

Association of Energy Engineers Southern California Chapter
Annual Power Lunch

Natural Gas

Presented by Gary Lenart
1/20/2022

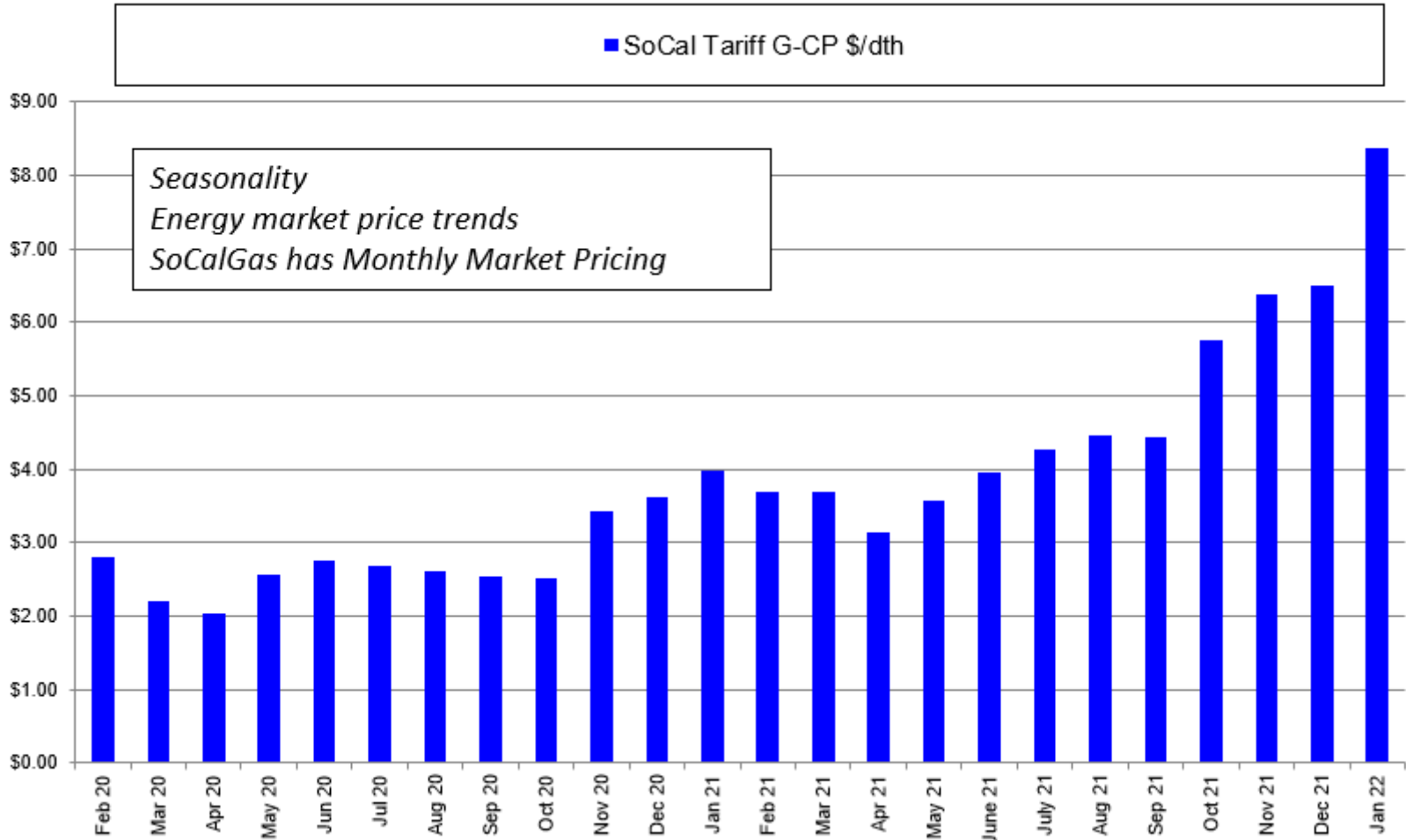


A  Sempra Energy utility

Topics Covered

- Natural Gas Market Price
- SoCalGas Transportation Rates
- Public Purpose Program Surcharge
- California's Cap and Trade Charge
- Monthly Gas Bill

