

Natural Gas Supply and Prices

Abundant, Domestic and Affordable

Abundant supplies of natural gas are available right here in the United States at affordable prices to help meet the nation's diverse energy needs. Our nation's abundance of domestic natural gas provides an opportunity to satisfy significant new demand at affordable prices well into the future. It offers an incredible opportunity to deliver energy value to American homes, fuel a renaissance in U.S. manufacturing and help provide a cleaner, less expensive option for vehicles..

“For the next decade and beyond, domestic natural gas supplies are expected to be sufficiently robust to meet demand across all sectors.”

AGA The Promise of Natural Gas

The U.S. estimated future supply of natural gas stands at more than 2,800 Tcf—enough to last more than 100 years.

2,817
Tcf

Q. What influences natural gas prices?

A. Natural gas commodity prices are chiefly influenced by supply and demand. Beginning in 2006, domestic natural gas production began to grow and has continued that trend since, primarily due to the development of domestic, onshore, unconventional resources, specifically shale gas, to the point where the United States is now the world's largest gas producer. AGA anticipates a period of relative natural gas price stability and robust supply as demand increases to meet environmental and other requirements.

- **Resource Abundance:** The U.S. estimated future supply of natural gas stands at more than 2,800 Trillion cubic feet (Tcf)—enough to meet America's energy needs for more than 100 years.
- **Responsible and Sustainable Resource Development:** We expect the extraction, transportation and distribution of natural gas to be done using sustainable and responsible engineering and environmental practices. This will ensure continued access to our vast domestic supply of natural gas.
- **Demand Pull:** Increases in natural gas demand will support the long term vitality of natural gas production. There is room to grow natural gas demand at reasonable and relatively stable prices.
- **Technological Progress:** Continued technology developments will advance resource extraction efficiency and continue to make clean natural gas affordable to customers in homes, businesses and industries across the country.

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Q. What is my utility doing to assure price stability?

A. Utilities want what their customers want: an adequate supply of natural gas at affordable prices. Natural gas utilities take a number of actions to help stabilize natural gas prices and help consumers manage their energy bills:

- **Billing Plans:** Most utilities offer balanced-billing plans allowing customers to spread their natural gas costs over many months, which make it easier for people to handle winter heating bills.
- **Storage:** Natural gas utilities purchase natural gas during warm-weather months, when it traditionally costs less, and store it for later use on cold days. Storage can account for half of some utilities' natural gas supplies on winter's coldest days, contributing to reliable service.
- **Contract terms:** Just as homeowners shop around for food and household items, gas supply managers obtain their gas supplies from a variety of sources and under different contract terms.
- **Programs for low-income households:** In the past, energy utilities have provided funds in heating bill assistance to low-income households in the form of discounts, fee waivers, efficiency/weatherization programs and arrearage forgiveness funded by customers and stockholders.

Q. How can consumers manage home energy bills?

A. The best way to lower your energy bill is to use energy more wisely. Natural gas utilities invest in energy efficiency programs to help customers save energy.

- A programmable thermostat allows you to keep your house cooler at night and when you're away, and will automatically warm your house to comfortable levels for the hours you are home.
- Inspect your windows and doors for drafts. Use caulk or sealant to insulate as needed.
- If you are having trouble paying your utility bill, contact your utility company. Low-income customers are eligible for federal energy assistance through the Low Income Home Energy Assistance Program (LIHEAP), which helps pay energy bills and weatherize homes. AGA has consistently advocated for responsible funding for LIHEAP.
- Natural gas and electric utilities also offer assistance to those having difficulty paying their bills through rate assistance and energy efficiency programs. Both of these mechanisms have contributed nearly half of the total assistance that went towards low-income customers in past years.

Q. How do natural gas prices impact the economy?

A. Natural gas meets more than one-fourth of the nation's energy needs. Today natural gas touches nearly every segment of American life and is the dominant source of energy for heat, hot water and cooking in homes and businesses in this country. A strong natural gas supply and stable market

2019



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contribute to cost savings for consumers and businesses that strengthen our economy.

Natural gas is the backbone of American manufacturing, used to make steel, glass, chemicals, textiles, automobiles, food and many other products. Stable natural gas prices help America to compete for these industrial jobs.

Natural gas is also an essential component of many future sources of energy – we need natural gas to make hydrogen and ethanol.

Natural gas is and will continue to be an essential part of America's economy and our energy future.



Q. Who oversees natural gas prices and protects consumers?

A. Each state's public utility commission closely regulates natural gas utilities. Utilities are not permitted to make any money from the natural gas commodity; instead utilities make profits from service and delivery charges that are completely independent of the cost of that natural gas. On average, the cost of the natural gas accounts for about two-thirds of a typical home-heating bill. There are three federal agencies that regulate the natural gas industry to make sure the market is working as it is designed: The Federal Energy Regulatory Commission, the Securities Exchange Commission and the Commodity Futures Trading Commission. All three of them can, and sometimes do, initiate investigations if there is any concern over market manipulation. Utilities welcome oversight and investigation of the market because it protects them and their customers.

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