



Impact of Variations in Renewable Generation on California's Natural Gas Infrastructure

Joint IEPR and Renewables Committee Workshop

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Geoffrey N. Brand PhD
Project Manager
gbrand@icfi.com

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Kevin R. Petak
Vice President, Gas Market Modeling
kpetak@icfi.com

Frank E. Brock
Senior Energy Market Specialist
fbrock@icfi.com

Research Purpose

- To explore the impact of variations in renewable power generation on California's **natural gas** infrastructure.
 - Impact on gas-fired power generation
- Project the adequacy of California's natural gas pipeline and storage to meet a peak day (January) in 2020.
- ICF modeled California natural gas infrastructure in 5 different scenarios for meeting a 33% Renewable Portfolio Standard (RPS) by 2020.
 - Varied weather conditions
 - Varied renewable generation mix
 - Varied amount of solar and wind generation available

Assumptions

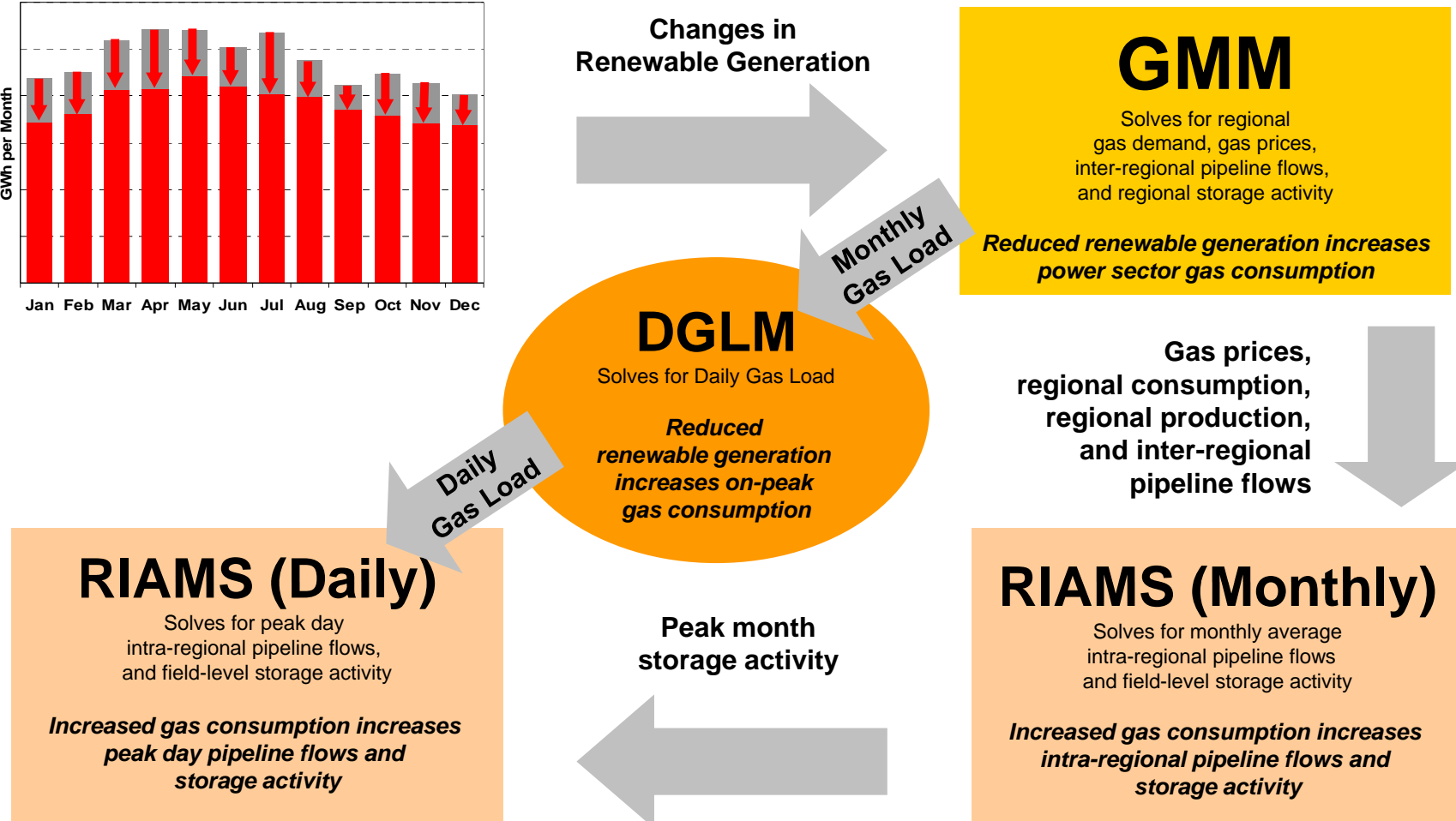
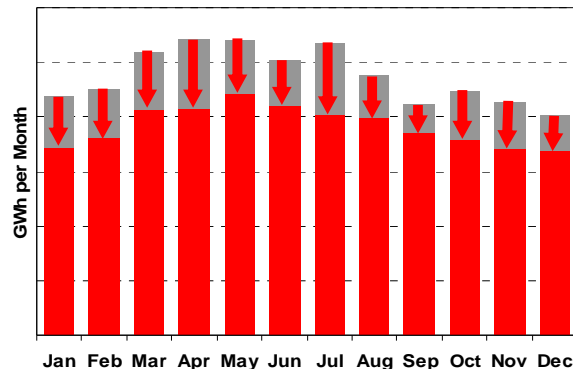
- Power assumptions were based on 33% RPS scenarios developed by the CPUC for the 33% Implementation Analysis Working Group Meeting on January 15, 2009.
 - Renewable generation mix (Reference, High Wind, High Central Station Solar).
 - Electricity demand growth rate is consistent with the CEC's 2007 projection of 1.1% per year growth through 2020.
- Other natural gas assumptions based on ICF's January 2009 Base Case:
 - Residential, commercial, and industrial gas demand
 - Natural gas pipeline and storage infrastructure additions.

