

TO: WIEB Natural Gas Assessment Team

FROM: Alison Wilson/Todd Peterson

DATE: July 9, 2004

SUBJECT: **Draft Notes from July 8 Conference Call**

With representatives from two states (CA, NV) two provinces (AB, BC), and Hal Chappelle on the conference call, the Team discussed the June 28 and 29 meetings in Sacramento. At the June 28 meeting, the states and provinces gained a better understanding of the North America Regional Gas (NARG) model and its capabilities. The presentations at the June 29 workshop can be found at

http://www.energy.ca.gov/naturalgas/documents/western_gas_assessment/2004-06-29_workshop/

The participants in the conference call agreed on the following items that were raised at the June 28 and 29 meetings.

- Instead of states sending data to CEC, the CEC will provide information to each state on the demand and generation data they will be using. Each state will then be able to look at the data and provide additions/corrections or updates and confirm the data. The goal is to start sending the data out by July 16.
- There will be additional follow-up with refineries to discuss flexibility in responding to high gas prices. Some refineries can do short-term fuel shifting in response to high prices but there may also be longer-term energy efficiency measures. Short-term fuel shifting may be constrained by air pollution regulations.
- There was a discussion on how to track energy efficiency improvements at private companies, such as the mining industry. If private funds are used, companies may not want to share information, especially in a competitive environment.
- The team will examine land access issues. At the meeting, access issues in the Rocky Mountain area was mentioned. This is also a growing issue in Alberta. Last, off-shore resources need to be investigated and determine if these resources will be available for production within the modeling time frame.
- Additional information on how much additional drilling there can be in response to high prices is needed. It is hard to produce a cost response curve because there are several infrastructure constraints. For example, there is likely to be drill rig shortages and the industry cannot produce very many new rigs in a year. Additional information on this is available in the NPC report. Also there can be short term credit issues, the west in competition with other regions for equipment, and rigs can be on geothermal sites for a year.
- How LNG is treated in the model is also difficult because some of the decisions are political (i.e., how many will be built and where).

Next Call

The next conference call will be on July 22 at 10:00 Pacific, 11:00 Mountain.

The topics will be:

1. The use of a Basecase and bounding scenarios versus Scenario cases and
2. Criteria to develop scenarios to be used in the modeling.