

Natural gas cost and supply trends



National Summit on RPS

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Posted March 28, 2014

Coal-fired power plant operators consider emissions compliance strategies >

Operators of coal-fired power plants throughout the United States are currently developing strategies to comply with the EPA's Mercury and Air Toxics Standards (MATS). The costs of the equipment needed to control acid and toxic metal emissions, such as flue gas desulfurization (FGD) and dry sorbent injection (DSI), play a significant role in retrofitting and retirement decisions faced by coal plant operators. [More](#)

Data Highlights

WTI crude oil futures price

3/27/2014: **\$101.28/bbl**

↑ \$1.85 from week earlier

↑ \$4.70 from year earlier

Natural gas futures price

3/27/2014: **\$4.584/mmBtu**

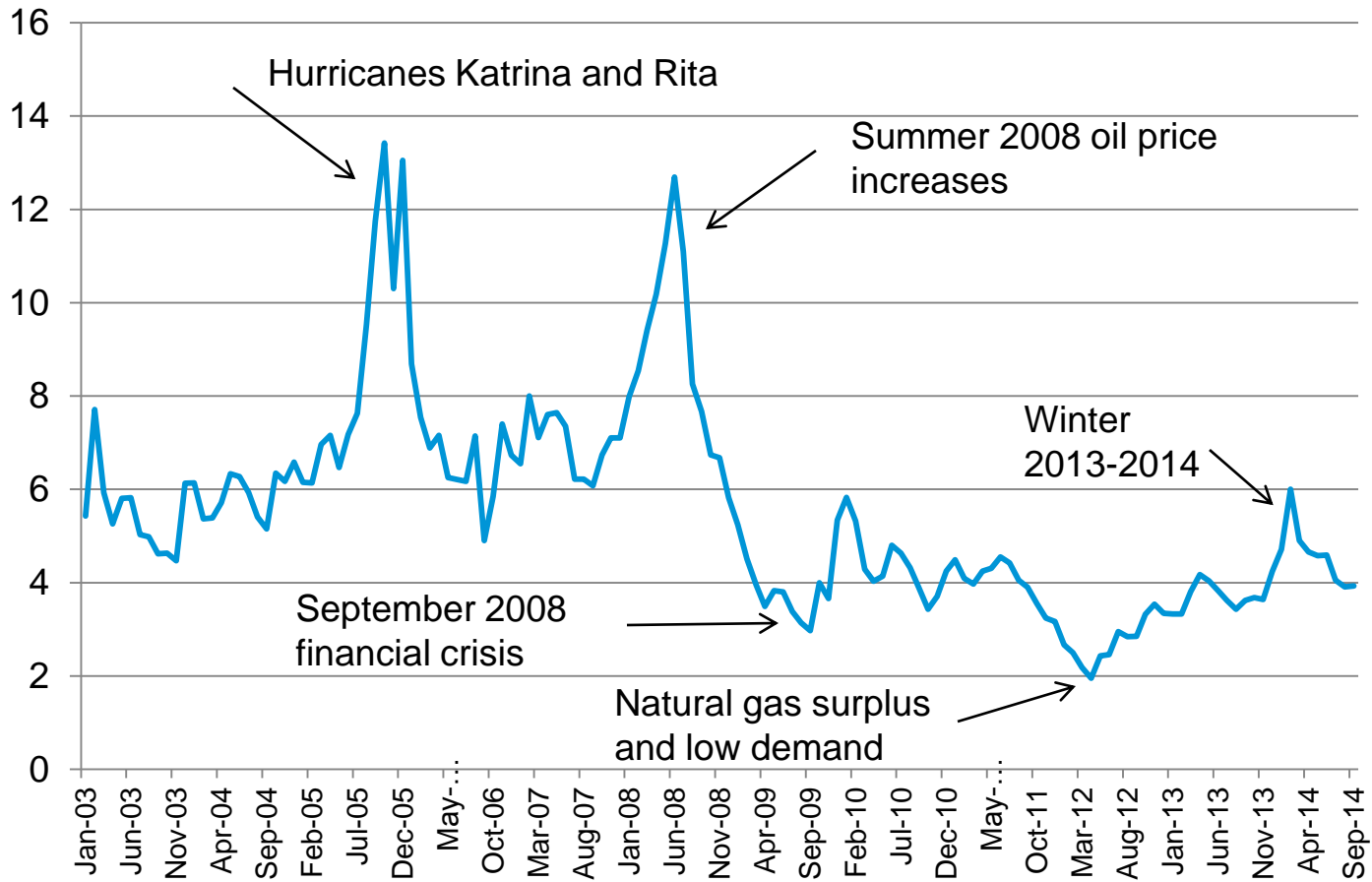
↑ \$0.215 from week earlier

What We'll Cover

- History of natural gas prices and factors driving prices
- Winter 2013-2014 and effect on prices
- Projections for prices, supply, and demand

