

**Commissioner Report on Energy Prices
CPUC President Alice Reynolds**

Jan. 12, 2022 Voting Meeting

- For my commission report today, I would first like to comment on a very concerning situation in the natural gas market. Concurrently with the storm conditions impacting California's electrical infrastructure over the last few weeks, our energy system is also being impacted in a less visible way by a dramatic increase in natural gas prices.
- Natural gas costs paid by utilities are passed through at cost directly to utility customers causing residents throughout the state to be faced with higher energy bills this winter. These high bills could continue if these market conditions persist.
- Additionally, given the role that natural gas plays in electricity production, especially during weather conditions that impact the availability of renewable resources, high gas prices impact electricity bills.
- Every year we closely track natural gas prices in preparation for the winter and this year prices have tripled since early December.
- Upon seeing these price spikes in December, we promptly communicated with the investor-owned utilities to enhance customer communications via email, social media, customer calls, bill inserts, community based organizations, television spots, and even text messages to those enrolled in text communications. The Commission has been amplifying those messages through our social media channels.
- This includes information on enrolling in income qualified programs like CARE and FERA, enrolling in seasonal billing plans to stabilize monthly bills, opting into rate forecast tools, and strategies to safely conserve while retaining health, comfort, and safety during the holidays.
- Unfortunately, these spikes in gas prices have persisted and actually increased in January. These prices could be caused by several factors including gas pipelines serving Southern California from the Permian basin

that are under repair, more specifically, the El Paso pipelines; cold temperatures hitting the west earlier than usual; and coal plant retirements outside the state creating increased competition for natural gas.

- While the CPUC does not regulate gas prices or gas producers, given the impact of these high prices on ratepayers, we will be taking additional actions starting with convening an en banc hearing where the commission will consider this issue. The date will be announced soon and we will be using this to bring in market experts to highlight publicly what we are seeing with gas prices and electric prices, examining all the possible drivers behind the gas price spikes and exploring potential actions that can be taken.
- Our staff will also be reaching out to the Federal Energy Regulatory Commission to request that their market surveillance and enforcement staff take a serious look at what is going on in the gas and electric markets in the west. Given this is a west wide issue we have already started communicating with other western states on opportunities to work together on this issue to bring stability for customers.
- In addition, we will be considering shifting the disbursement of the California Climate Credit, which is usually distributed in April to instead provide bill credits as soon as possible to immediate relief for customer bills.