



Energy Commission Staff Presentation

Natural Gas Stakeholders Working Group

December 6, 2012

Robert Kennedy

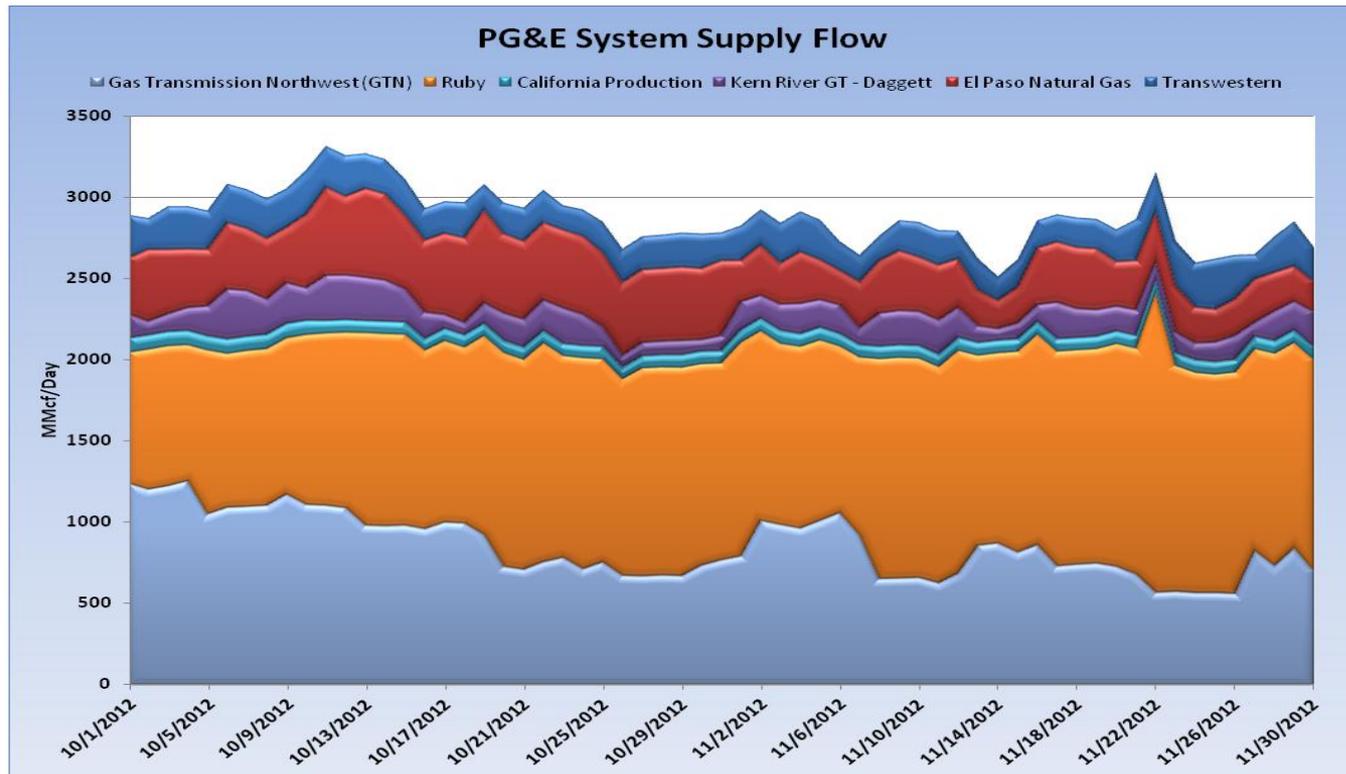