Case Descriptions

- 1) 33% RPS Reference Scenario,
Expected Renewable Generation
Normal Weather.
- 2) 33% RPS Reference Scenario,
Expected Renewable Generation,
Adverse Weather - Colder Winters / Hotter Summers.
- 3) 33% RPS Reference Scenario,
Reduced Renewable Generation (Solar and Wind) – Increased Gas Generation
Adverse Weather - Colder Winters / Hotter Summers.
- 4) 33% RPS **High Wind** Scenario,
Reduced Renewable Generation (Solar and Wind) – Increased Gas Generation
Adverse Weather - Colder Winters / Hotter Summers.
- 5) 33% RPS **High Central Station Solar** Scenario,
Reduced Renewable Generation (Solar and Wind) – Increased Gas Generation
Adverse Weather - Colder Winters / Hotter Summers.

Modeling of Reduced Renewable Generation Cases

Projected 2020 Renewable Generation
for "Reduced Generation" Case



California's Projected Electric Generation

California Electricity Generation, TWh/year							2008-20	2008-20
	2007	2008	2009	2010	2015	2020	Delta	CAGR
Gas	117	121	101	100	102	90	(31)	-2.5%
Oil	4	4	4	4	4	4	(0)	-0.4%
Coal	2	3	3	3	3	3	-	0.0%
Large Hydro	25	21	26	31	31	31	10	3.2%
Nuclear	36	35	37	35	38	37	1	0.3%
Renewables	28	31	34	37	61	85	54	8.8%
Total	213	216	204	210	238	249	33	1.2%
Net Electricity Imports	92	93	94	95	100	104	11	0.9%
<i>Renewables Imports</i>	7	8	9	10	14	18	10	7.1%
Net Energy for Load	306	309	298	305	338	353	44	1.1%
Total Renewables	36	39	42	47	75	103	64	8.5%
Retail Electricity Sales	263	268	258	261	292	309	42	1.2%
<i>Renewables as %</i>	14%	15%	16%	18%	26%	33%		

