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California Energy Commission

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**Notice of Availability*****Estimating Burner Tip Prices, Uses, and Potential
Issues Staff Report*****Publication #: CEC-200-2013-006****Docket No. 13-IEP-1K**

Electricity resource planners use estimated burner tip prices when making long-term decisions on what types of electric generation and infrastructure to build. Energy Commission staff have developed an approach to converting annual natural gas price forecasts to monthly burner tip price estimates. Natural gas burner tip prices represent the cost of gas for a natural gas-fired electric generator. Burner tip prices include both a commodity and a transportation component. The commodity component is the price of the natural gas at a price hub (Henry Hub, for example). The transportation component is the cost of transporting the gas from a given price hub or basin to the electric generator for consumption.

Forecasted annual natural gas commodity prices from the World Gas Trade Model, and transportation rates from interstate, intrastate, and utility level tariffs are used to estimate burner tip prices. This staff report also examines burner tip price estimates from other agencies, such as the Northwest Power and Conservation Council and the California Public Utilities Commission.

Because natural gas burner tip price estimates play an important role in long term decisions by electricity resource planners, staff is seeking input from interested stakeholders and industry experts. Comments on topic should be directed to Docket # 13-IEP-1K.

Please include the docket # 13-IEP-1K and indicate "Estimating Burner Tip Prices" in the subject line or first paragraph of your comments. Comments may be submitted electronically. Please send your comments in either Microsoft Word format or as a Portable Document File (PDF) by electronic mail to [docket@energy.ca.gov] and copy the technical lead staff at [peter.puglia@energy.ca.gov] or send them on a compact disc to:

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Comments should be submitted by 5 p.m. Pacific time on January 10, 2014.

This staff report is available free from the Energy Commission's website at:

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