Natural Gas Prices, January 2000 – September 2014

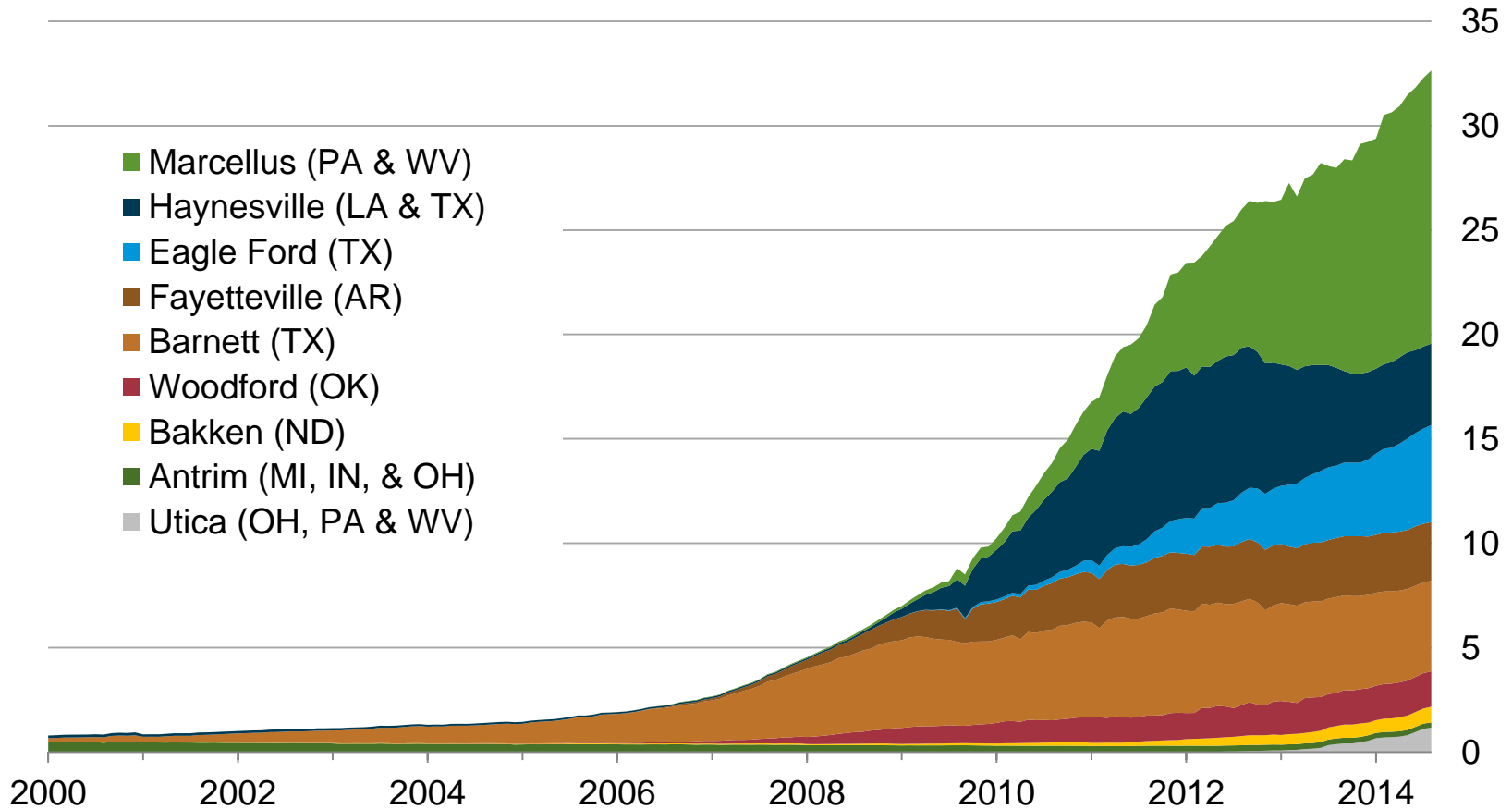
Dollars per MMBtu



Source: Short-Term Energy Outlook, Natural Gas Monthly

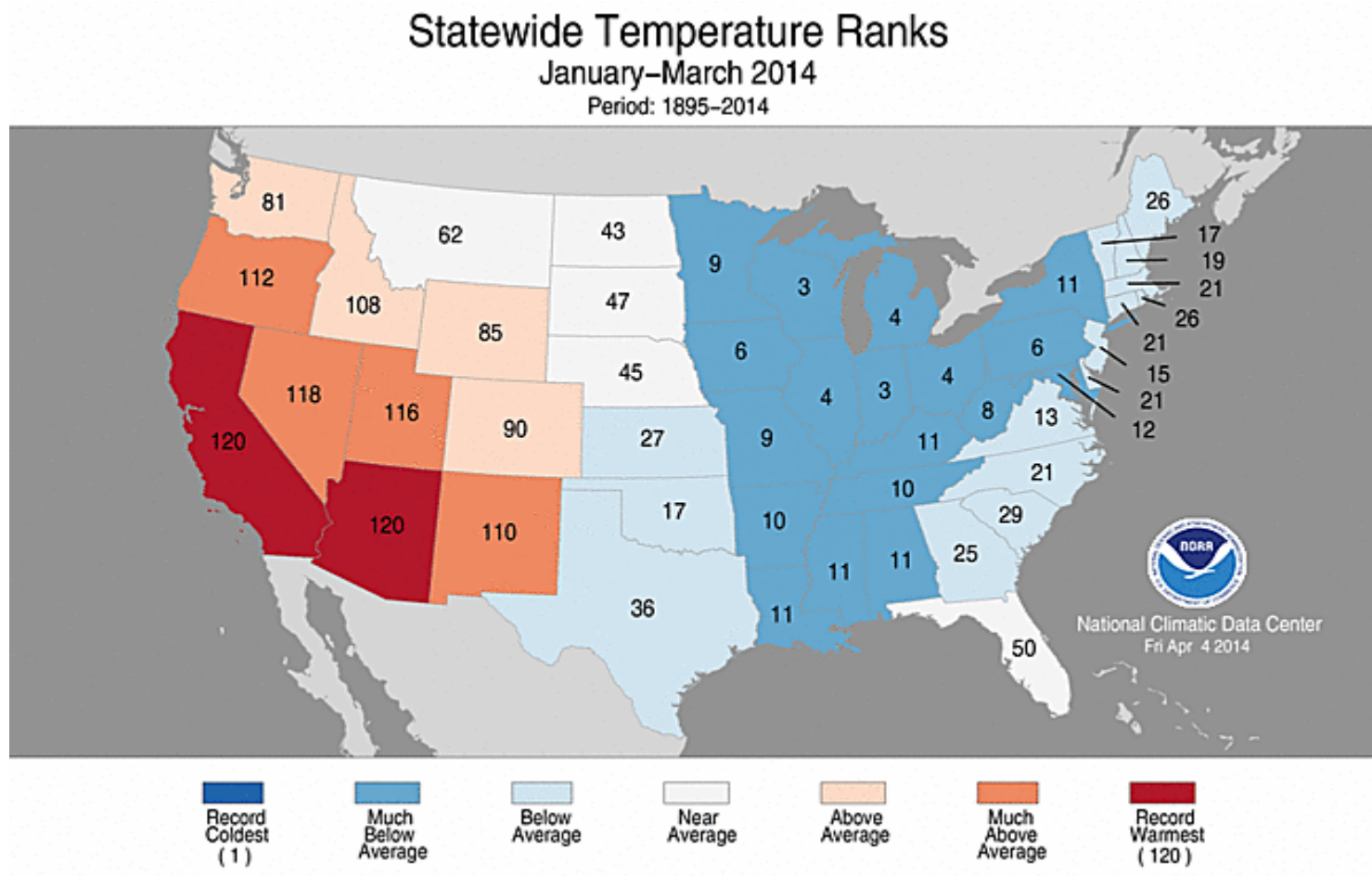
U.S. dry shale gas production now accounts for 50% of total U.S. gas production.

