



February 1, 2022

Honorable Senator Steven Bradford
35th Senate District
State Capitol, Room 2059
Sacramento, CA 95814

RE: Natural Gas Price Spikes

BY ELECTRONIC TRANSMISSION

Dear Senator Bradford,

Thank you for your January 26, 2023, letter expressing your deep concerns regarding the surge in natural gas prices this winter season in California and throughout the western United States. You urged our agencies to work together to thoroughly investigate the causes of the price spikes by engaging all relevant state and federal agencies and entities, take immediate and longer-term actions to help protect Californians from natural gas price surges, and share our findings with the Legislature and public. We are grateful for the opportunity to engage with you on this important matter.

Our agencies share your concern, and we are taking action. The California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) have been closely monitoring the natural gas markets and examining drivers of the increase in natural gas prices, including unusually cold weather early in the winter season, outages on multiple interstate pipelines, and limitations to natural gas storage in California. We have also been observing that though natural gas prices are rising globally, western states seem to be experiencing even higher natural gas prices, with moderate natural gas prices present in the Midwest and Eastern part of the country.

Throughout December 2022 and January 2023, we directed the investor-owned utilities to enhance communications on these dramatically elevated prices including providing information to customers on how to safely reduce natural gas use, sign up for bill forecasting tools and alerts, and enroll in discounted billing programs if they are eligible. Discounted bill assistance programs include the California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), and Energy Savings Assistance Program (ESA). CARE offers a 30-35% discount on electric bills and a 20% discount on gas bills and FERA offers an 18% discount on electric bills if household income slightly exceeds CARE allowances. ESA provides no-cost weatherization services to customers who meet the CARE income limits.

Additionally, the CPUC is poised to vote on a Proposed Decision tomorrow that would shift the California Climate Credit to provide some bill relief to California ratepayers earlier in the year. The California Climate Credit is a bill credit distributed to customer bills from the auction

proceeds of California's Cap-and-Trade Program. The California Climate Credit is typically applied to utility customer bills in April and October each year. This April, the California Climate Credit is between approximately \$90 and \$120 for the customers of Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company. Customers of PacifiCorp, Bear Valley, and Liberty will also receive an accelerated credit to offset their bills. On February 2, 2023, the CPUC authorized the investor-owned utilities to shift distribution of the Climate Credit on residential customer bills to as soon as practicable to mitigate the impact of the high natural gas prices on customer bills.

The CPUC and CEC will also be hosting an en banc hearing on February 7, 2023, to examine the recent high natural gas prices as well as the crossover impact of high natural gas prices on electricity prices. The hearing will bring together market experts, federal agencies, consumer advocates, the California Independent System Operator, and the investor-owned utilities. The hearing will discuss the drivers of the high natural gas prices in the western states, such as weather changes and pipeline outages, consider the impacts natural gas prices are having on electricity market prices, and explore strategies to address impacts within the CPUC's jurisdiction and within the jurisdiction of other state and federal agencies.

Recognizing that these high natural gas prices are occurring across the western United States, CPUC staff have been consulting with other western states on opportunities to collaborate and draw attention to adverse market conditions. Additionally, the CPUC has engaged staff at the Federal Energy Regulatory Commission to recommend that the federal agency leverage its market surveillance tools to assess whether market manipulation, anticompetitive behavior, or other anomalous activities are driving these ongoing elevated prices in the gas markets.

Thank you again for your letter. Should you have any further questions or concerns please contact Grant Mack, Director of Governmental Affairs, at Grant.Mack@cpuc.ca.gov or (415) 918-1757 or Anna Ferrera, Director of Governmental and Intergovernmental Affairs at Anna.Ferrera@energy.ca.gov or (916) 891-9172.

Sincerely,



Alice Busching Reynolds
President
California Public Utilities Commission



David Hochschild
Chair
California Energy Commission