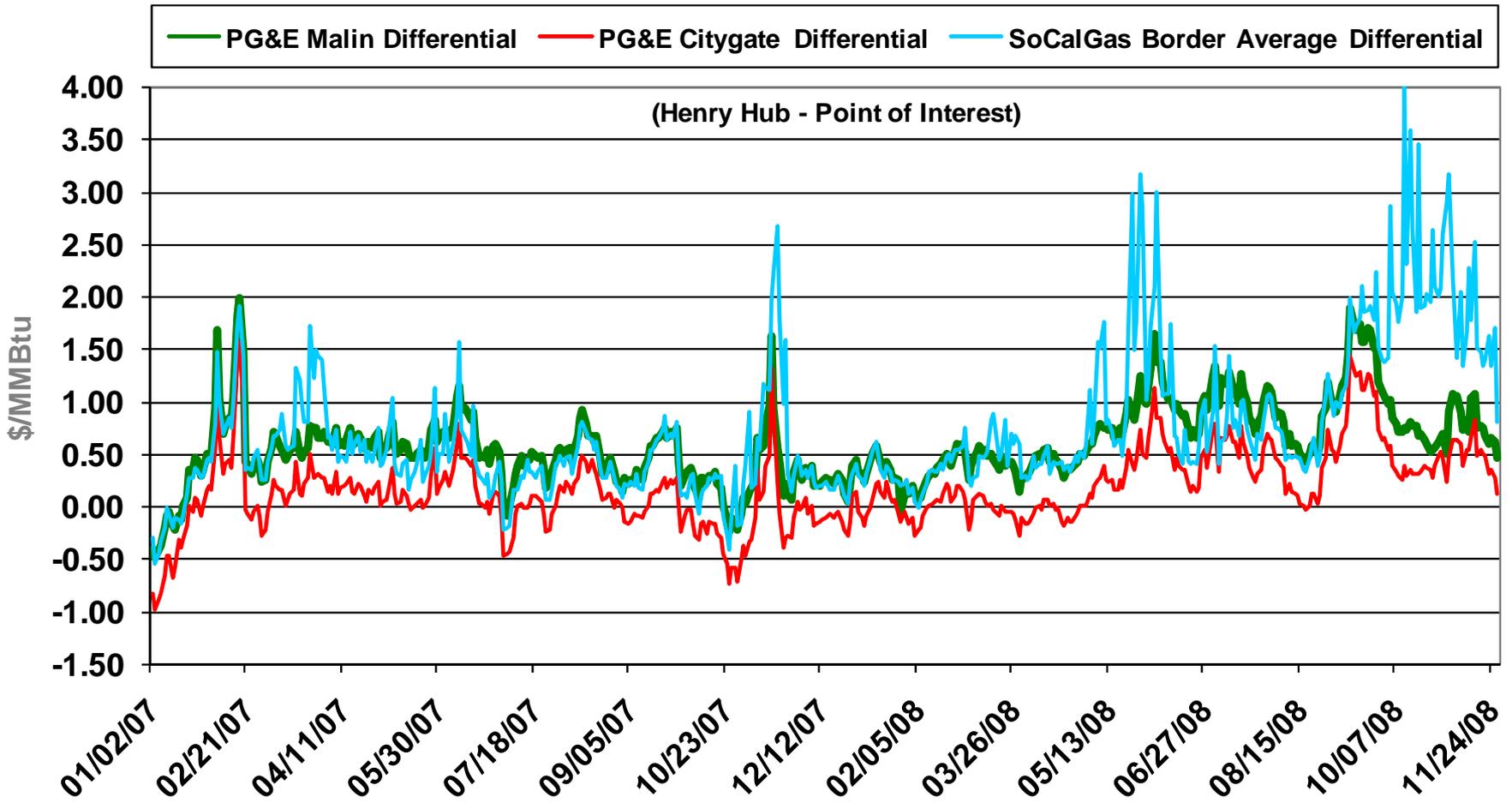
Prepared by CEC Staff 12/02/2008

CA Natural Gas Spot Prices



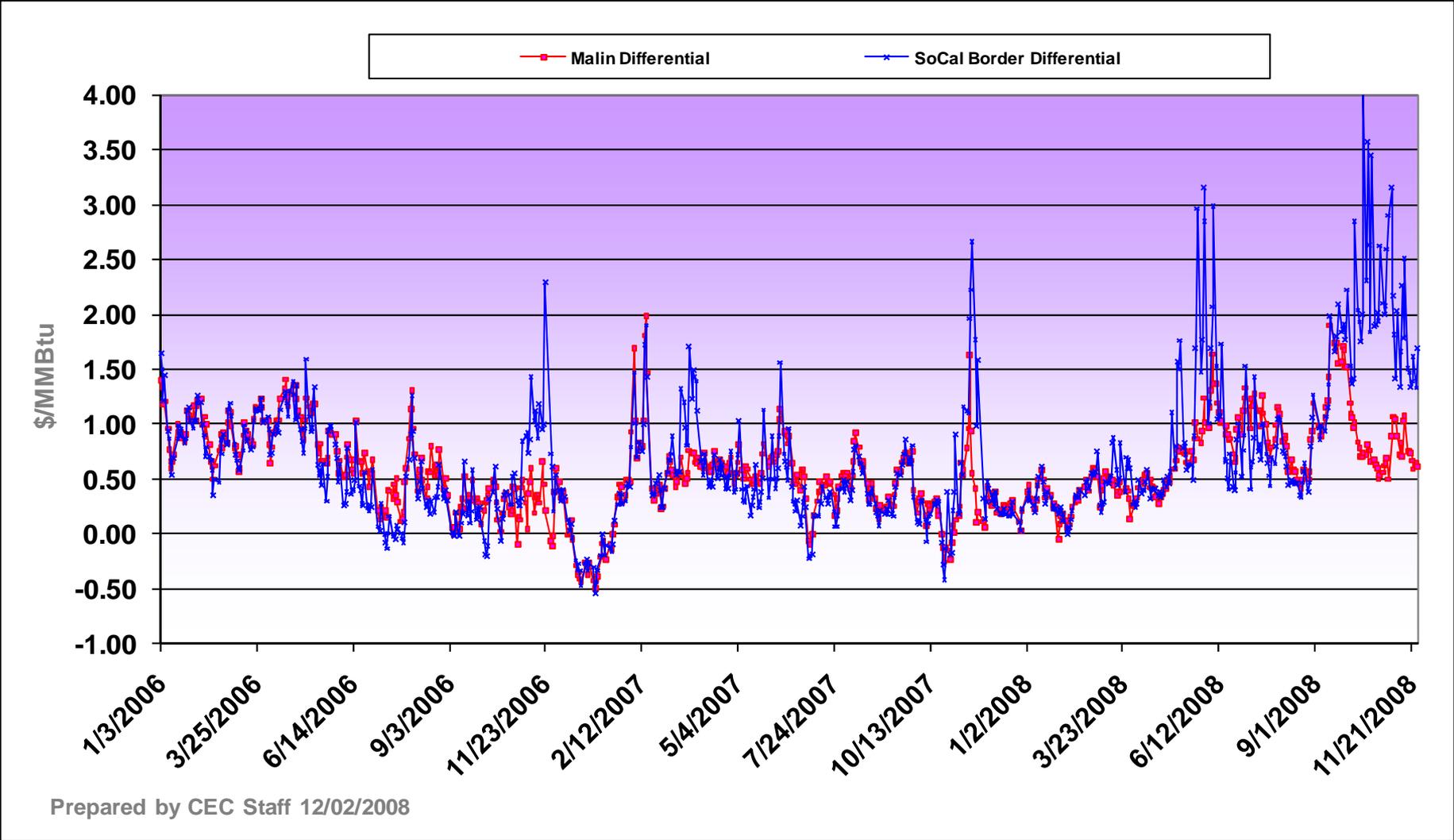
Prepared by CEC Staff 12/02/2008