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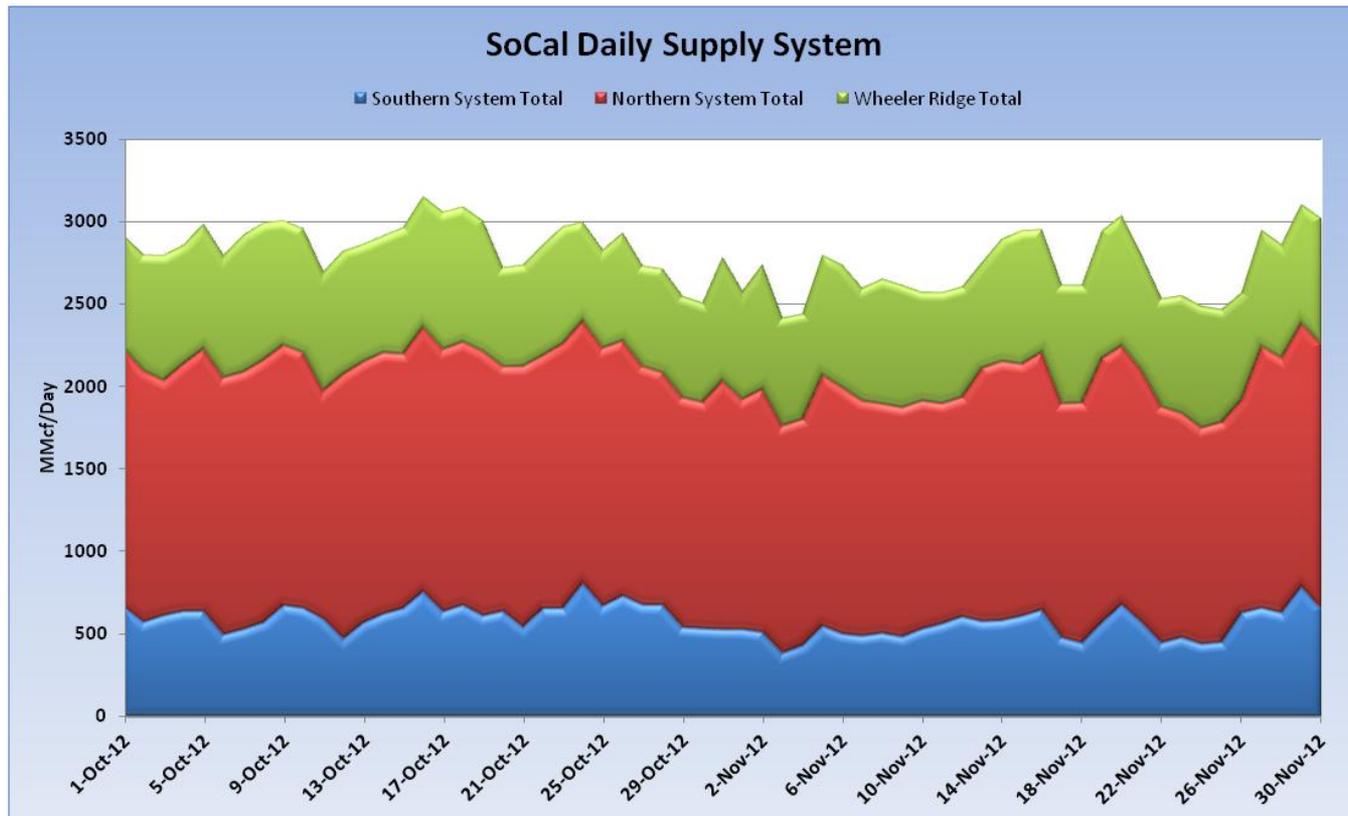
Supply From Canada Declines as Other Pipelines Ramp Up