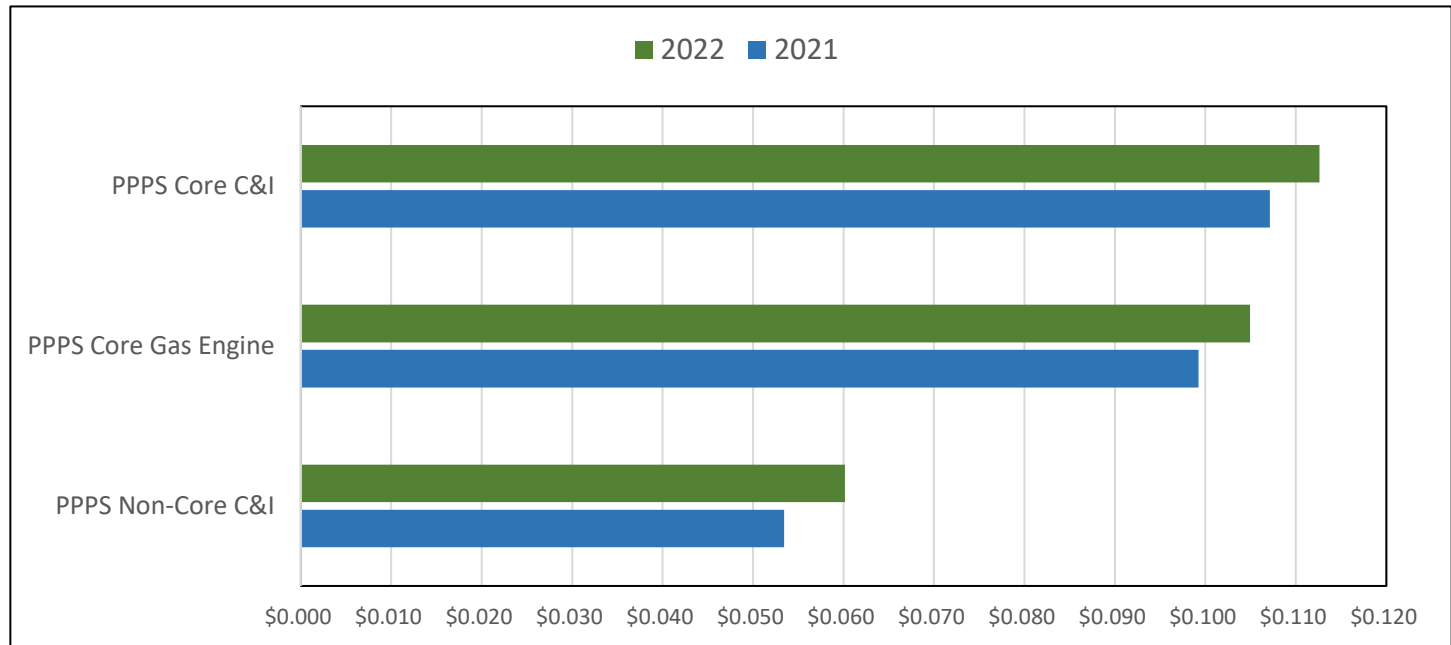
Natural Gas Market MONTHLY Prices \$/mmbtu



SoCal Tariff G-CP is the Core Procurement Tariff authorized by the Public Utilities Commission