shale gas production (dry)
billion cubic feet per day



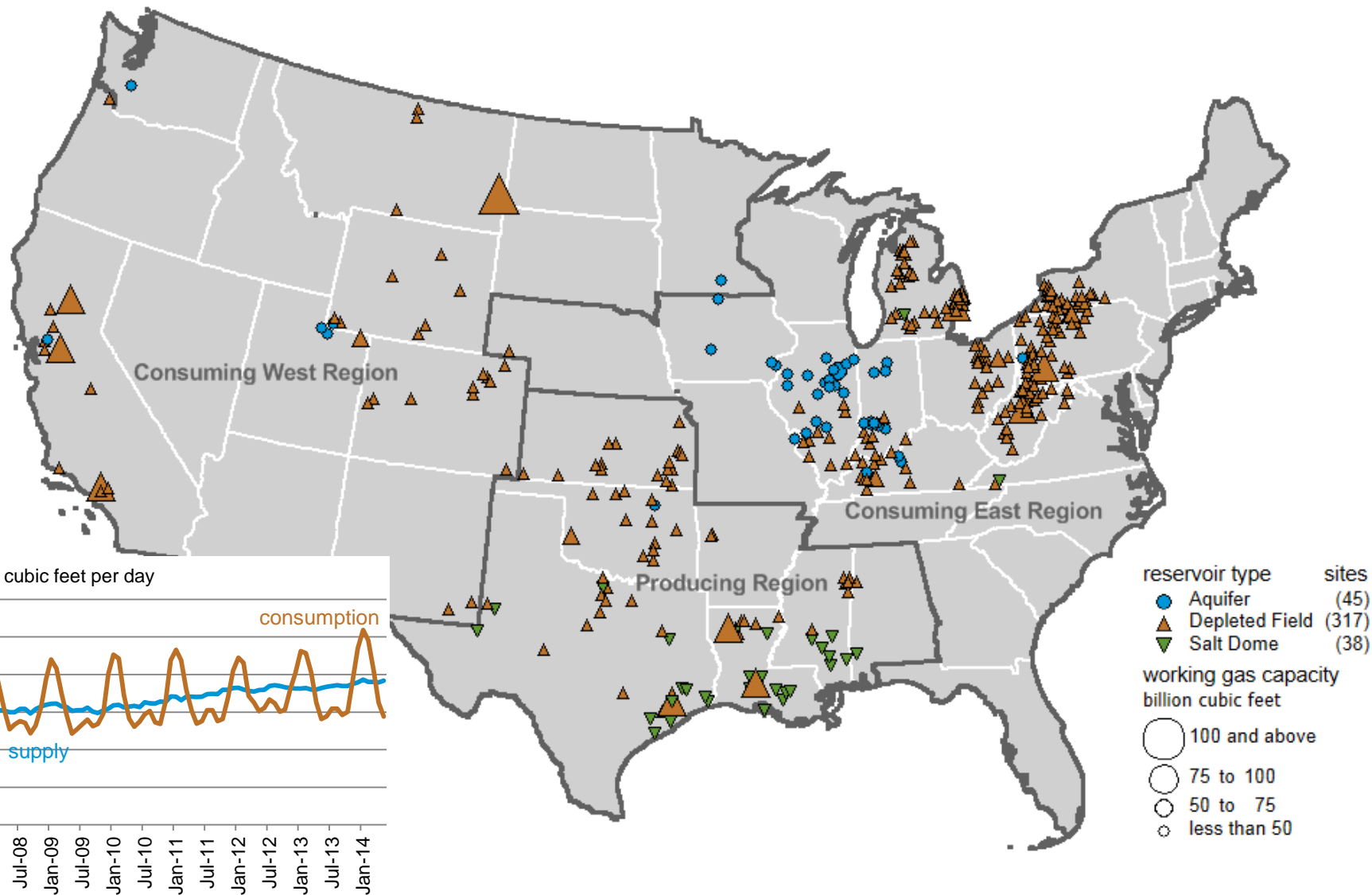
Sources: EIA derived from state administrative data collected by DrillingInfo Inc. Data are through August 2014 and represent EIA's official shale gas estimates, but are not survey data. State abbreviations indicate primary state(s).