Source: PG&E Pipe Ranger 10/31/12



Southern California Natural Gas Supply with SONGs Out

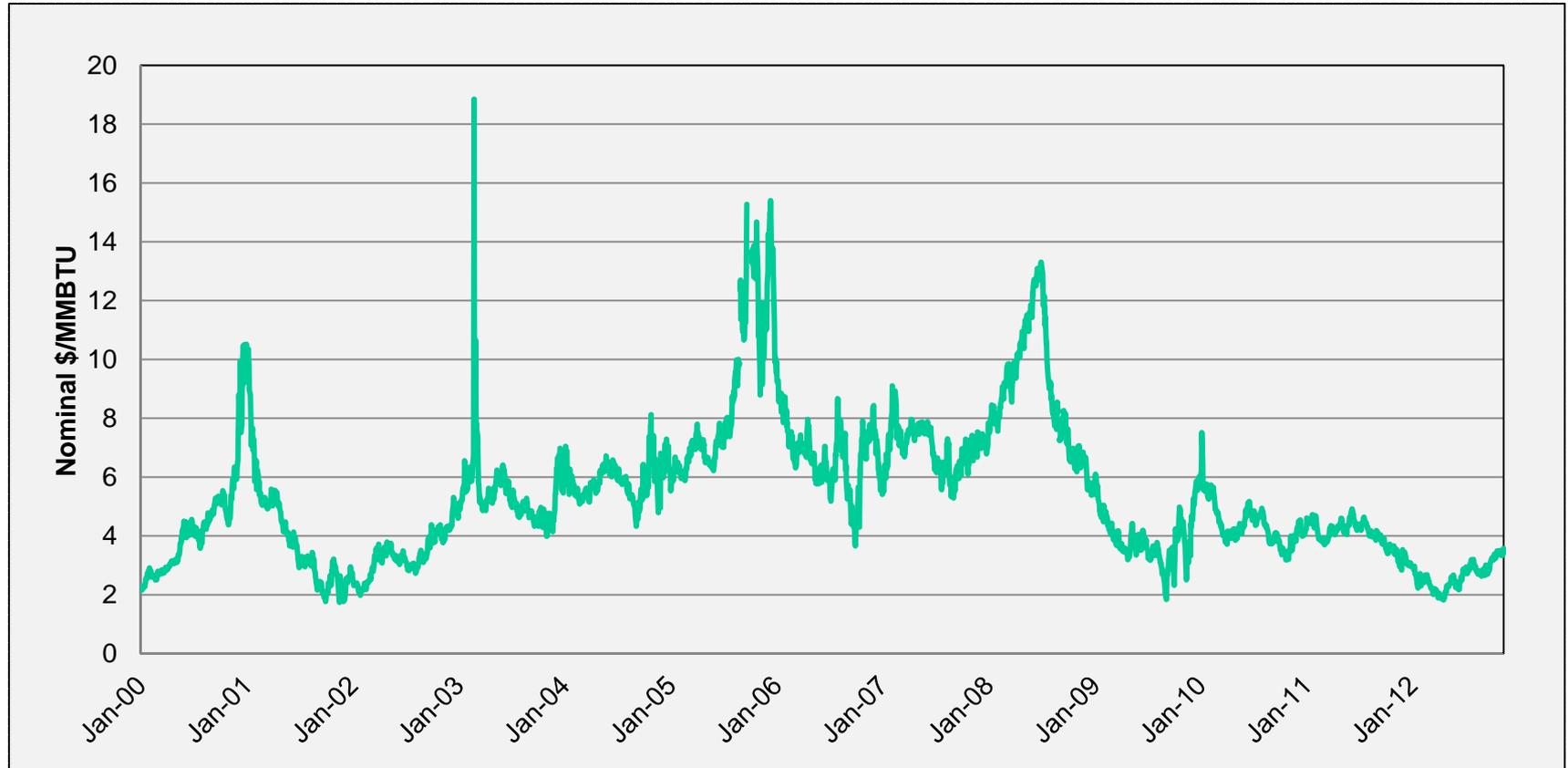


Source: SoCal Envoy 10/31/12



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Average duration between price spikes: 2 years
Prices dipped below \$2 three times in the last 12 years

