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Pacific Gas and Electric Company Comments on the Revised Natural Gas Outlook Staff Report

Additional submitted attachment is included below.

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**VIA E-MAIL DOCKET@ENERGY.
CA.GOV**

California Energy Commission
Dockets Office, MS-4
Docket No. 15-IEPR-03
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket 15-IEPR-03: Pacific Gas and Electric Company Comments on the 2015 Revised Natural Gas Outlook Staff Report

I. Introduction

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments on the 2015 Revised Natural Gas Outlook Staff Report (Revised Outlook) which was presented during the California Energy Commission (CEC) Workshop on November 3, 2015.

PG&E appreciates that the Revised Outlook incorporates PG&E comments on the Preliminary Natural Gas Outlook, and now better reflects current market conditions. PG&E offers additional suggestions for staff consideration below.

II. Historical Data in Price Projection Charts

The Revised Outlook contains a number of figures which include historical and forecast natural gas price data. PG&E suggests that the red trend line representing the mid-demand case in Figure 1 on page 3 of the Revised Outlook (and in the identical Figure 4 on page 21) start at 2015 to avoid confusion with the actual historical data for 2012 to 2014.

Similarly, PG&E suggests that Figure 6 on page 22 of the report, portraying price differentials, omit the forecast prices (portrayed by dark red and green bars) for the years 2012 to 2014.

III. United States Demand and Production Forecasts

The Revised Outlook contains figures portraying natural gas demand and production for the United States. PG&E offers the following for staff consideration:

- Differing time horizons are used in various forecasts. For example, the time horizon of Figure 13 on page 29 is to 2030, while the California End-Use Natural Gas Forecast in Chapter 3 (pp. 32-43) goes out to 2024, and Figures 28 (page 48) and 30 (page 50) provide information to 2020. PG&E suggests the CEC use a consistent time horizon for all forecasts (i.e., to 2030), and/or provide an explanation when different time frames are used.
- PG&E notes an apparent inconsistency between Figure 28 and Figure 30. In Figure 30, midcase US production is shown to be approximately 93 Bcf/d in 2020; however, the total 2020 production levels in Figure 28 add up to approximately 85 Bcf/d, with no case identified. A caption could help explain the discrepancy.
- PG&E also notes that the balance of the nationwide natural gas demand and production forecasts implies very high levels of exports. In 2020, the midcase for nationwide domestic demand is projected to be 74 Bcf/d (Figure 11), while the midcase for total domestic gas production is approximately 93 Bcf/d (Figure 30). This implies approximately 19 Bcf/d of net gas exports; however, this number is not consistent with the total projected levels of liquid natural gas (LNG) exports and exports to Mexico and Canada portrayed elsewhere in the report (Figures 36, 37, 38). PG&E recommends that staff address this apparent inconsistency.

IV. Conclusion

We appreciate the opportunity to comment on the 2015 Revised Natural Gas Outlook Staff Report, and commend CEC staff on their constant effort to refine and improve this forecast.

Sincerely,

/s/

Nathan Bengtsson