Many Midwest and Eastern states had much below average winter temperatures in January through March



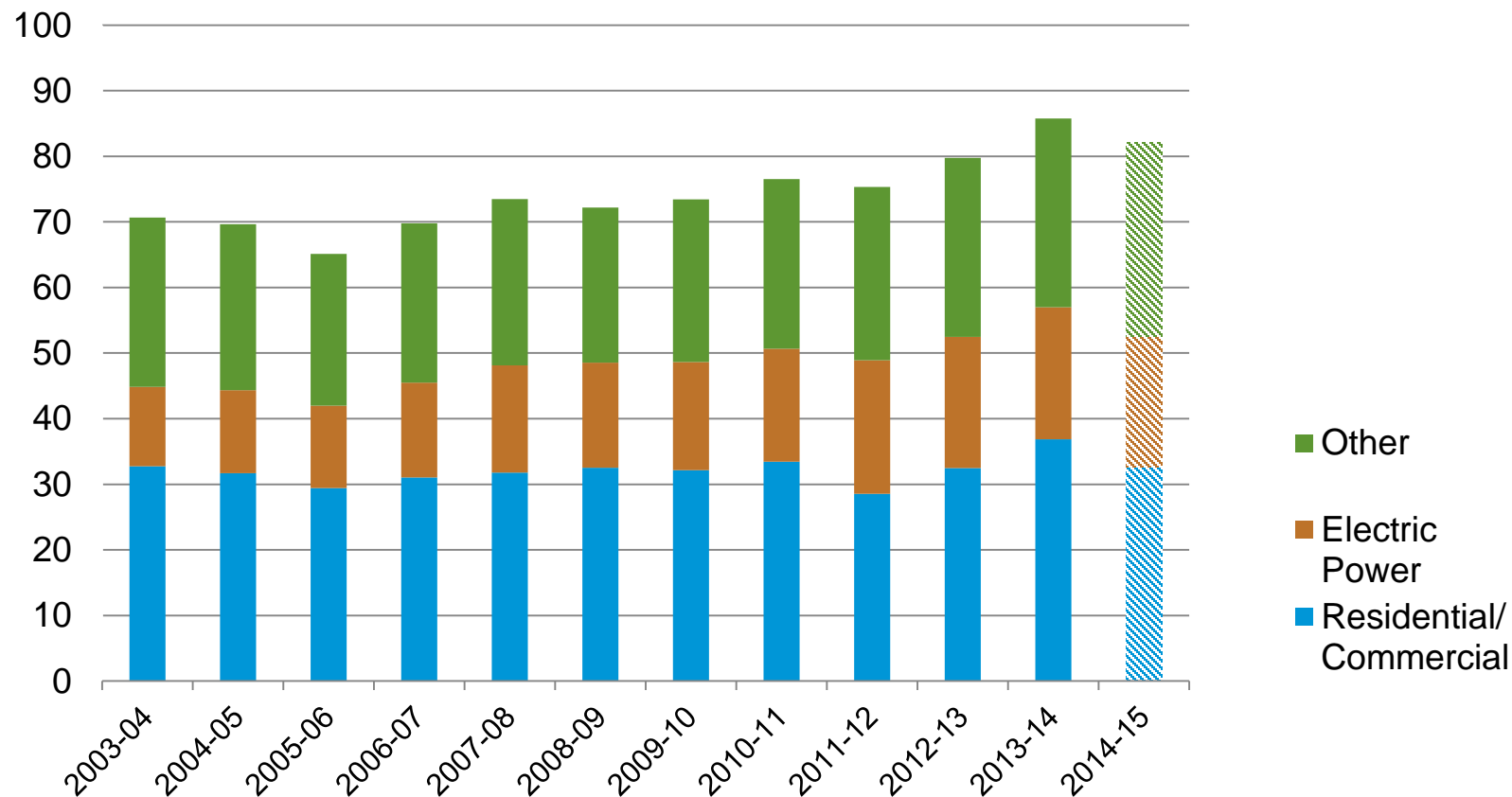
Source: National Oceanic and Atmospheric Administration

U.S. active underground natural gas storage facilities, by type (as of February 2014)



