



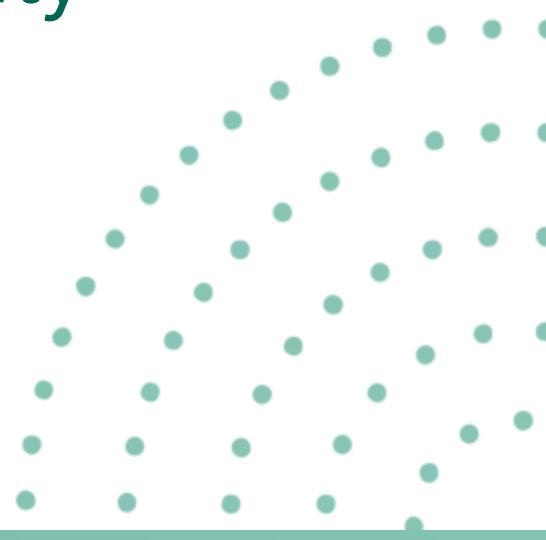
Natural Gas Services

Facilities Management Department – David Voss



Natural Gas Services

- There is no magic bullet, but there are options
- Customers will always pay utility distribution charges.
- The ability to budget for price certainty exists.



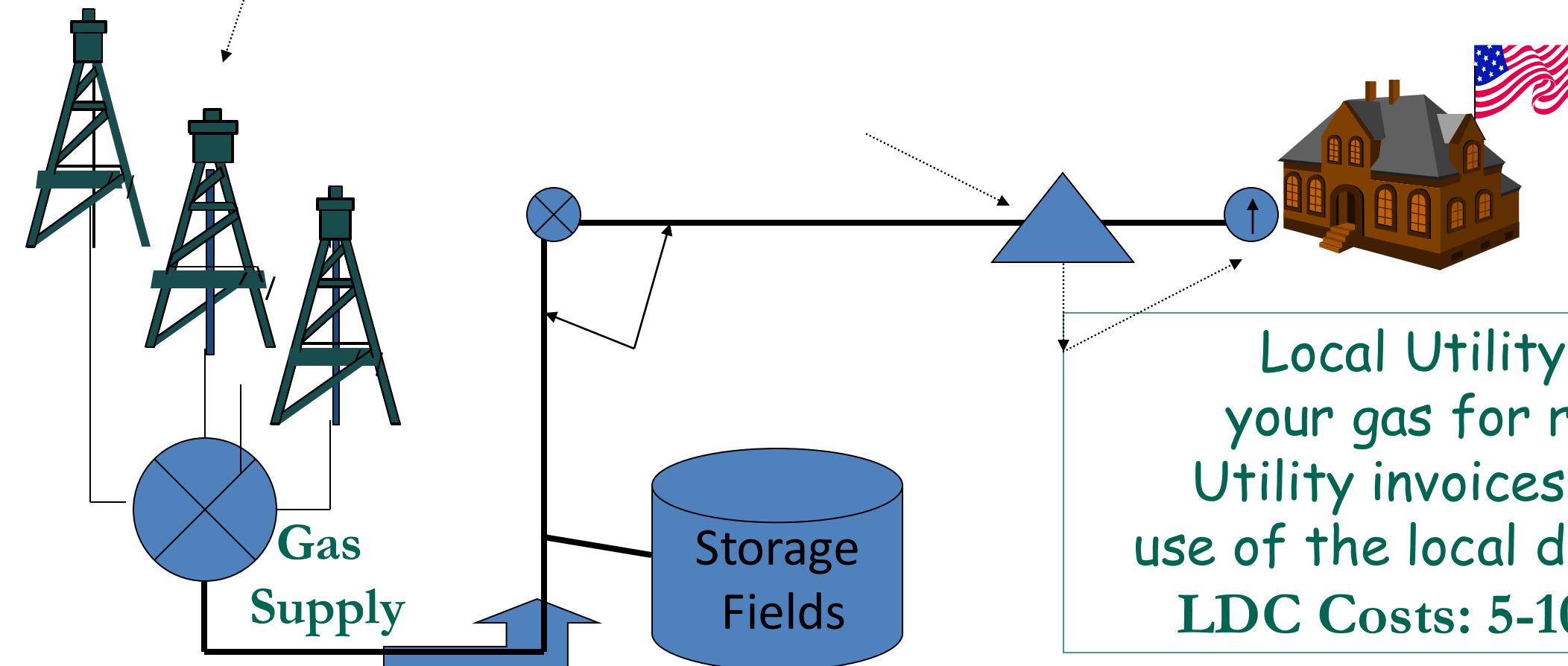
How are Savings Achieved?

- Actual purchase of gas
- Gas transportation costs
- Utility price versus transportation price
- Market fluctuations
- Price “lock” or “fix”
- A combination of weather and market determines the savings in any given year
- Note: Utility distribution charges remain

Natural Gas Services

Commodity Savings
(NYMEX): 80-90%
of total cost

Marketer delivers gas to City
Gate Station. All "upstream"
service including daily and
monthly balancing services.