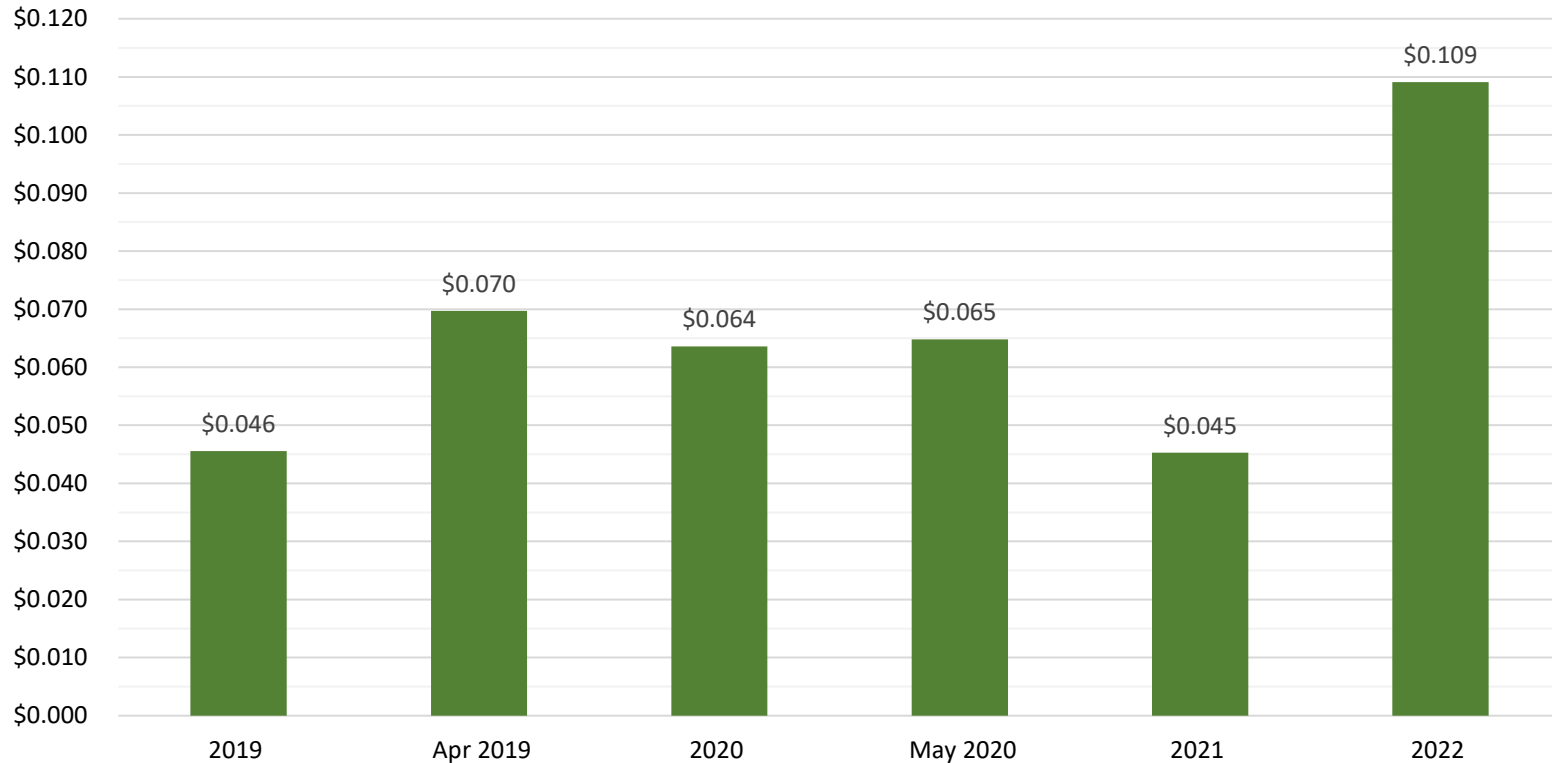
Public Purpose Program Surcharge \$/therm

(low-income assistance (CARE) and energy efficiency programs)



Increase in PPPS is due to higher CARE costs and increases in Energy Efficiency programs

