Promise Delivered:
Planning, Preparation and Performance during the 2013-14 Winter Heating Season (and what it means for the future)
2014-15 Winter Heating Season Outlook

Key Metrics

• Demand for natural gas in homes should be closer to normal based on NOAA Climate Prediction Center Outlook

• Homeowners expected to conserve at about half the recent historic rate (net 1% reduction from prior year)

• Price delivered to residential customers higher in 2014-15 than 2013-14 based on commodity price increases (about 9 percent higher than last year) and fixed charge delivery cost increase (about 1.5 percent increase)

• Putting expectations for less severe temperatures, reduced demand but higher gas costs together, residential home heating bills to increase about 7 percent on average this winter
Source: Energy Information Administration, USDOE
Domestic Production

Source: Production data from Bentek Energy
Shale Gas to the Rescue

Monthly dry shale gas production
billion cubic feet per day

Consistent increases in domestic production helped meet higher demand.

Sources: EIA derived from state administrative data collected by Drillinginfo Inc. Data are through July 2014 and represent EIA's official shale gas estimates, but are not survey data. State abbreviations indicate primary state(s).
Envisioned Incremental Natural Gas Demand

Prevailing analytical “herding instinct” regarding *new* natural gas demand by 2020-22

- 40-60 GW of coal-fired power generation retirements: 4 Bcf/d
- Up to $130 billion in industrial investments: 6 Bcf/d
- LNG exports: 6 Bcf/d
- Pipeline exports to Mexico: 2 Bcf/d
- Pipeline and vehicle transportation: 2 Bcf/d

Total Incremental Demand: 20 Bcf/d
Flowing natural gas was available for affordable purchase by natural gas utilities

Dollars per Million BTU

Natural Gas Prompt-Month Futures Price at Henry Hub

Price Range 2006-2010

Source: Energy Information Administration
Looking to the Future

• Growth in natural gas infrastructure applied to production, transportation, storage and distribution are how we have gotten to where we are today and well-planned, critical infrastructure development is a key to the future;

• Demand signals among many factors have facilitated real growth in domestic supply potential in the United States and future demand increases are expected to do the same;

• Regulatory principles and precepts evolve. The future of the natural gas industry may include new regulatory challenges but the iterative process of industry opportunity and regulatory responsibility will prevail to best serve all classes of customers; and

• The future of the natural gas industry is a future with efficiency of production, transportation and direct-use at its core.
Promise Delivered

✓ Findings, Observations, Conclusions

✓ Making the Statistical Case

✓ Underground Storage

✓ Role of Interruptible Customers

✓ Energy Efficiency

✓ LDC Gas Supply Portfolio Management

✓ A Decade of Growth
The American Gas Association, founded in 1918, represents over 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 70 million residential, commercial and industrial natural gas customers in the United States, of which 91% — more than 64 million customers — receive their gas from AGA members. Today, natural gas meets one-fourth of the United States’ energy needs.

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