

**Sector Name:** Regulatory Sector

<b>MTEP13 Future</b>	<b>Sector Weight</b>
<b>Business as Usual</b>	39%
<b>Robust Economy</b>	9%
<b>Limited Growth</b>	23%
<b>Generation Shift</b>	21%
<b>Environmental</b>	8%
<b>Total %</b>	<b>100%</b>

### **Comments on the Gas Price Modeling for MTEP13**

A number of the states have concerns with the gas pricing methodology being used in MTEP13. The first three years of gas prices are based on the NYMEX futures and the remaining years are based on a MISO determined escalation rate on top of the EIA real growth rate. This was not the methodology voted on by the PAC after the January PAC meeting. The point of the new methodology introduced by the End Use Sector was to eliminate the MISO determined escalation rate from being applied to natural gas pricing.

Because of this MISO escalation rate on top of the EIA real growth rate, the projected gas prices for all of the futures except the Low Growth Future are significantly higher than those projected by the EIA. See the graph below. Some of the states think that these gas prices are too high and could bias the MTEP13 planning process.

These concerns have been discussed with MISO and they have agreed to run the EGEAS model using the BAU future with the current gas price growth assumptions and to do an additional run using the BAU future with gas prices based on the EIA nominal growth rates without the MISO determined escalation rate for comparison purposes only in order to see if there is a significant difference.

There continues to be frustration with the current gas price methodology which includes a MISO determined escalation rate. Going forward, some states recommend that MISO remove the MISO determined escalation rate on top of the EIA nominal growth rate and instead apply the EIA nominal growth rate to the high medium and low gas prices. OMS will continue to pursue the issue of an appropriate gas price escalation rate in the upcoming MTEP and conversations with MISO staff indicate that they may be open to further refinement of the gas price modeling in the future.

### MTEP13 Natural Gas Forecasts by Future-Average Annual Values in Nominal Dollars (2013-2028)