1. Actual data as reported by EIA and CEC assumed through 2008

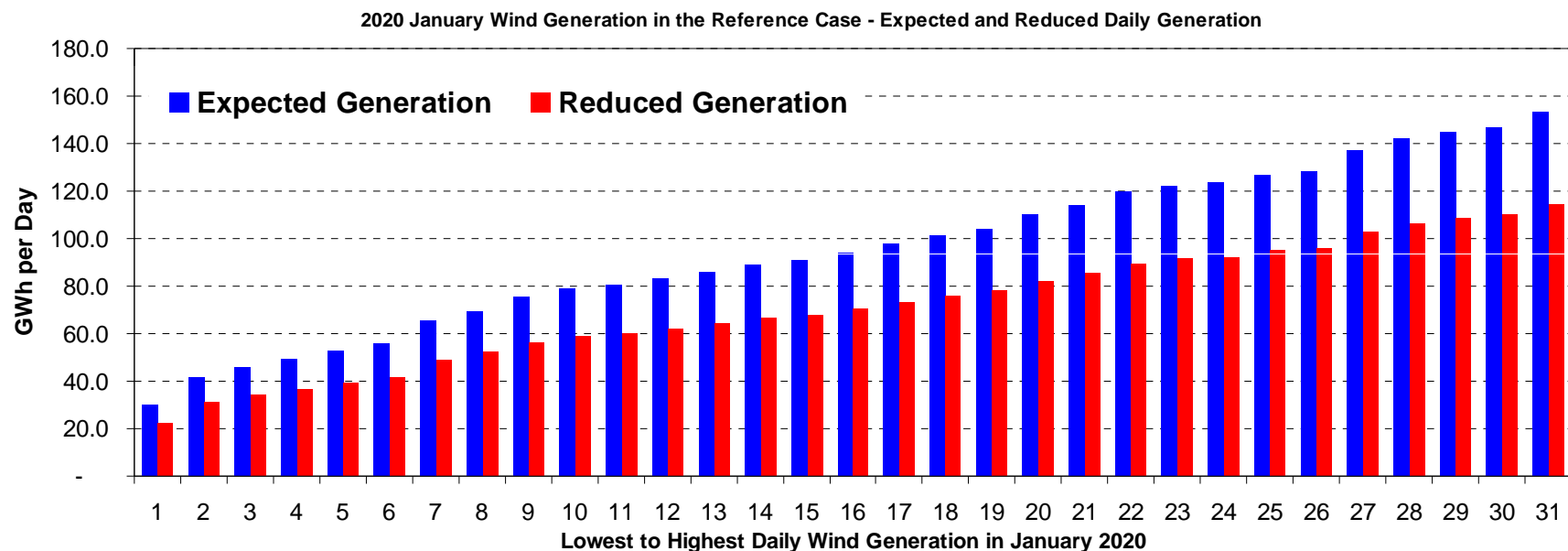
33% RPS Scenarios: Expected Generation in 2020

Generation in GWh per Year	2008 Base Generation /1	Reference		High Wind		High Central Station Solar	
		Incremental Increase	Total Generation	Incremental Increase	Total Generation	Incremental Increase	Total Generation
Wind	5,724	32,685	38,409	42,849	48,573	31,057	36,781
Solar (PV and Thermal)	724	24,815	25,539	11,448	12,172	26,383	27,107
Biomass	5,696	3,050	8,746	4,756	10,452	3,110	8,806
Biogas	-	2,078	2,078	2,078	2,078	2,078	2,078
Geothermal	12,951	11,520	24,471	13,034	25,985	11,520	24,471
Small Hydro	3,761	116	3,877	100	3,861	116	3,877
Total RPS Generation	28,856	74,264	103,120	74,264	103,120	74,264	103,120

Reduced Generation in 2020

	Reference		High Wind		Solar	
	GWh	% Reduction	GWh	% Reduction	GWh	% Reduction
Wind	29,352	-24%	37,119	-24%	28,108	-24%
Solar (PV and Thermal)	23,594	-8%	11,245	-8%	25,043	-8%
Biomass	8,746	0%	10,452	0%	8,806	0%
Biogas	2,078	0%	2,078	0%	2,078	0%
Geothermal	24,471	0%	25,985	0%	24,471	0%
Small Hydro	3,877	0%	3,861	0%	3,877	0%
Total RPS Generation	92,119	-11%	90,741	-12%	92,383	-10%

Example of Reduced Daily Wind Generation Reference RPS, Expected versus Reduced Generation



- For the Reduced Generation cases, we assume a “stress” scenario, in which the lowest wind generation day in January occurs on the highest gas demand day in January.
 - This increases peak day gas demand during the highest gas demand month of the year.