Henry Hub Daily Spot Prices Differential



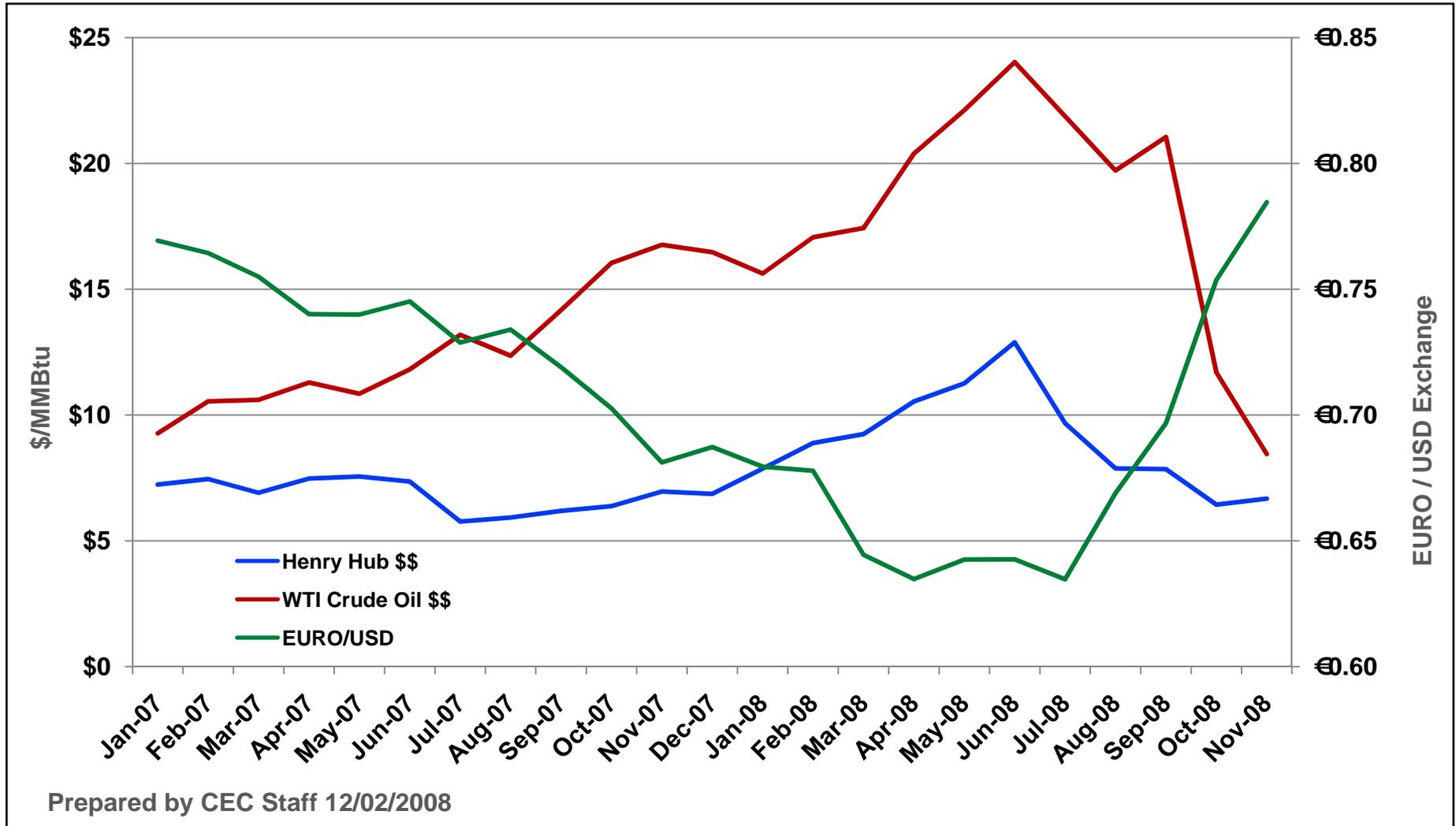
Prepared by CEC Staff 12/02/2008

Henry Hub Daily Spot Prices 3-Year Differential



Prepared by CEC Staff 12/02/2008