Cap-and-Trade Costs \$/therm



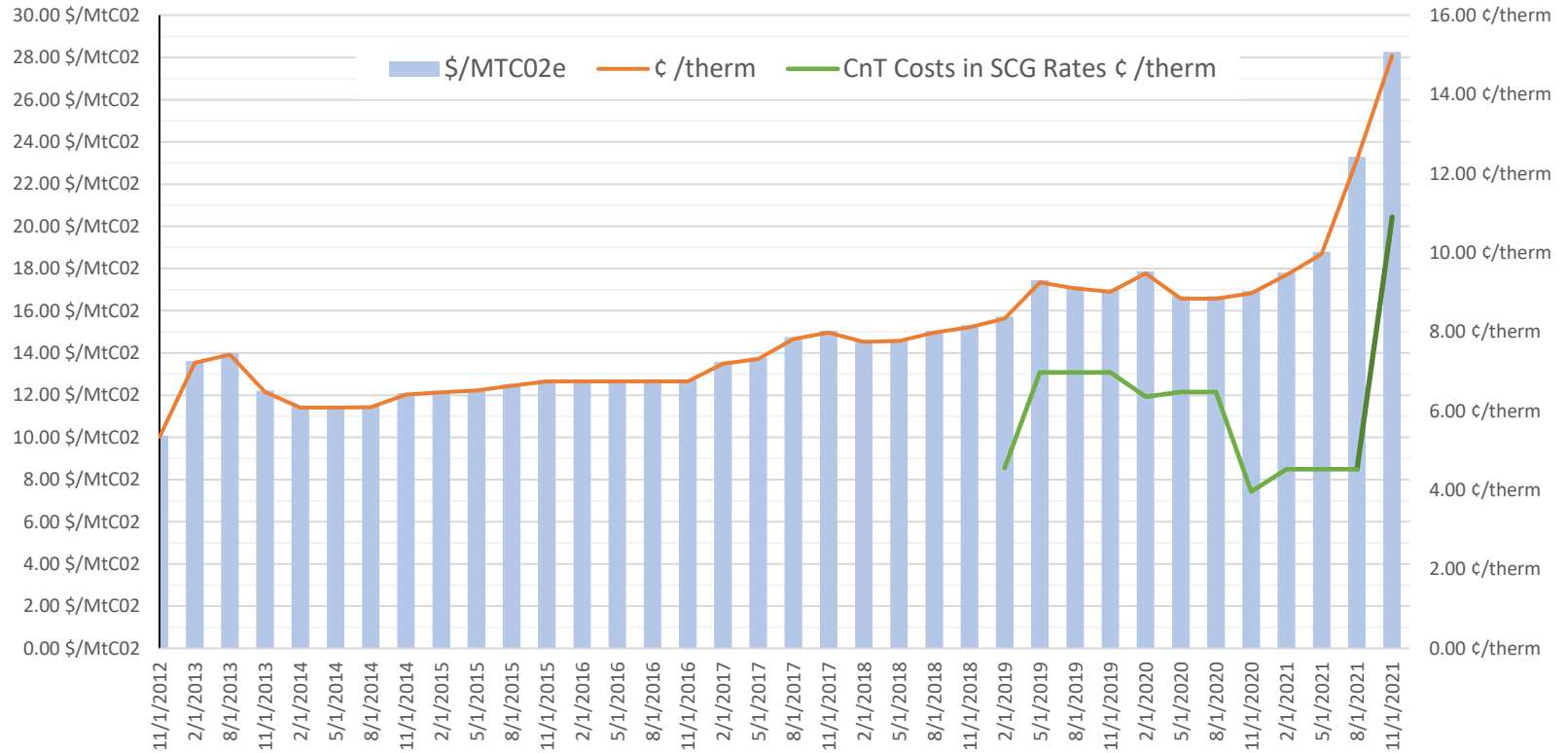
The Cap-and-trade charges began in 2019 and are embedded in Transportation Rates.

Increase for 2022 follows auction price trend

GHG Cap and Trade Allowance Market Prices

GHG Cap and Trade Allowance Market Prices
 (left axis is \$/metric ton of CO₂
 right axis is converted to effective \$/therm)

<https://ww3.arb.ca.gov/cc/capandtrade/auction/auction.htm>



Latest Auction Results	11/1/2021
Auction Price	28.26 \$/MtCO ₂
conversion Mtons of CO ₂ /therm	0.005302
Equivalent Price \$/therm	14.98 c/therm

Cap and Trade – What Happened?