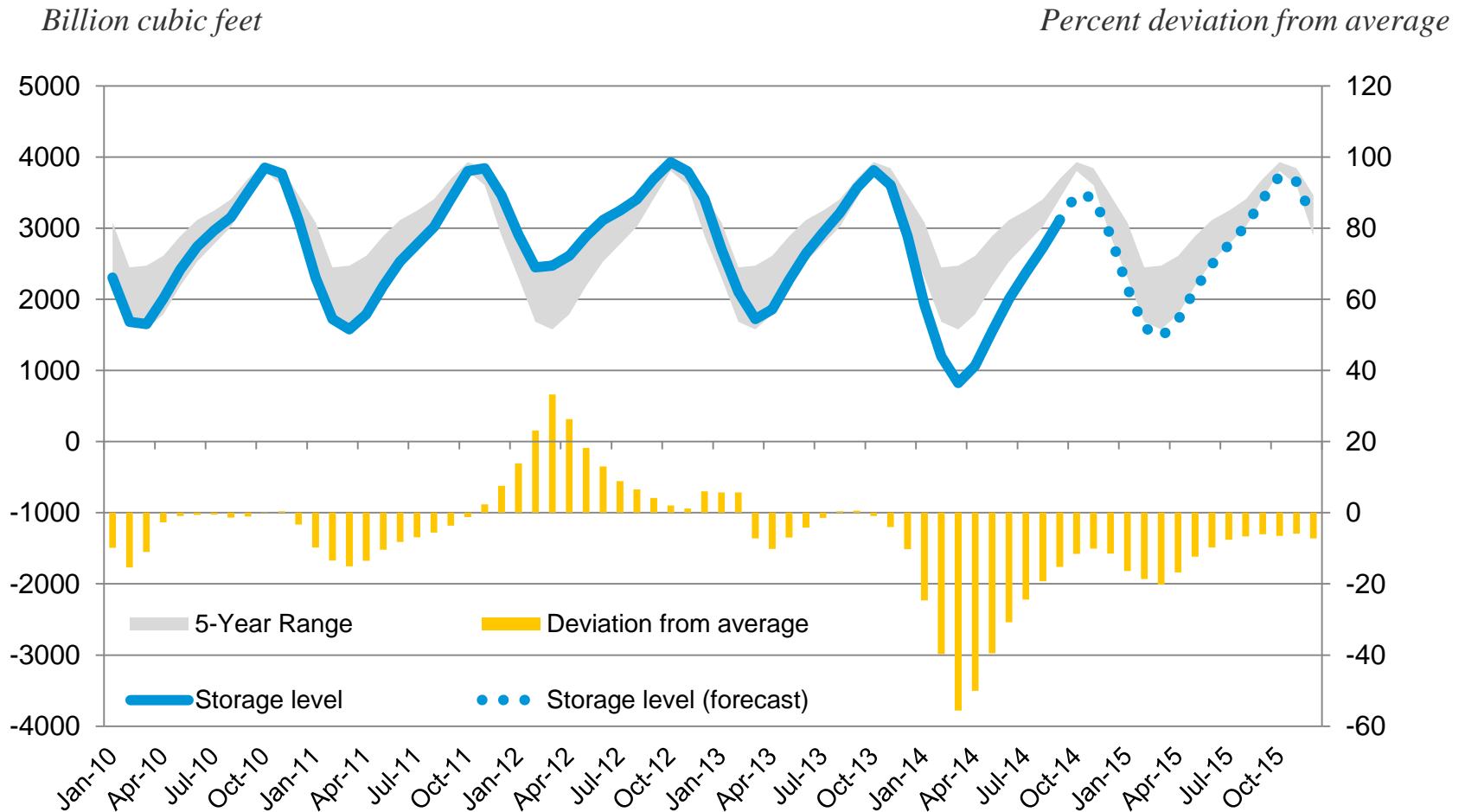
Consumption last winter was the highest in the last 10 years.

billion cubic feet



Source: EIA, Short-Term Energy Outlook, September 2014

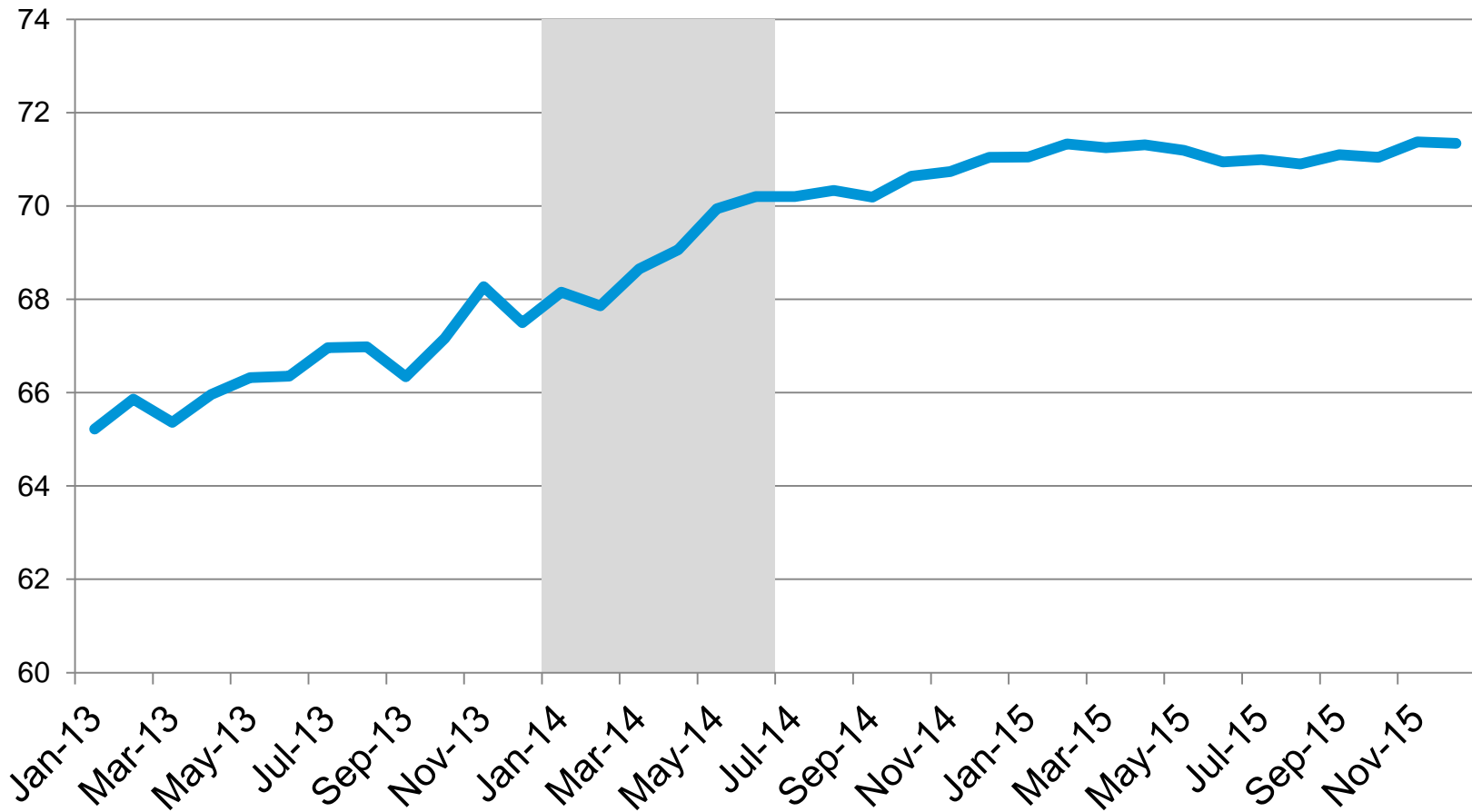
Working gas in storage this winter fell to historical lows