NG-Oil Spot Prices – Euro/USD



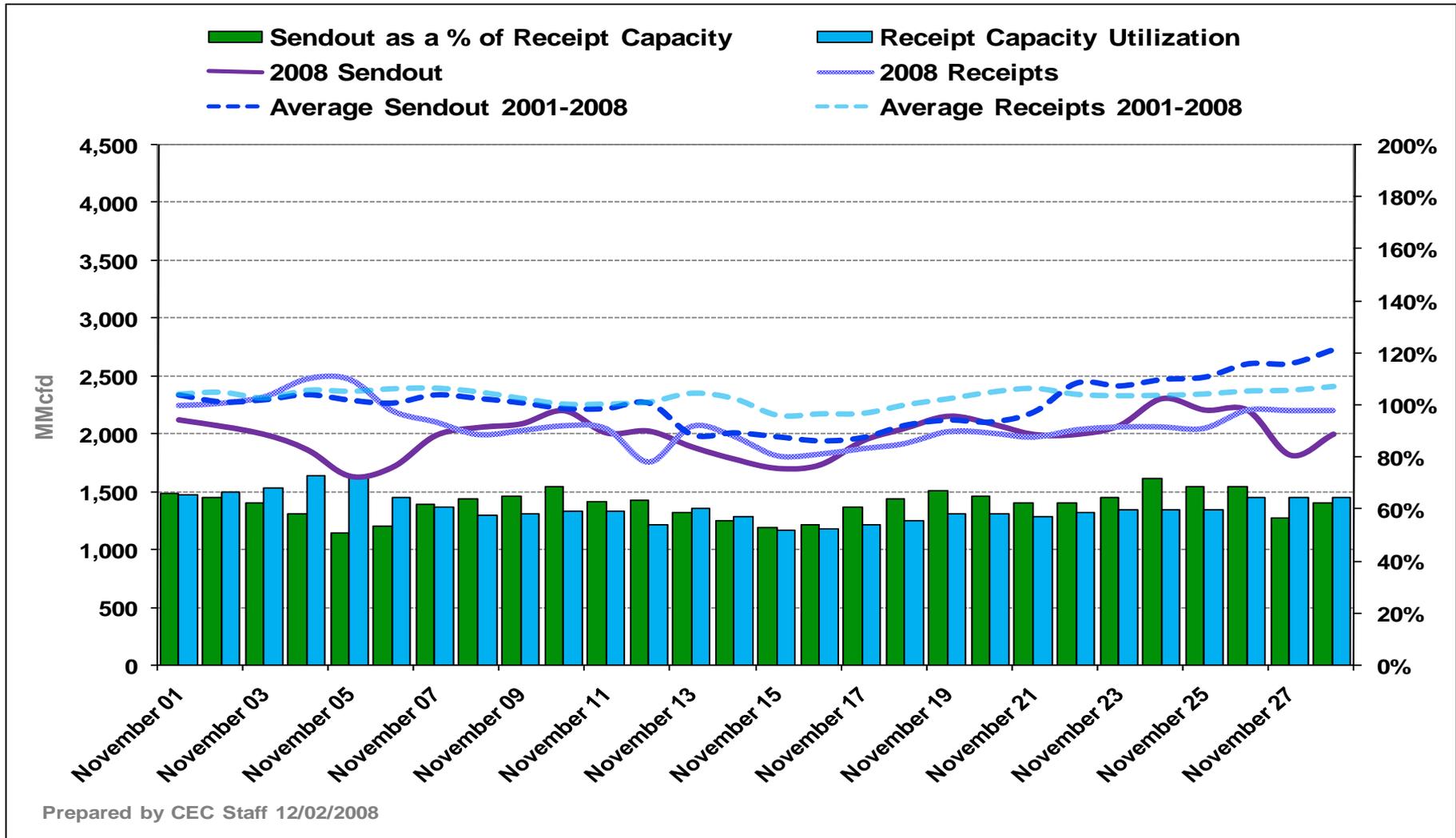
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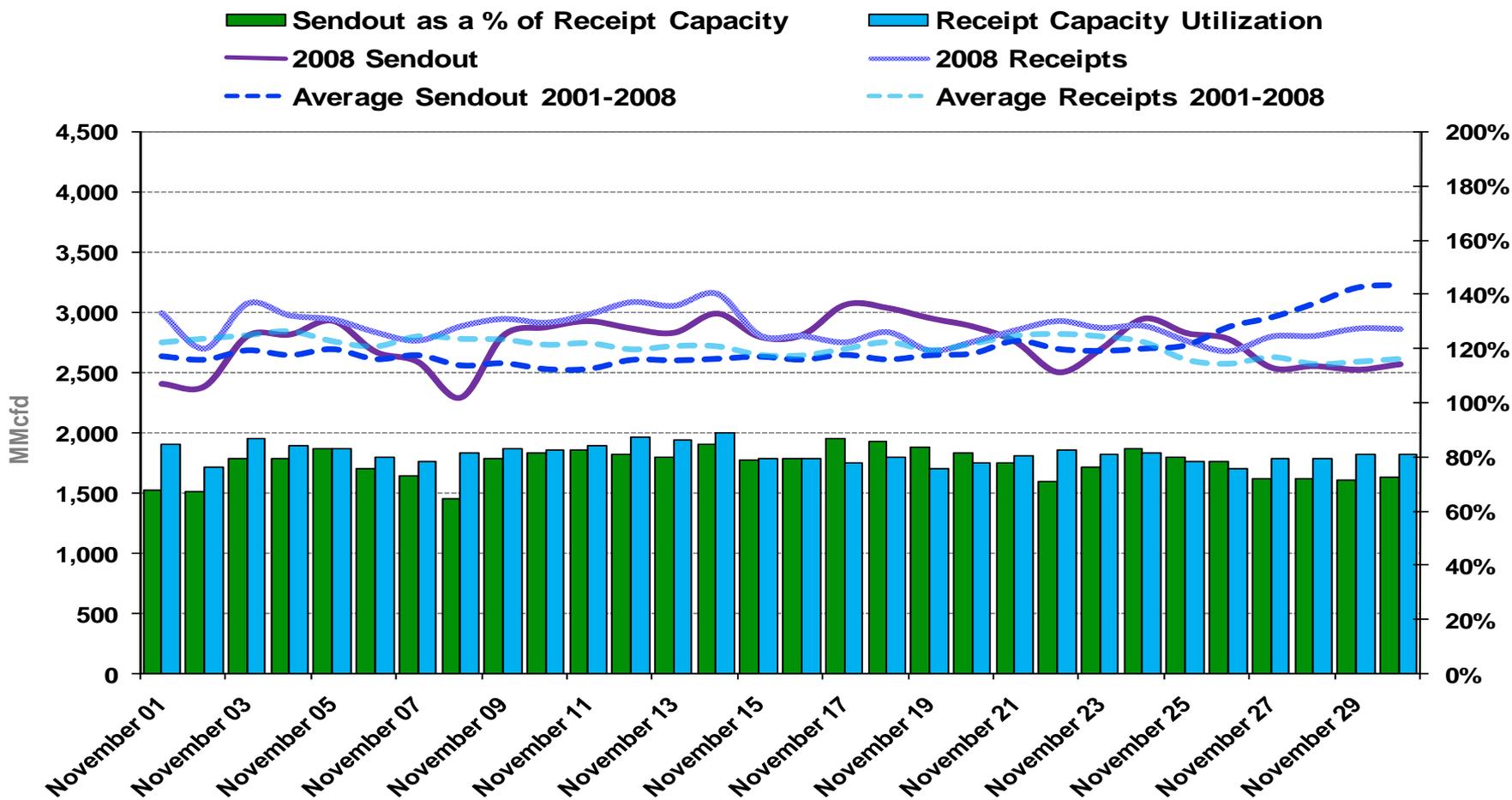