California Gas Balance: Average Annual Day

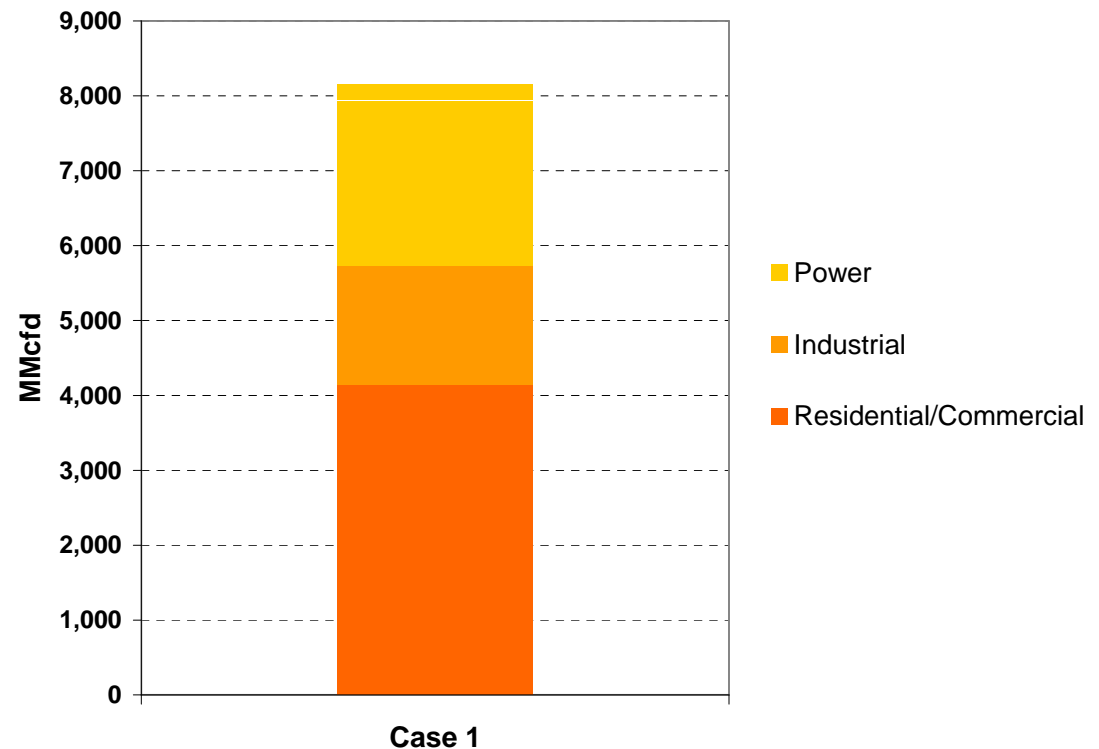
Case 1: 33% RPS Reference Case, Expected Renewable Generation, Normal Weather

Bcfd	2008	2009	2010	2015	2019	2020	2008-20 Delta	2008-20 CAGR
Consumption	6.29	5.58	5.69	5.66	5.44	5.39	(0.9)	-1.3%
Residential	1.43	1.31	1.34	1.30	1.29	1.29	(0.1)	-0.8%
Commercial	0.67	0.66	0.66	0.65	0.65	0.66	(0.0)	-0.2%
Industrial	1.48	1.35	1.45	1.48	1.50	1.50	0.0	0.1%
Power Generation	2.58	2.13	2.11	2.10	1.86	1.81	(0.8)	-2.9%
Other	0.13	0.13	0.12	0.13	0.13	0.13	(0.0)	-0.4%
Pipeline Exports	0.07	0.08	0.10	0.03	0.09	0.09	0.0	1.6%
To Northern Nevada	0.07	0.08	0.10	0.02	0.02	0.02	(0.1)	-10.4%
To Mexico	-	-	-	0.02	0.07	0.07	0.1	n/a
Production	0.88	0.87	0.84	0.83	0.85	0.85	(0.0)	-0.4%
Pipeline Imports	5.61	4.94	5.03	4.91	4.72	4.67	(0.9)	-1.5%
via Southern Nevada (Kern River)	1.54	1.52	1.53	1.87	1.87	1.87	0.3	1.7%
via Arizona (El Paso, Transwestern)	2.82	1.93	2.01	1.84	1.60	1.58	(1.2)	-4.7%
via Malin	1.23	1.48	1.45	1.18	1.25	1.21	(0.0)	-0.2%
via Mexico (Costa Azul LNG)	0.02	-	0.04	0.02	0.00	0.01	(0.0)	-7.0%
Storage Net Injections / (Withdrawals)	0.02	0.09	0.02	-	-	-	(0.0)	-100.0%
Balancing Item	0.11	0.07	0.06	0.05	0.04	0.04	(0.1)	-8.8%

Case 1: 33% RPS Reference Scenario with Expected Generation and Normal Weather (continued)

- Under normal weather conditions, peak day gas consumption is projected to be 8.2 Bcf, about 20% greater than the peak month average and over 50% greater than the annual average.
- About 50% of the peak day consumption in the residential and commercial sectors, 30% is for power generation, and 20% is for industrial uses.