Source: Short-Term Energy Outlook, Natural Gas Monthly

Strong production growth in 2014 has supported the strong injection season

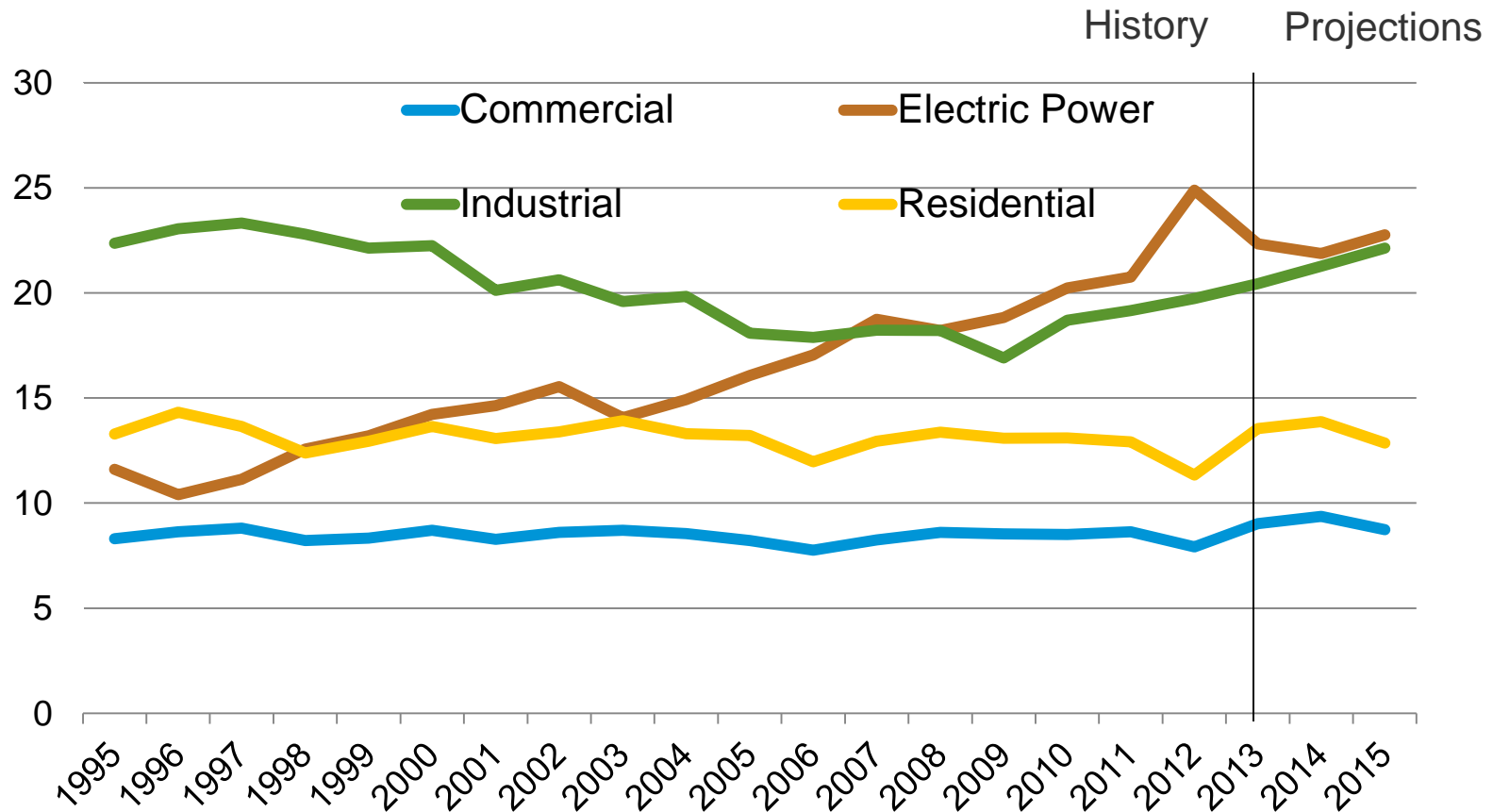
Billion cubic feet per day



Source: Natural Gas Monthly, Short-Term Energy Outlook

The electric power and industrial sectors will continue to absorb growth in production