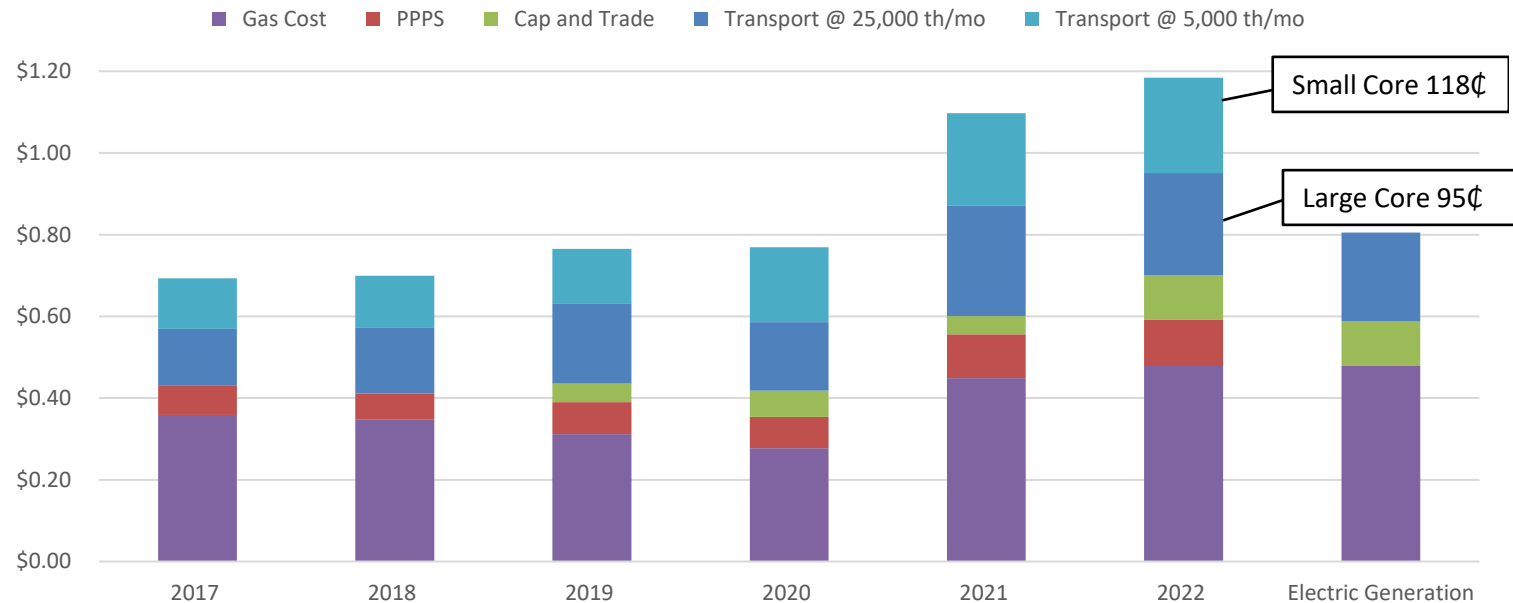
- Increasing Auction Prices for allowances
- Free Allowances allocated to the Utilities by California Air Resources Board declines 5%/year
- Annual Cap declines over time, resulting in fewer allowances available in the auctions

Impact on Monthly Gas Bill

- Transportation
- Cap and Trade Charge
- Public Purpose Program Charge
- Gas Cost
- Utility User Tax (not shown, varies based on municipality, commonly 0% to 5% of gas bill)

Monthly Bill for Core Customers

SoCalGas Core Commercial/Industrial Rate
Effective Rates \$/therm Includes Gas costs, transportation & surcharges