Infrastructure and Operations

PG&E System Operations

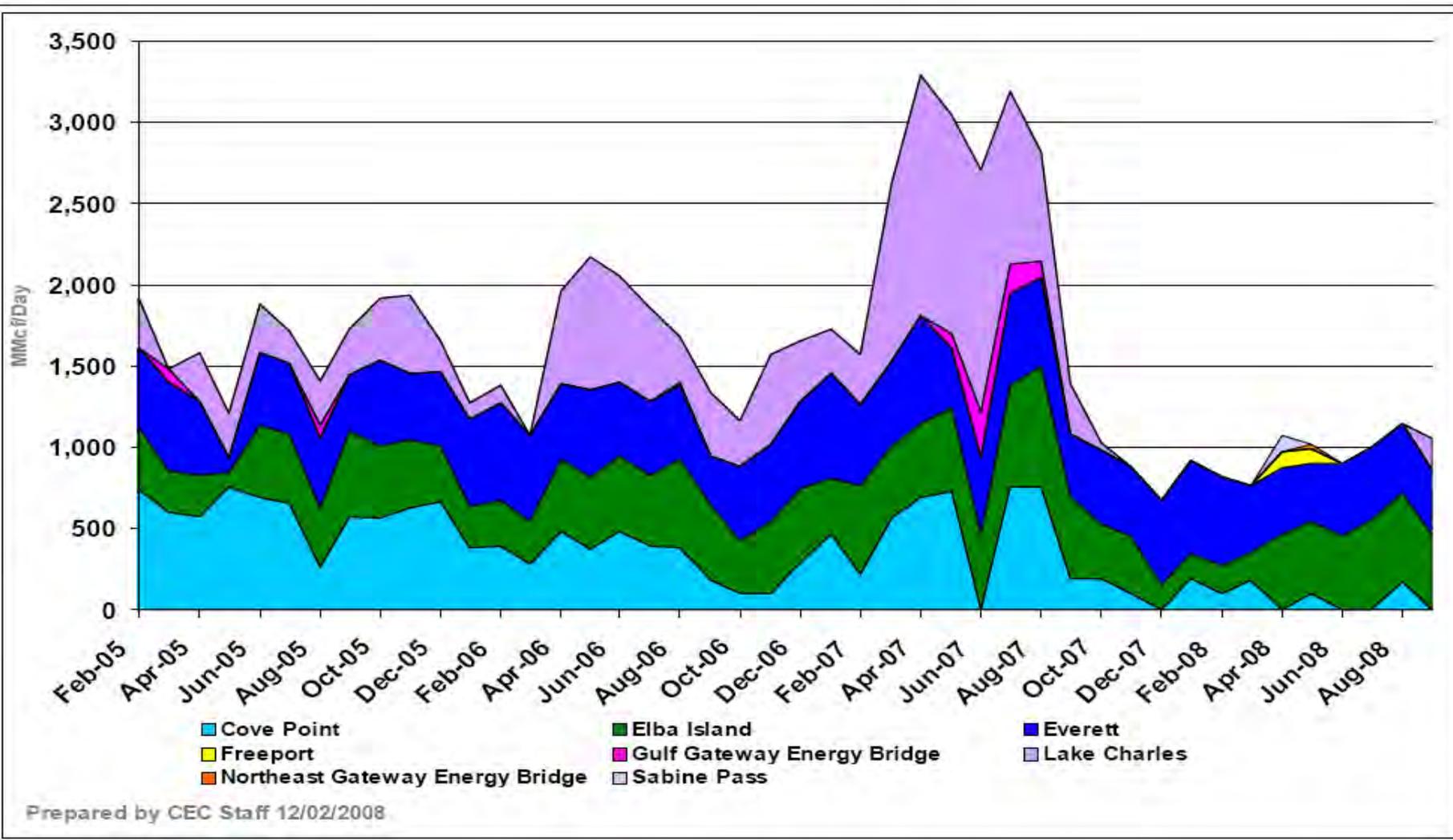


SCG System Operations

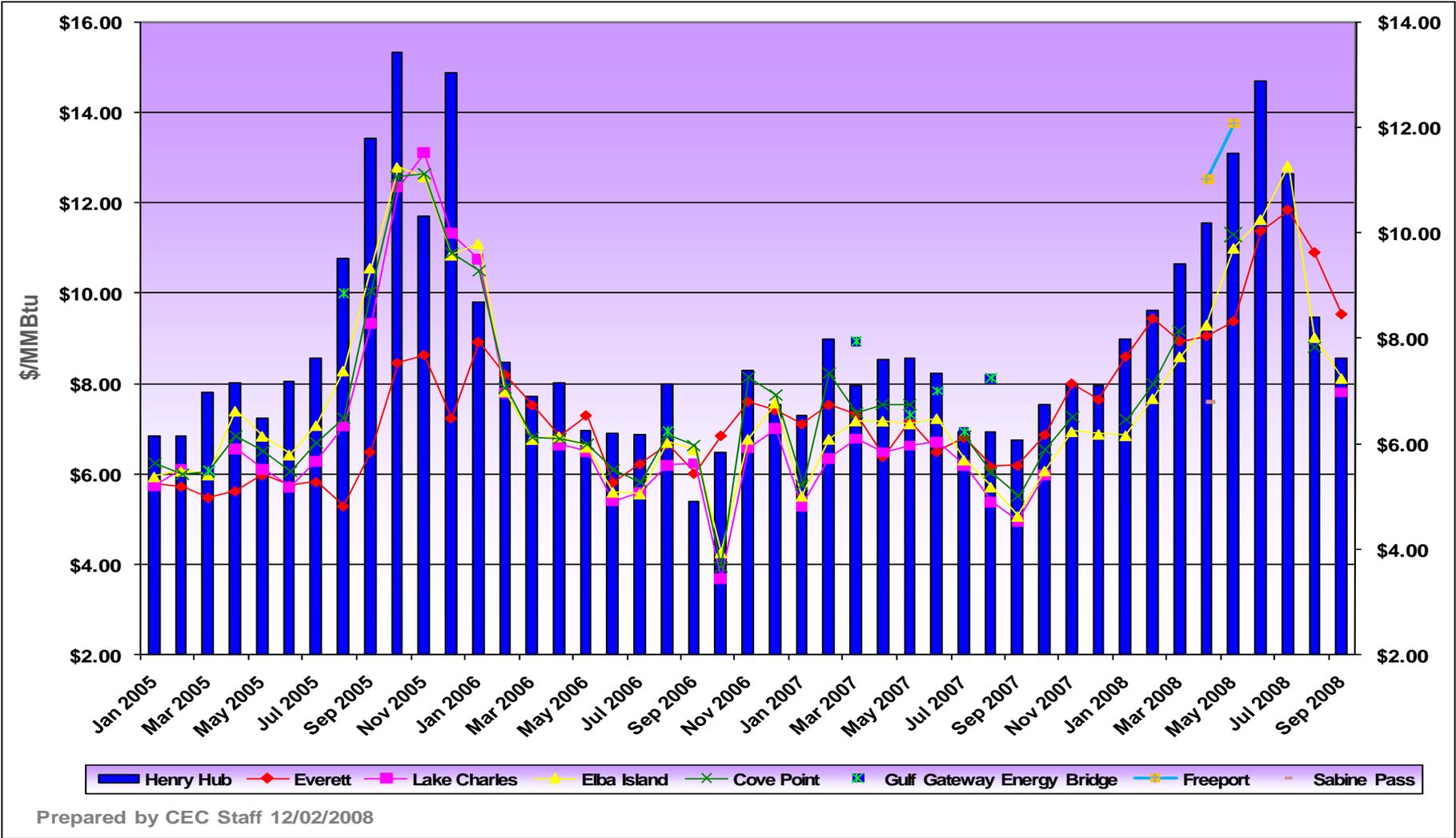


Prepared by CEC Staff 12/02/2008

LNG Imports

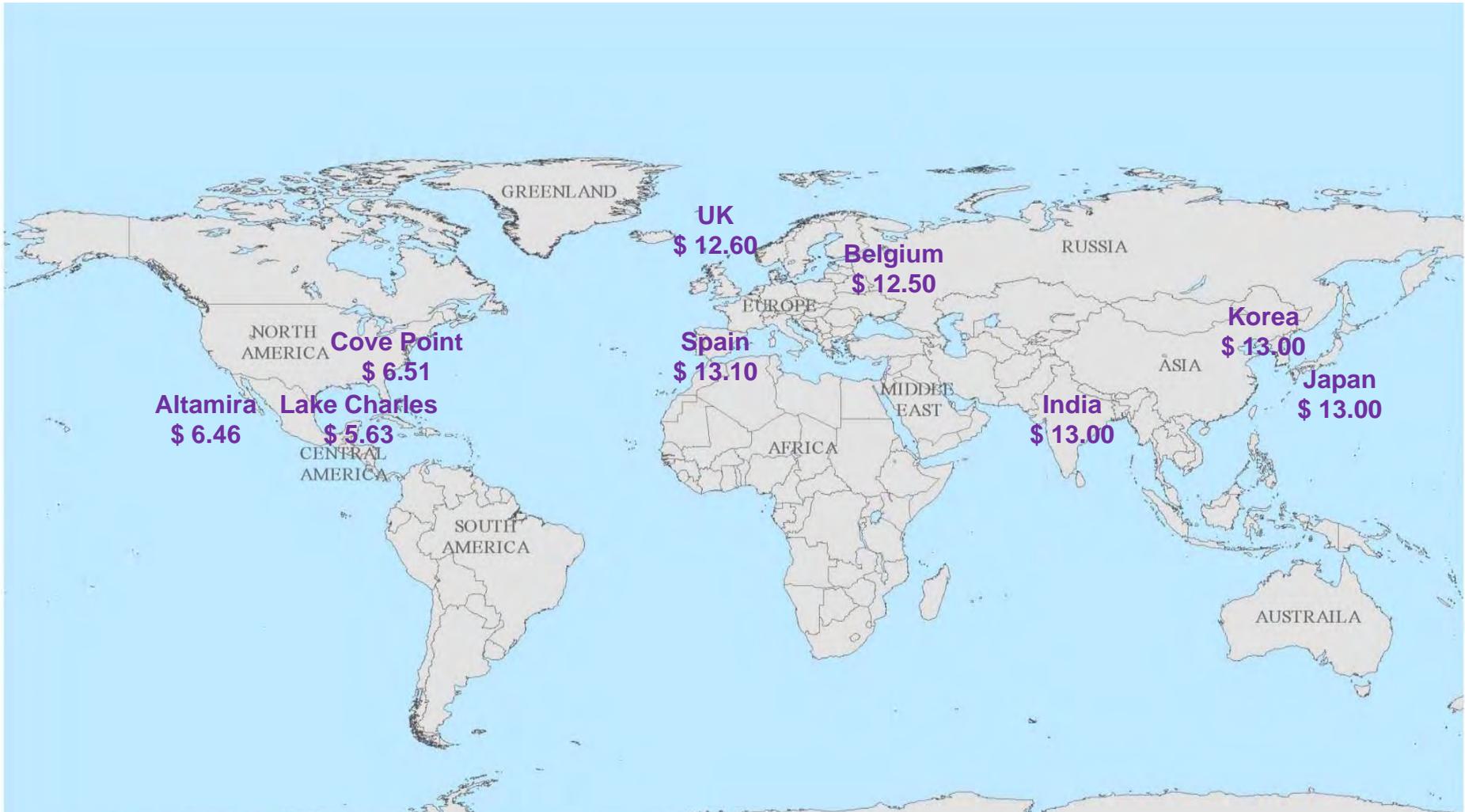


Average Terminal LNG Import Price



Prepared by CEC Staff 12/02/2008

World LNG Estimated November 2008 Landed Prices



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LNG Update

LNG UPDATE SUMMARY



Clearwater Port LNG Project



- California Location: 12.6 miles offshore from City of Oxnard
- Owner: NorthernStar Natural Gas Inc
- Capacity: 1.4 Bcfd Peak
- Status: Application Clock Stopped