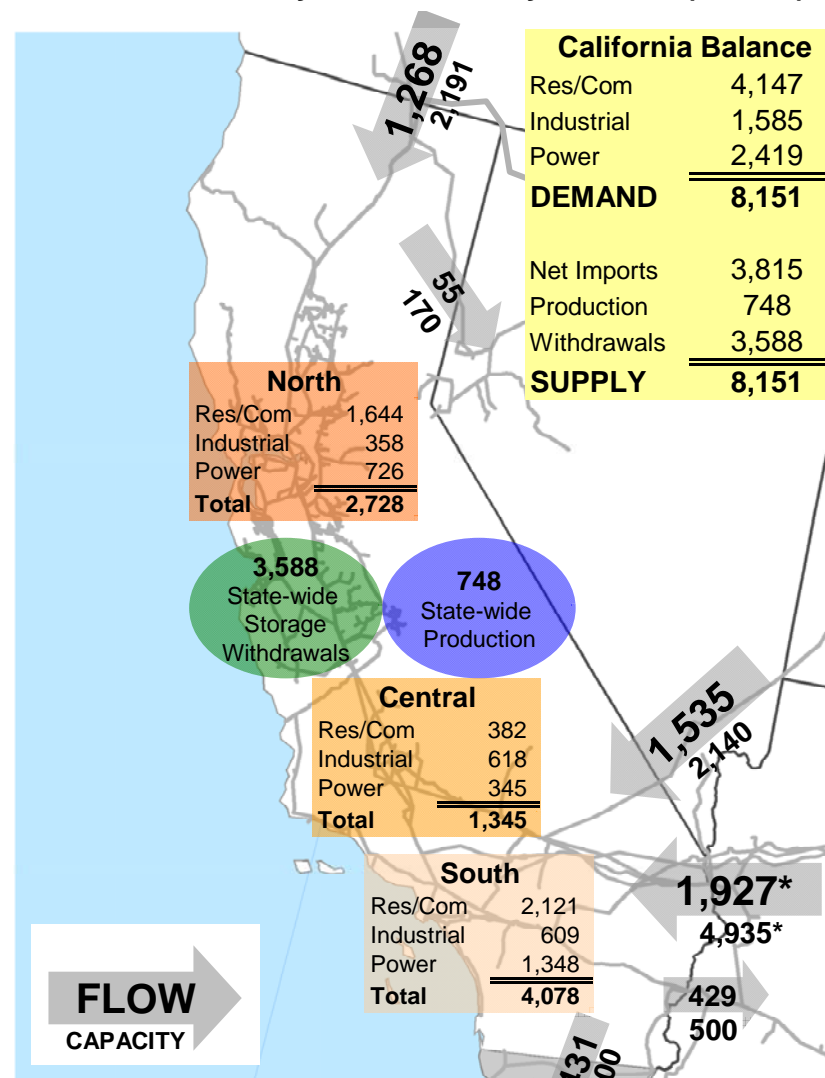
California January 2020 Peak Day Gas Consumption



Case 1: 33% RPS Reference Scenario with Expected Generation and Normal Weather (continued)