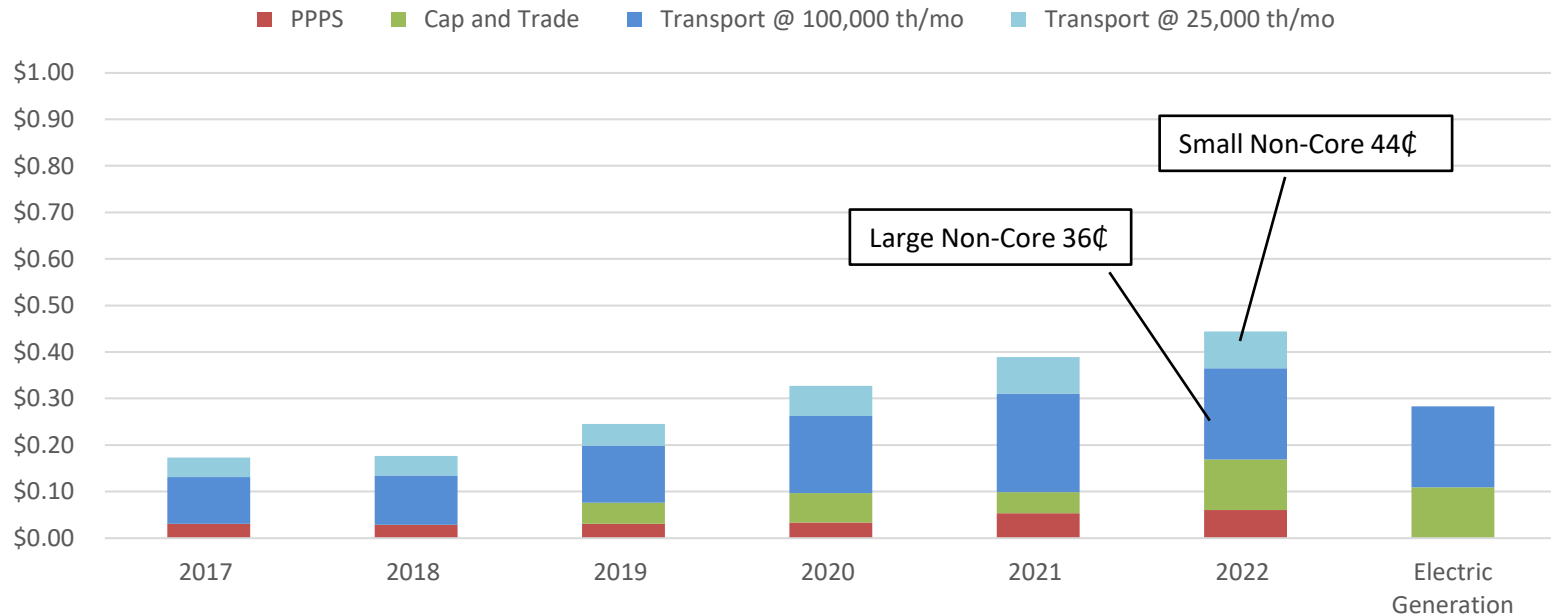
- *Transport rates mainly increased due to Adjustment to Cap-and-Trade from 4.5 cents to 10.9 cents, The 6.4 cent increase was due to the market price of Cap-and-Trade Allowances*
- *Gas Costs represents the average rate for the 12 months of each year*
- *2022 Gas Cost represents the average rate last 13 months Jan 2022 – Jan 2021*

Small, on-site generation typically under 1MW

Monthly Bill for Non-Core Customers

(excludes Gas Costs that are purchased by customer)

SoCalGas Non-Core Commercial/Industrial Rate Effective Rates \$/therm Includes transportation & surcharges



Transport rates mainly increased due to Adjustment to Cap-and-Trade from 4.5 cents to 10.9 cents, The 6.4 cent increase was primarily due to the market price of Cap-and-Trade Allowances

Typically, Cogen or on-site generation for in-house use, not sold to grid.
Rate applies to gas use up to 3,000,000 Therms/year, not based on MW size.

Questions?

SoCalGas Transmission System