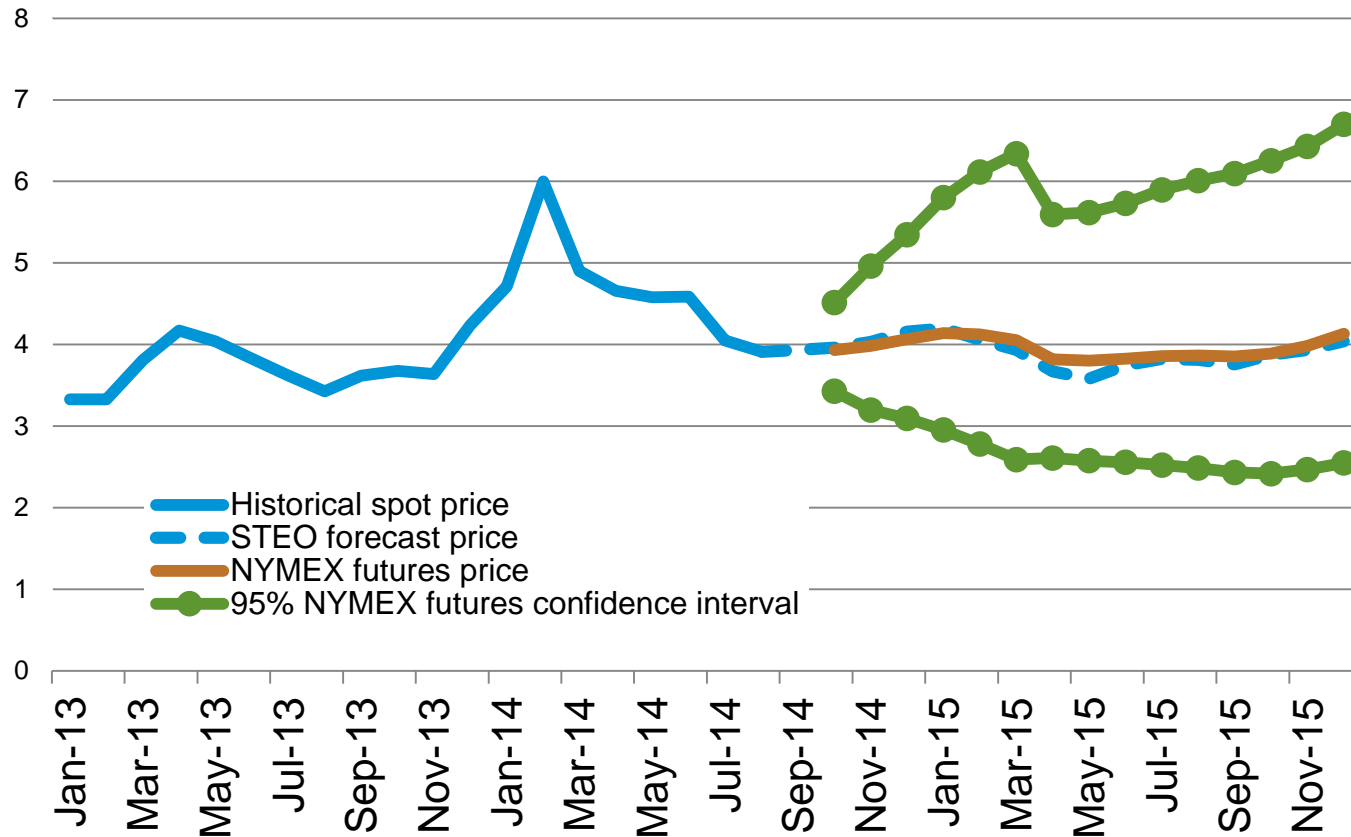
Billion cubic feet per day



Source: Short-Term Energy Outlook

Prices will remain at relatively low levels through 2015

Dollars per million Btu



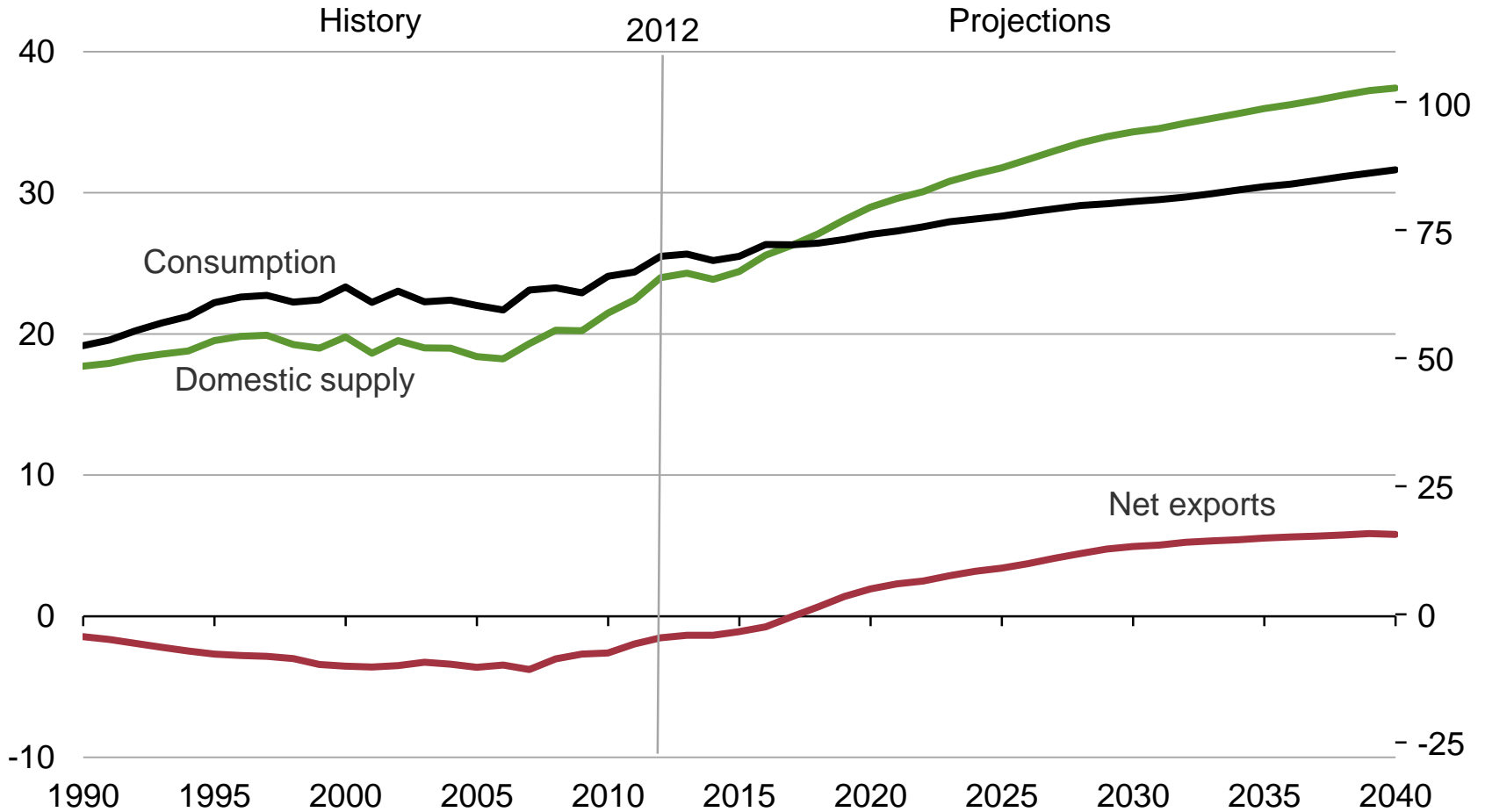
Source: Short-Term Energy Outlook

U.S. becomes a net exporter of natural gas in the near future

U.S. dry natural gas