Local Utility picks up
your gas for redelivery.
Utility invoices you for the
use of the local delivery system.
LDC Costs: 5-10% total cost

Interstate Pipeline Savings
Basis: 5-10% total cost

Utility Pricing

- **PRO** – Better at hedging
- **PRO** – In turn, utility pricing has gotten somewhat competitive with transportation pricing

- **CON** – Uncertainty with budget
- **CON** – Exposure to market forces

Defining Natural Gas Transportation

System Supply Utility Customer

- Purchased by the utility
- Transported by the utility
- Distributed by the utility
- Maintained by the utility
- Billed by the utility

Transportation Customer

- Purchased by the marketer
- Transported by the marketer
- Distributed by the utility
- Maintained by the utility
- Billed by both





Transportation

In the months where price is not locked, the NYMEX index price is used.

- **PROs** – price certainty, could be cheaper than the utility, ability to lock at any time, ability to lock over any term (winter months), ability to lock 100% or incremental volumes
- **CONs** – lock at a price and the market prices drop, pipeline capacity may not exist

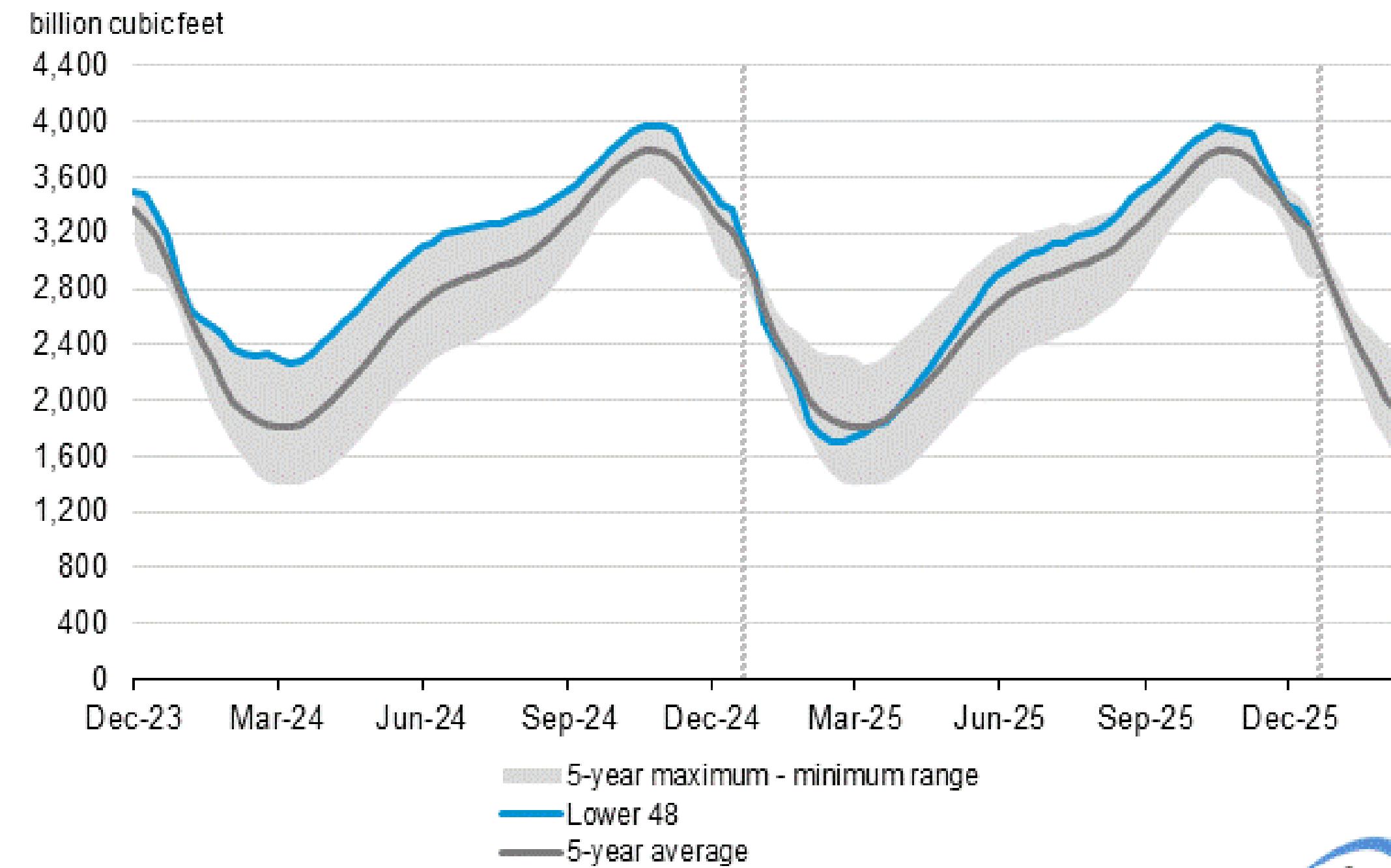
CESA 10 Performance

- Winter months transportation costs versus utility costs – average savings of approximately 10%
- Most of the savings is in the winter months (heat load – schools)
- “Certainty” versus “Beating the utility price”
- Rate analysis with utility history



