



GDS Associates, Inc.  
Engineers and Consultants



<b>DOCKET</b>	
<b>09-IEP-1J</b>	
DATE	MAR 18 2009
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STATE OF CALIFORNIA – THE RESOURCES AGENCY

Arnold Schwarzenegger, Governor

**California Energy Commission**

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Website: [www.energy.ca.gov](http://www.energy.ca.gov)  
Consumer Website: [www.ConsumerEnergyCenter.org](http://www.ConsumerEnergyCenter.org)  
Children's Website: [www.energyquest.ca.gov](http://www.energyquest.ca.gov)



In the Matter of:

Preparation of the  
*2009 Integrated Energy Policy Report*

Docket No. 09-IEP-1J

NOTICE OF COMMITTEE  
WORKSHOP RE: Natural Gas  
Procurement by Utilities

Dear California Energy Commission and Staff,

March 18, 2009

GDS Associates, Inc. (“GDS”) and Empowered Energy (“EE”) are pleased to file comments in the matter of the preparation of the 2009 Integrated Energy Policy (“IEPR”), Docket No. 09-IEP-1J. GDS and EE have reviewed the presentation made by Shell Energy North America (“Shell”) in a recent workshop related to this matter. GDS and EE have experience on point with the content matter in Shell’s presentation dated March 10, 2009 for the Joint IEPR and Electricity & Natural Gas Committee Workshop on Natural Gas Core and Non-Core Procurement workshop held that same day. In particular, GDS and EE performed an extensive study of natural gas hedging by an investor owned utility (“IOU”) in a neighboring state. In that study, even with significant ratepayer dollars spent on hedging, a similar outcome was found to that pointed out in the graph in Shell’s presentation on the page entitled “Actual & Benchmark Prices and Volatility.” That is, while significant ratepayer dollars were expended, there was no material impact on the natural gas price volatility experienced by the ratepayers and, consequently, no return to the ratepayers for the dollars invested. GDS and EE would encourage the Commission to consider acquiring independent analysis of how dollars invested by ratepayers can be better deployed by California’s IOUs to provide reasonable returns on the ratepayer dollars invested by the IOUs in their price hedging efforts.

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