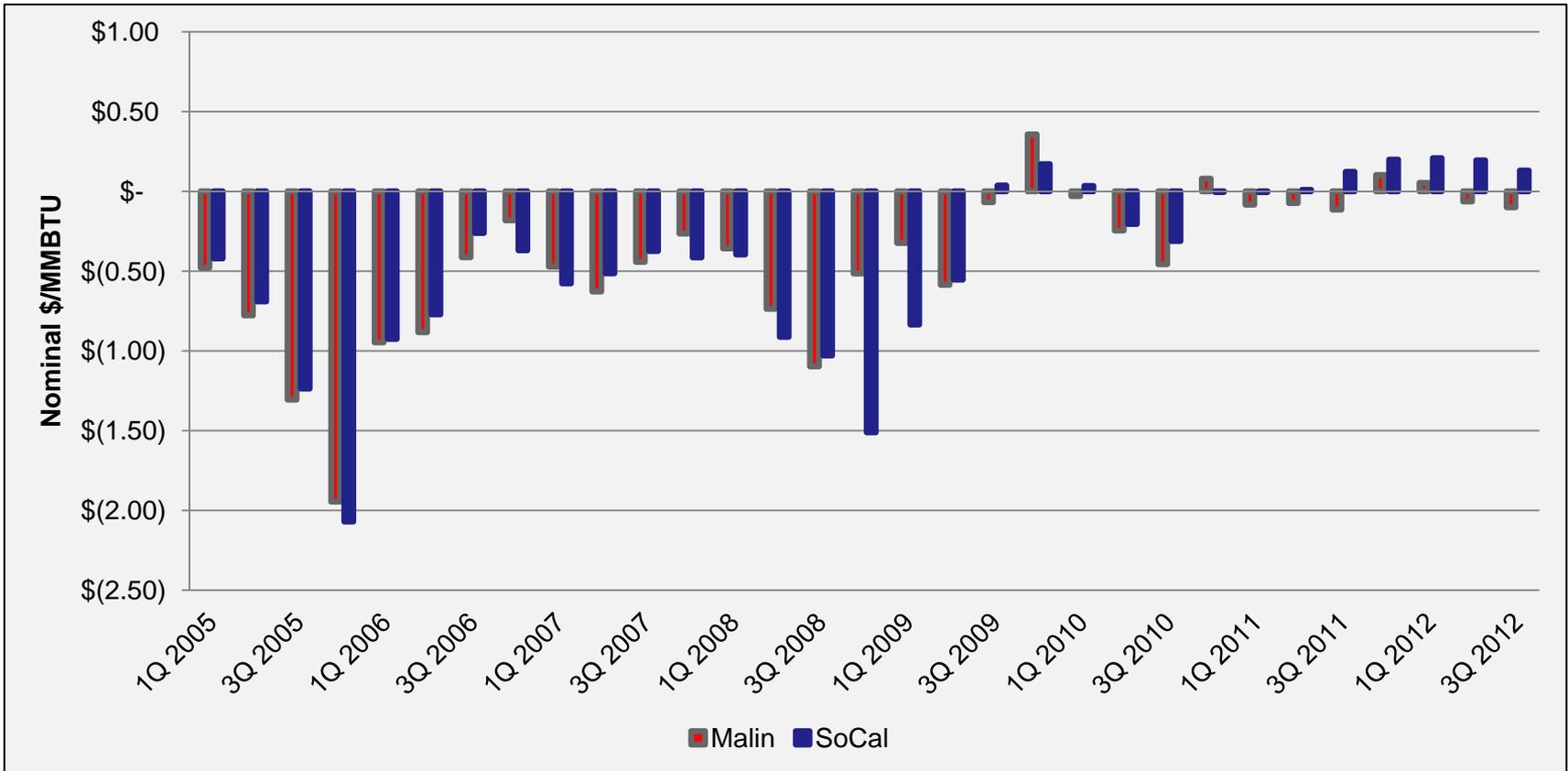


Source: Energy Information Administration



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Basis for California gas prices have stabilized over last few years. This became more apparent starting in 2010.