Ocean Way LNG Terminal



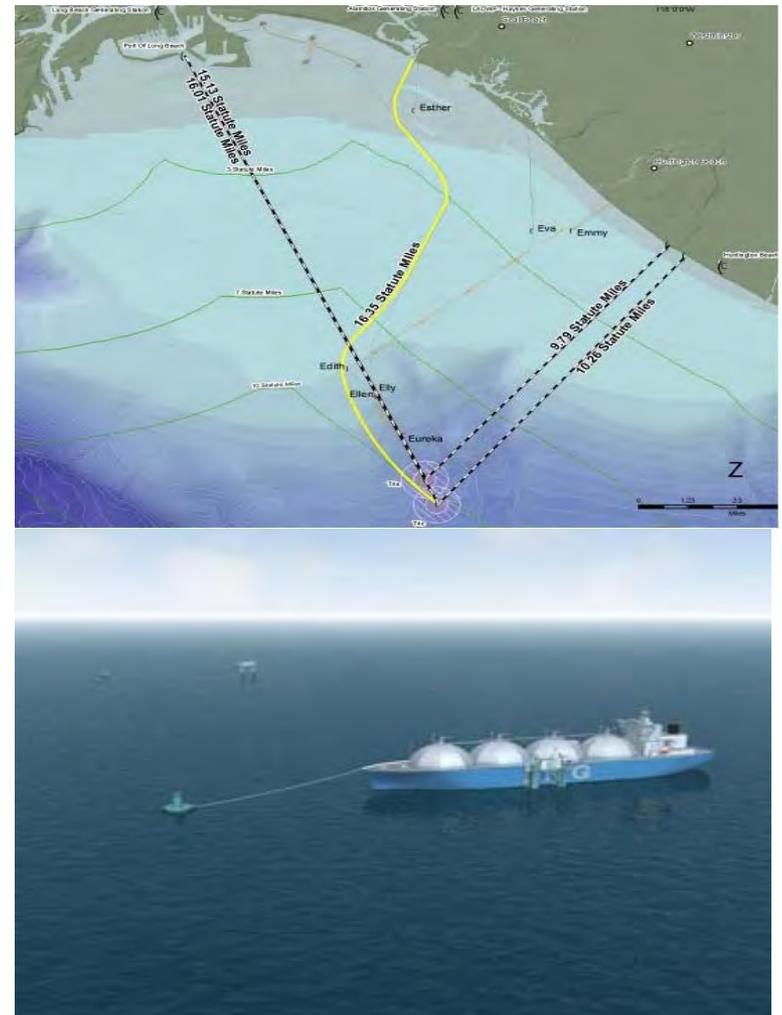
- California Location: 22 miles south of Malibu, California
- Owner: Woodside Energy, Inc
- Capacity: 0.4 Bcfd – 0.9 Bcfd
- Status: Application Clock Stopped



Port Esperanza



- California Location: 15 miles seaward of the Port of Long Beach
- Owner: Esperanza Energy
- Capacity: 1.2 Bcfd
- Status: Application is expected late 2008



Northern Star LNG Facility



- Oregon Location: Bradwood, Oregon, south shore Columbia River
- Owner: NorthernStar Natural Gas LLC
- Capacity: Peak send out of 1.3 Bcfd
- Status: FERC issued certificate approval in September, FERC to grant rehearing request



Oregon LNG Facility



- Oregon Location: Astoria
- Owner: Funding Partners
- Capacity: 1.5 Bcfd Peak
- Status: Oregon LNG filed formal application with FERC October 2008



Jordon Cove Energy Project



- Oregon Location: bay side of North Spit of Coos Bay
- Owner: Energy Projects Development, LLC
- Capacity: 1.0 Bcfd
- Status: U.S. Coast Guard issued WSA June 2008, FERC issued DEIS August 2008



Kitimat LNG Facility



- Canada Location: Bish Cove near Port of Kitimat
- Owner: Galveston LNG Inc
- Capacity: 1.0 Bcfd Peak
- Status: Kitimat announces plans for liquefaction facility in September 2008, Soliciting interest



Energia Costa Azul LNG Facility



- Mexico Location: 14 miles north of Ensenada
- Owner: Sempra Energy LNG Corporation
- Capacity: 1.3 Bcfd Peak
- Status: Completed Construction and Commissioned in May 2008

Natural Gas Working Group



Richard Myers

California Public Utilities Commission

Natural Gas Working Group



California Public Utilities Commission Cases

Proceeding Number & Title	Description	Status
A.04-08-018 SoCalGas, access for natural gas provided by California gas producers	Establish the terms and conditions under which natural gas produced by California gas producers will be granted access to the SoCalGas operating system	Decision issued on 8/23/07. Implementation still on hold. On 10/4/07, SoCalGas filed petition for modification of decision regarding gas quality monitoring. CPUC proposed decision on PFM expected winter 2008-09.
A.07-04-013 Sacramento Natural Gas Storage application for CPCN	Sacramento NGS seeks CPCN to construct and operate natural gas storage facility in Sacramento	Opposition by neighborhood association. Briefs filed November 2008 on non-environmental issues. Draft EIR still being worked on. Decision expected spring 2009.
A.07-12-006 Joint Application to reallocate gas public purpose program costs among customer classes	SoCalGas, SDG&E, PG&E jointly request approval to reallocate gas PPP costs among customer classes, based on equal percent of base revenues, rather than the current equal cents per therm	Proposed decision issued 11/18/08, rejects utilities' proposal. Final decision expected 12/18/08.
A.07-12-021: PG&E request for approval of long-term gas contract on Ruby Pipeline and approval of affiliate transaction.	PG&E requests approval of a 15-year capacity rights contract on the proposed interstate Ruby Pipeline, from the Rockies to Malin.	Final decision issued on November 6, 2008, approves PG&E contracts.
A.07-12-022: Southwest Gas General Rate Case, Test Year 2009	Southwest Gas requests an increase in its authorized revenue requirement for its three California service areas	SW Gas and DRA settled all issues, and filed settlement proposal. Final decision issued 11/21/08, adopting settlement.
A.08-02-001: SoCalGas and SDG&E Biennial Cost Allocation Proceeding	SoCalGas requests authority to allocate gas costs and design gas rates, and requests approval of numerous other issues: costs of backbone transmission, natural gas storage cost allocation and incentives, elimination of peaking rate, etc	Application filed 2/4/08. Proceeding split into two phases, the first dealing with storage issues, the second dealing with many other issues. Settlement filed on Phase 1 issues on 8/22/08. Phase 2 testimony due Nov. 2008 through Jan. 2009. Proposed decision on Phase 1 settlement issued 11/4/08, approves settlement. Final decision on Phase 1 expected 12/4/08.

