

Proposed Gas Utility Long-term Plan (GULP)
Objectives, Strategies and Implementation Plan
(applicable if Council approves winter gas cost containment alternative)

GULP Objectives:

1. Market price transparency – Pass a market supply cost signal through to customers with measures to protect against price spikes applied during winter months.
2. Supply Cost Management – Lower delivered gas cost over the long term.
3. Energy Efficiency – Ensure the deployment of all feasible, reliable, cost-effective energy efficiency measures.
4. Climate Protection – Reduce the carbon intensity of the gas portfolio in accordance with the Sustainability and Climate Protection Plan.
5. Parity with PG&E – At a reasonable cost, protect the City’s interests and maintain access to transportation on par with PG&E’s core customers.

GULP Strategies:

1. Pass a market supply cost signal through to customers with measures to protect against price spikes applied during winter months by:
 - a. Purchasing natural gas at monthly and daily market index prices;
 - b. Changing gas supply rates monthly to reflect market prices; and
 - c. Purchasing physical capped-price gas ~~of~~ for some or all forecasted natural gas volumes for December through February, provided that the cost of the price caps such capped-price gas purchases results in with no more than a 15 cents per therm impact on retail commodity gas rates.
2. Lower delivered gas cost over the long term by:
 - a. Acquiring pipeline assets that yield supply costs below market and meet operational needs;
 - b. Taking advantage of the City’s low cost of capital to acquire gas supply and assets; and
 - c. Optimizing existing assets.
3. Ensure the deployment of all feasible, reliable, cost-effective energy efficiency measures by:
 - a. Developing a ten-year gas efficiency plan every four years maintaining consistency with the electric energy efficiency goals update schedule; and
 - b. Considering the impacts of electrification on gas demand.
4. Reduce the carbon intensity of the gas portfolio in accordance with the Climate Protection Plan by:
 - a. Terminating the PaloAltoGreen Gas program established by Resolution 9405; and
 - b. Designing and implementing the Carbon Neutral Gas Plan to achieve carbon reduction with no more than a 10 cent per therm rate impact.
5. At a reasonable cost, protect the City’s interests and maintain access to transportation on par with PG&E’s core customers by:
 - a. Participating in the regulatory and legislative arenas when the potential impact on the City is aligned with the cost to intervene and the probability of success;
 - a. Negotiating with PG&E for fair access to transportation and storage; and
 - b. Exploring potential joint action with other public agencies.

GULP Implementation Plan:

1. ~~Continue to~~ implement market-based supply purchases and commodity rates with measures to protect against price spikes applied during winter months by:
 - a. Developing a new purchasing plan to be approved by the Director of Utilities; and
 - b. Conducting customer communication and outreach.
- 1.2. Pursue below-market assets available through the Gas Transportation and Storage Settlement by:
 - a. Evaluating the pipeline capacity reservation options available; and
 - b. Contracting with PG&E for any pipeline capacity with an estimated cost below the forecasted market value.
- 2.3. Monitor the prepay market and prepare for implementation in preparation for a future MuniGas transaction.
- 3.4. Implement gas efficiency programs to meet the gas efficiency goals.
- 4.5. Track and report on gas efficiency by:
 - a. Providing quarterly updates to the UAC about the gas efficiency programs; and
 - b. Providing annual updates to Council on gas efficiency achievements compared to the goals and overall cost effectiveness.
- 5.6. Continue evaluating new gas efficiency technologies and undertake pilot studies where appropriate.
- 6.7. Pursue potential modifications to the Carbon Neutral Gas Plan by:
 - a. Determining an acceptable premium, if any, to be paid for a local offset project if and when a certified project is identified; and
 - b. Investigating alternatives to offsets, including methods involving voter approval.