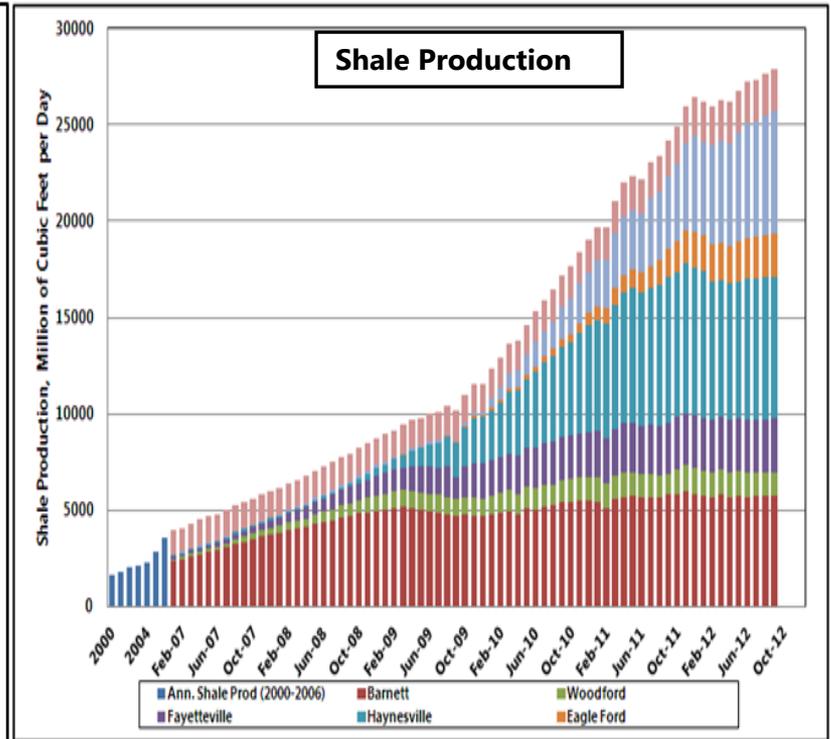
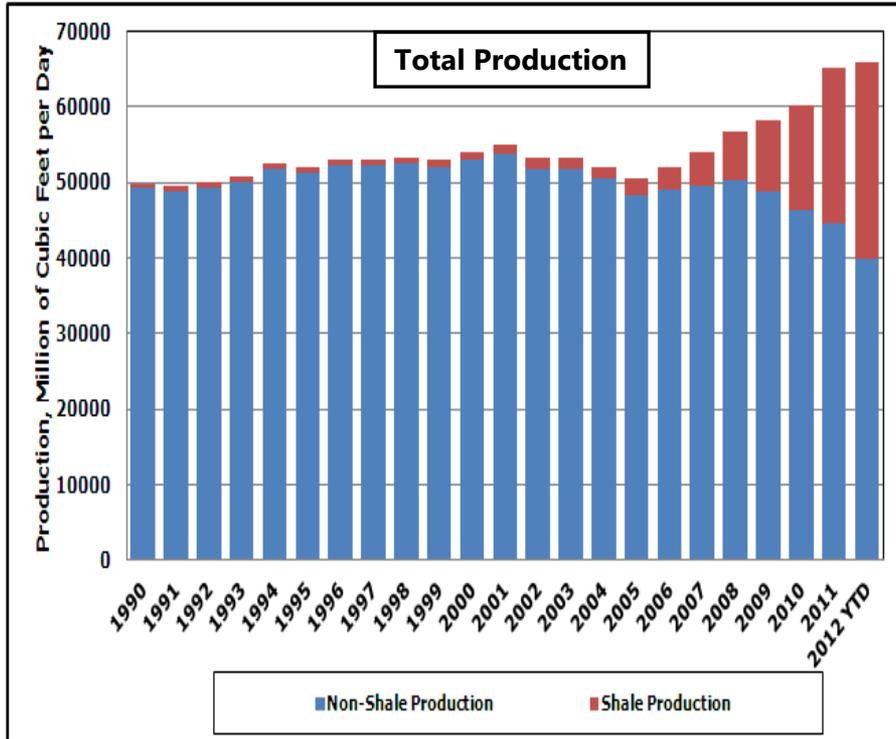