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California Public Utilities Commission Cases

Proceeding Number & Title	Description	Status
A.08-06-006 SoCalGas and SDG&E request authority to make off-system deliveries, out of state	SoCalGas and SDG&E request authority to expand off-system deliveries to out-state points. (Only deliveries to PG&E are currently permitted.)	Application filed June 2008, protests and comments filed by several parties in July 2008. On 9/26/08, SCGC files motion to consolidate with BCAP, responses filed in October 2008. Prehearing conference held 9/29/08.
R.08-06-025 Rulemaking on Gas Cost Incentive Mechanisms	CPUC issues rulemaking to determine if modifications to the gas cost incentive mechanisms should be made, especially with regard to hedging costs. (Utilities are currently not at risk for hedging costs.)	Scoping memo issued 9/17/08, keeps focus on hedging, provides for comments and reply comments in October, workshops in November. First workshop held 11/5/08. Workshop report issued 11/25/08. Parties may comment on the report.
A.08-07-032/A.08-07-033 Gill Ranch Storage and PG&E applications for CPCN for Gill Ranch Storage	Gill Ranch Storage and PG&E file separate application for CPCNs for the proposed Gill Ranch Storage facility near Fresno	Applications filed 7/29/08, PG&E files motion for consolidation 8/14/08, ALJ issues ruling 9/18/08 granting PG&E's motion. Some protests and responses filed 9/2/08, replies filed 10/3/08.
A.08-09-023 SoCalGas Application for Advanced Metering Infrastructure	SoCalGas requests approval to construct and operate AMI system and funding of \$1.1 billion over 2009-2015 period	Application filed 9/29/08. Protests and replies filed in October and November. Prehearing conference to be held 12/8/08.
RP08-026 at FERC: El Paso 2009 General Rate Case	El Paso requests increase in revenue requirements and other authority	Docket filed June 30th at FERC, CPUC and other parties file protest 7/11/08, conference held 9/11/08.

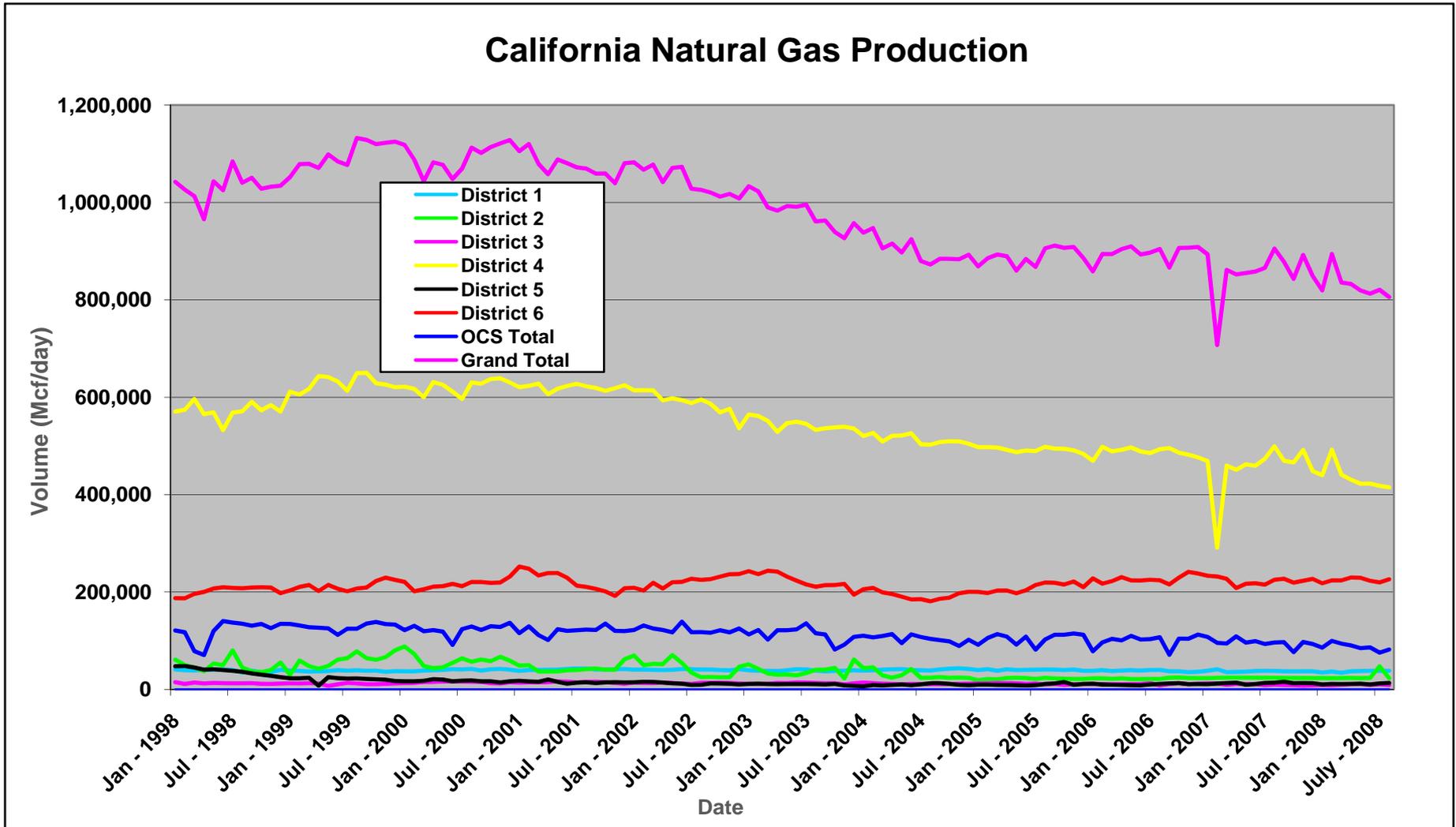
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Jim Champion