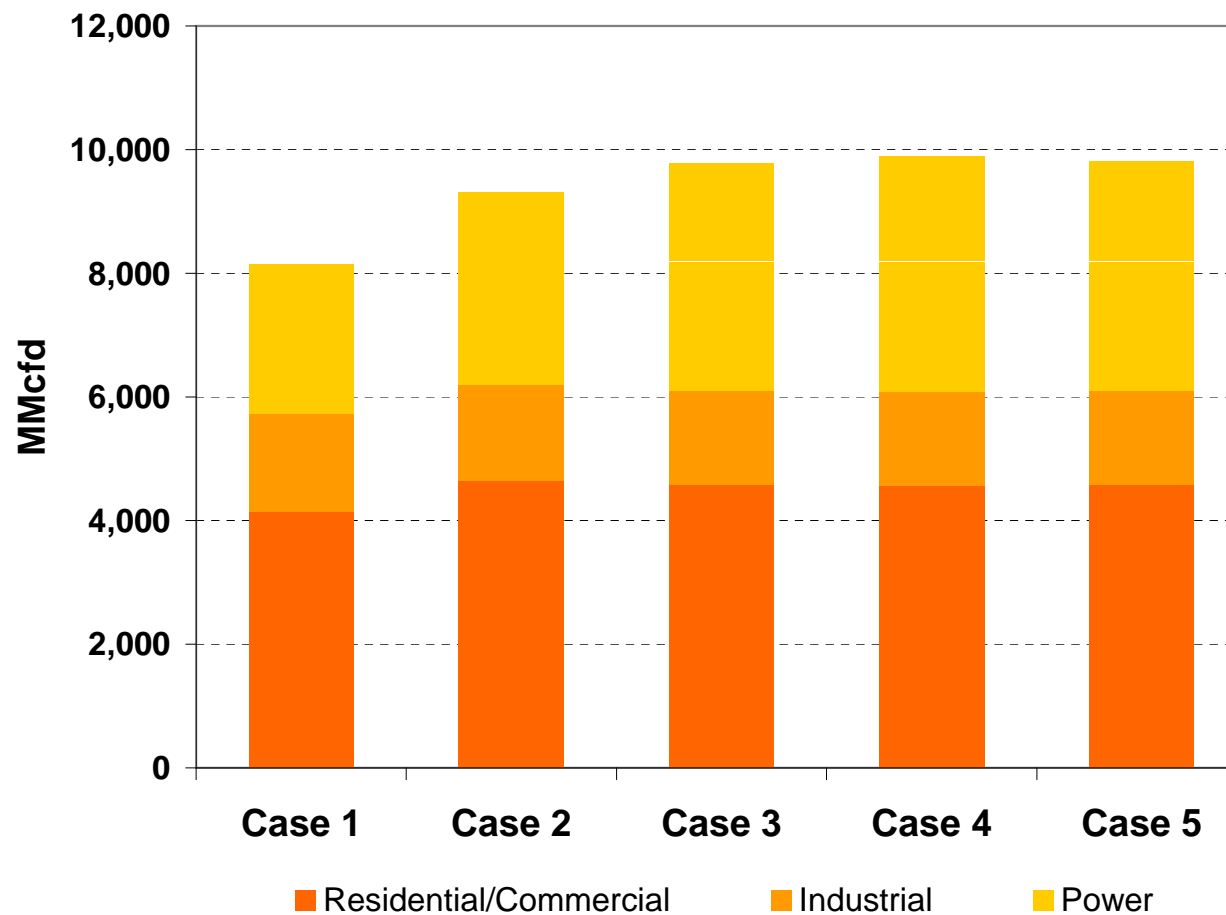
- On the peak gas demand day in January, about 50% of the total demand, and 55% of the power sector demand is in Southern California.
- 47% of peak day demand is met by pipeline imports, 44% by storage withdrawals, and 9% by in-state gas production.

Case 1: January 2020 Peak Day Balance (MMcfd)



* Total of El Paso, Transwestern, and Southern Trails

Case 1: 33% RPS Reference Scenario with Expected Generation and Normal Weather (continued)



Summary of Results

- A 33% RPS leads to declining gas demand in California
 - Even assuming adverse weather and hydroelectric conditions in 2020, total gas consumption is still projected to be lower in 2020 than it was in 2008.
- Reduced renewable generation is not enough to cause significant problems for the State's gas pipeline or gas storage infrastructure.
 - All the reduced renewable generation cases resulted in an incremental increase in peak day gas demand of about 0.5 Bcfd (or 6%),
- Technology mix and geographic diversity in renewables minimizes the potential impact of reduced renewable generation.

Caveats

- This analysis is based on the CEC's 2007 projection of 1.1% per year growth in California's electric load.
- The estimates for wind and solar variability are based on a limited amount of data, so the potential variability in generation may be more or less than represented in this study.
- This analysis assumes that reductions in RPS generation within an area (Northern, Central, or Southern California) will be met with increased gas-fired generation in the same area.
- The pipeline analysis is based on a county-level assessment of mainline capacities, storage field locations, and gas demand.
- This analysis focuses on seasonal and daily variations in renewable generation; the impact of hourly variations has not been assessed.



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