Source: Natural Gas Intelligence



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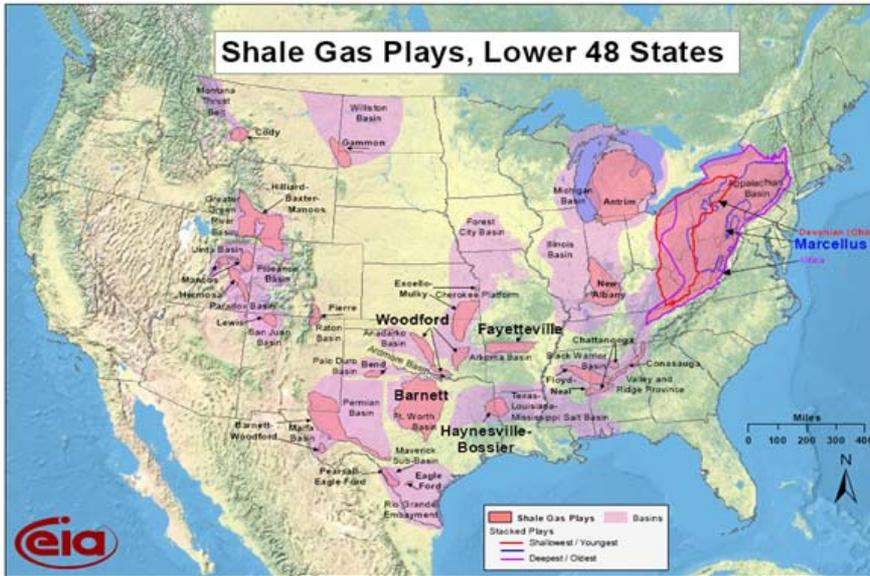
Current Trend: Total Lower 48 natural gas production is rising; Shale Production contributes larger share



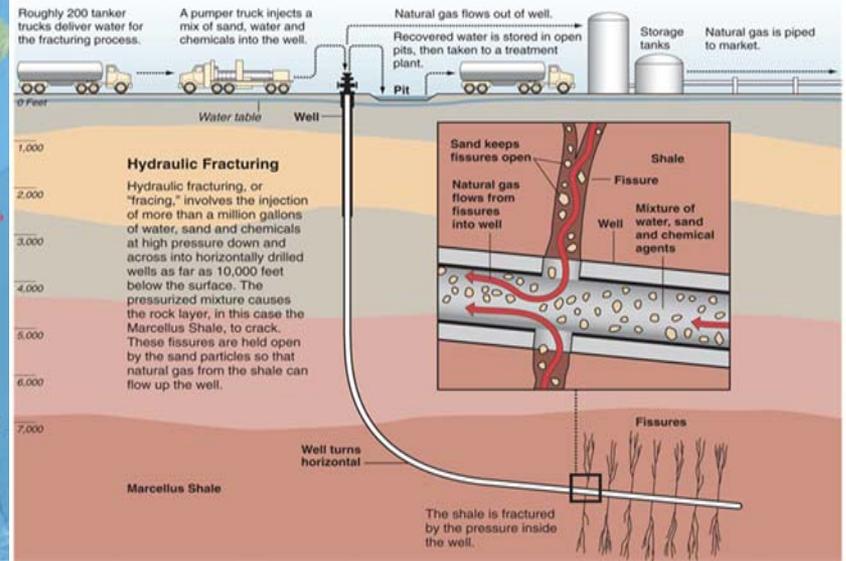
Source: Lippman Consulting, EIA



Current Trend: Environmental Concerns are Creating Challenges for Natural Gas Production