Department of Conservation

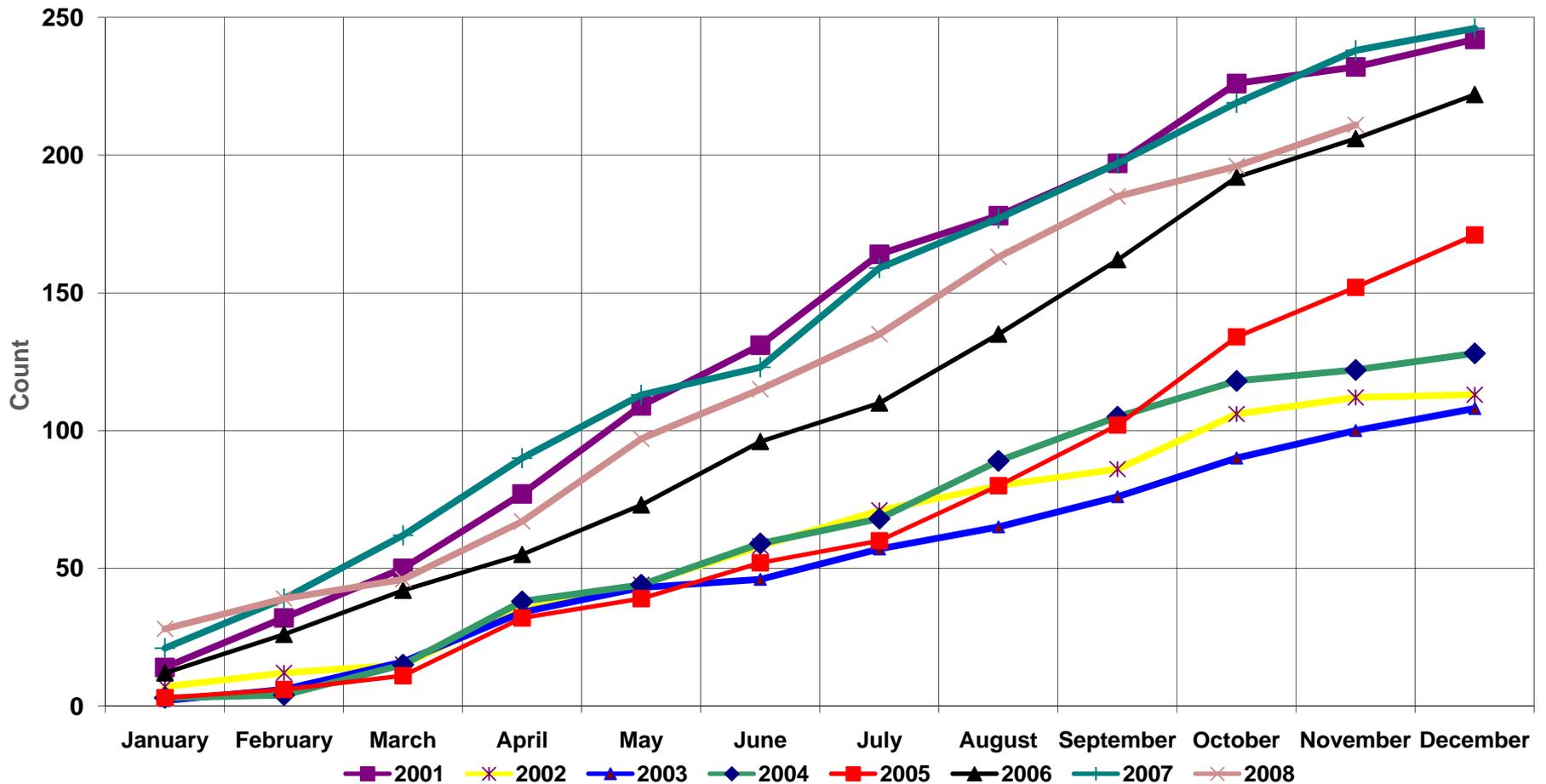
California Natural Gas Production



California Drilling Permits



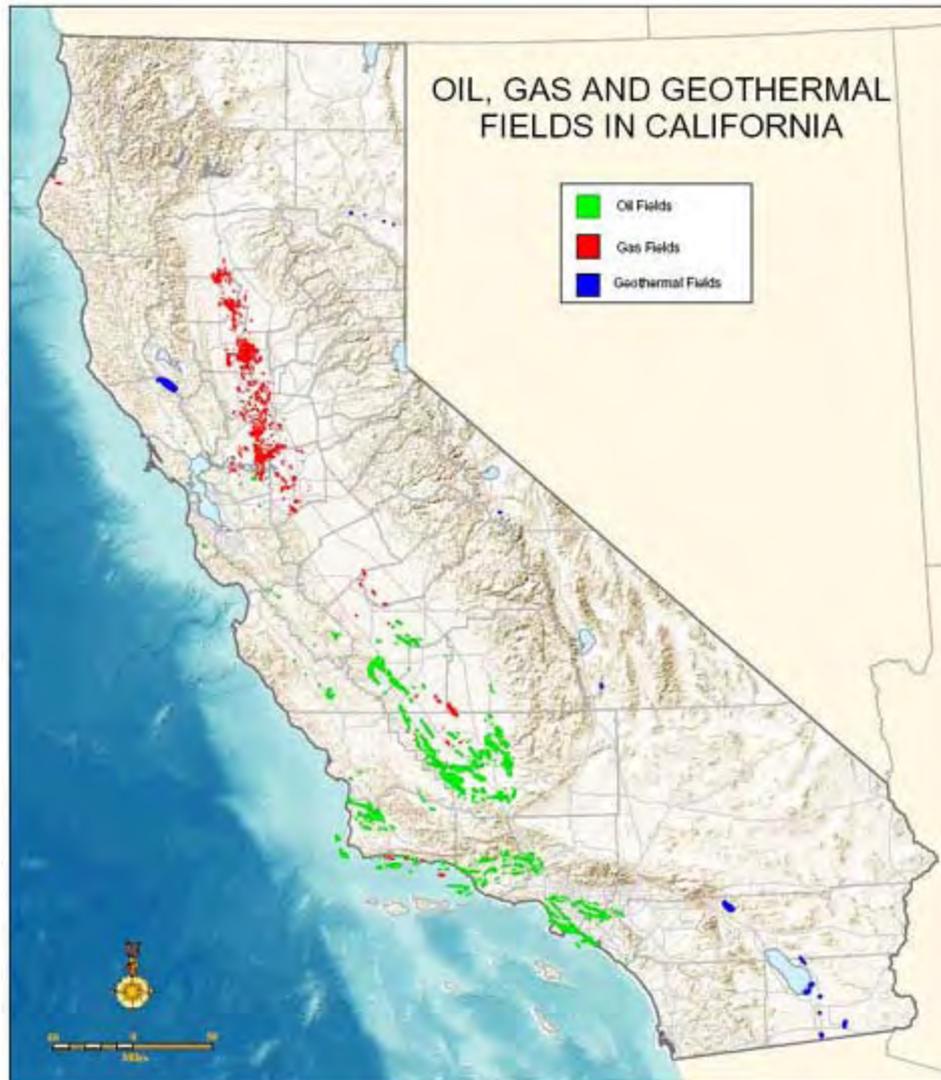
Drilling Permits Issued for the Sacramento Valley



DOGGR Districts



California Fields



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Questions/New Issues