Natural Gas Services

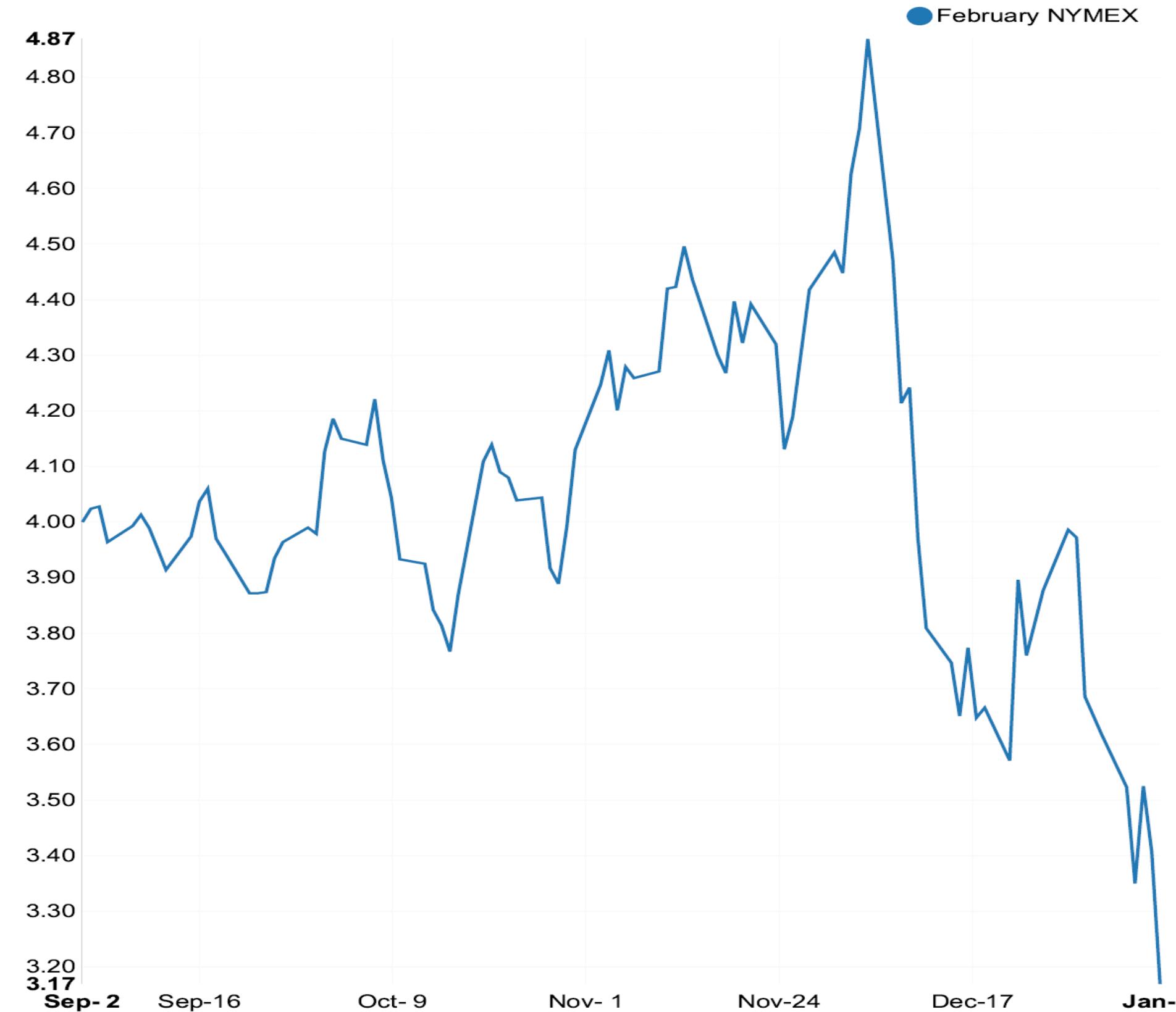
Working gas in underground storage compared with the 5-year maximum and minimum



Data source: U.S. Energy Information Administration



Natural Gas Services





Conclusion

Program

- Transportation – real volumes, pipeline capacity

Market Uncertainty Issues

- Fundamentals – supply and demand (data centers), storage, LNG export increase
- Power Generation – coal & nuclear, legislation

Develop a Strategy

- Natural Gas Price – certainty & budget
- Natural Gas Use – conserve & manage

Questions?



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