Graph A



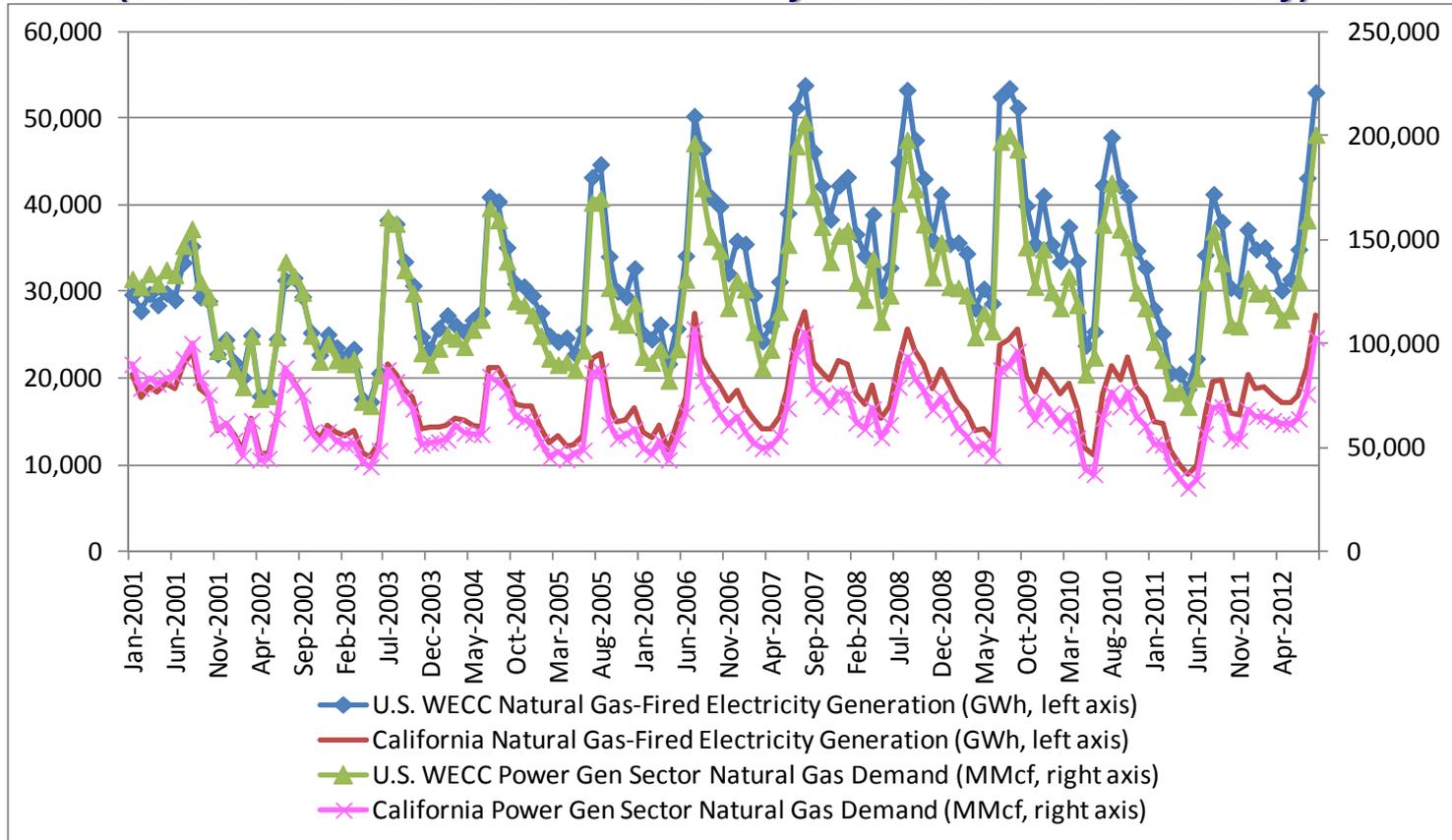
Graph B

- Graph A shows all Shale Gas “Plays” in the Lower 48;
- Graph B shows the drilling and completion of a horizontal well;
- The development of shale formations has led to several environmental challenges.



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Western U.S. and California Electric Power Sector Natural Gas Demand and Generation, January 2001 – August 2012 (Sources: U.S. EIA Natural Gas Monthly and Electric Power Monthly)



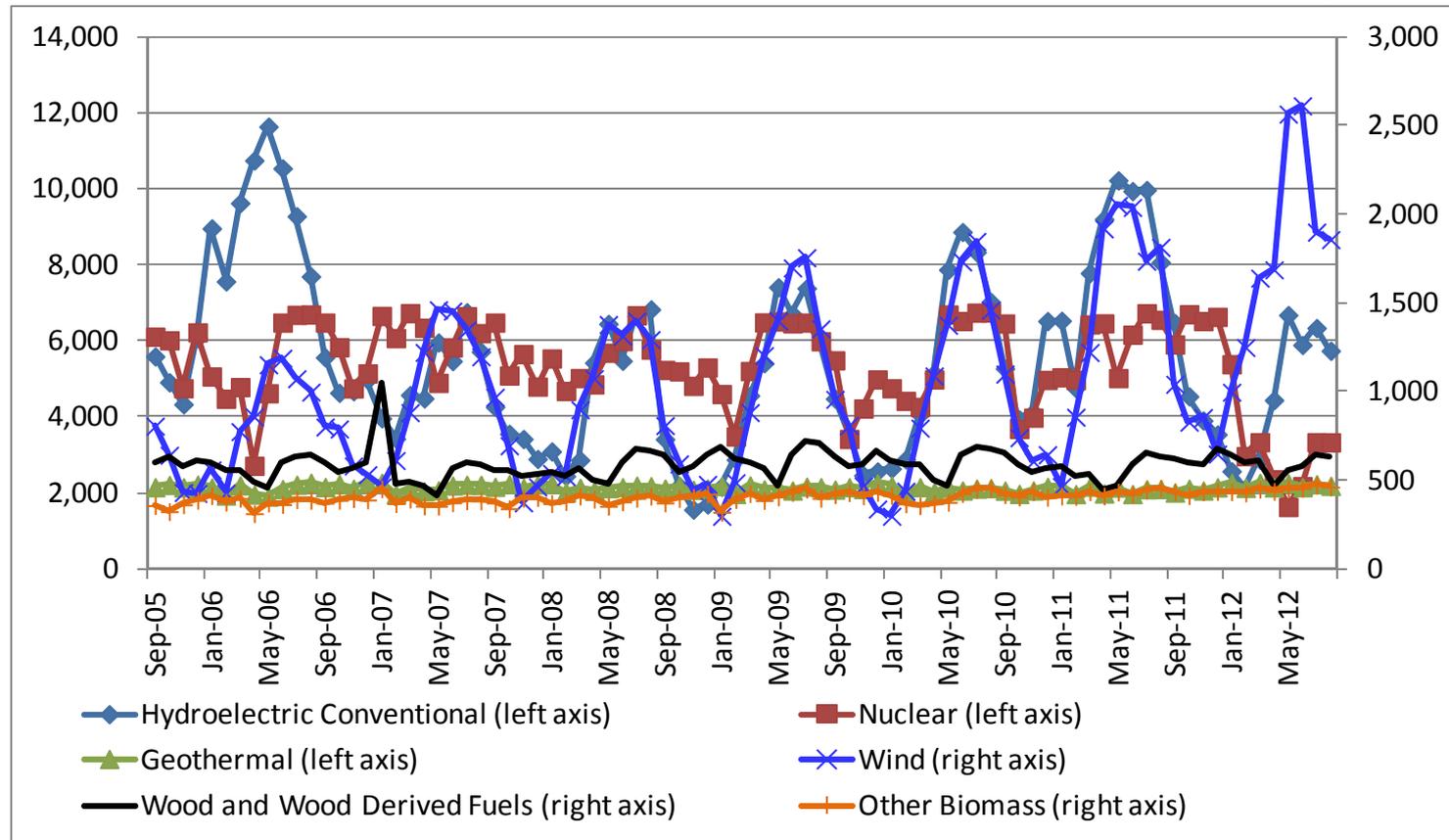
This chart compares natural gas demand and gas-fired electricity generation for both the U.S. WECC states and California. The California trends for the past decade are pretty flat, yet the WECC trends climb steadily before dropping off during the Great Recession.



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California Electric Generation Fuel Types (GWh)

Source: October 2012 U.S. EIA Electric Power Monthly



Charted here are the six fuels that, from January to August 2012, account for the six largest shares of electricity generation in California after natural gas. The most interesting trend is the growth of wind generation.



Questions or Comments?

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