trillion cubic feet per year

billion cubic feet per day

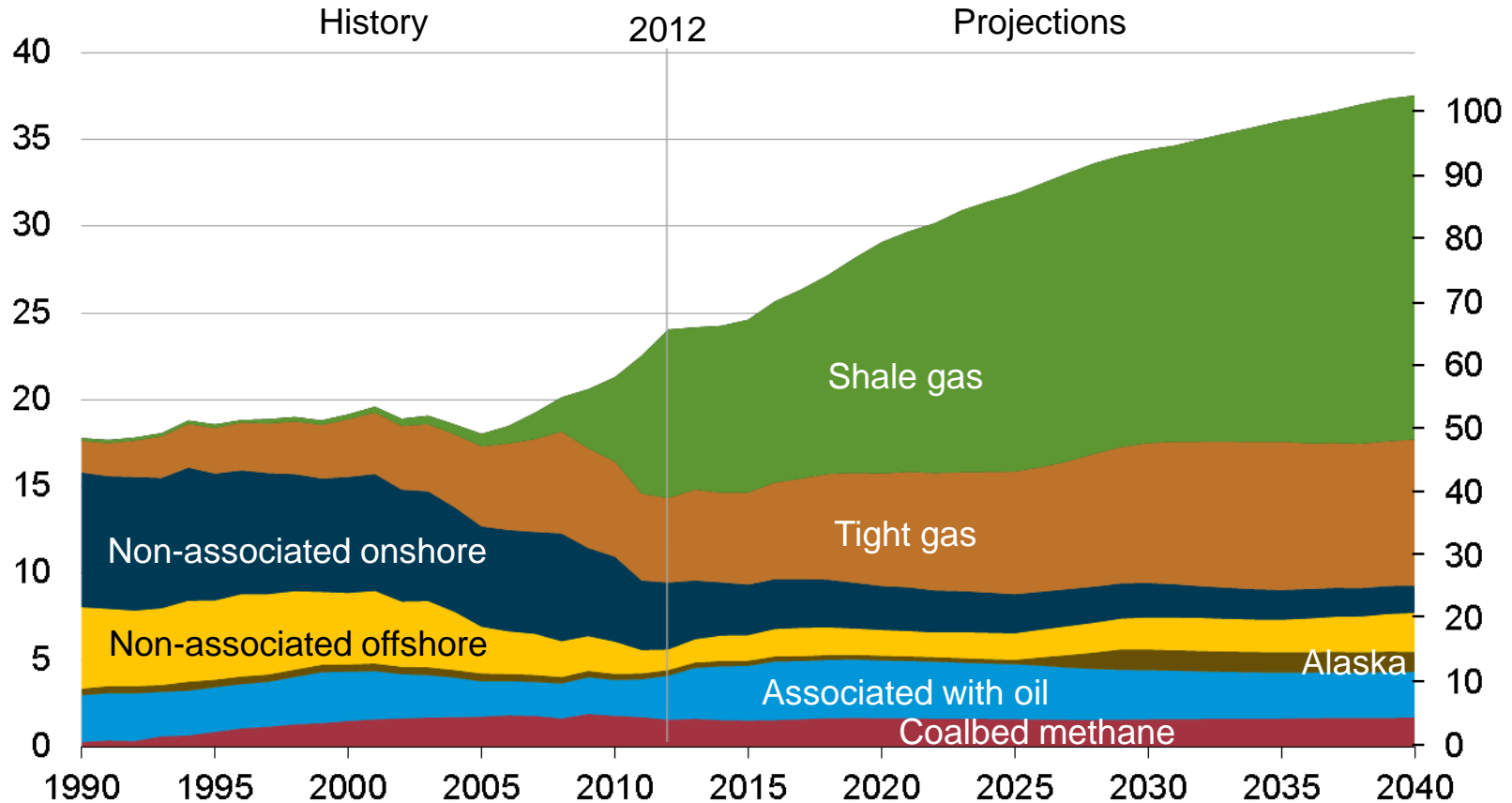


Source: EIA, Annual Energy Outlook 2014 Early Release

Over the long term, EIA projects shale gas will make up the majority of production increases

*U.S. dry natural gas production
trillion cubic feet*

billion cubic feet per day

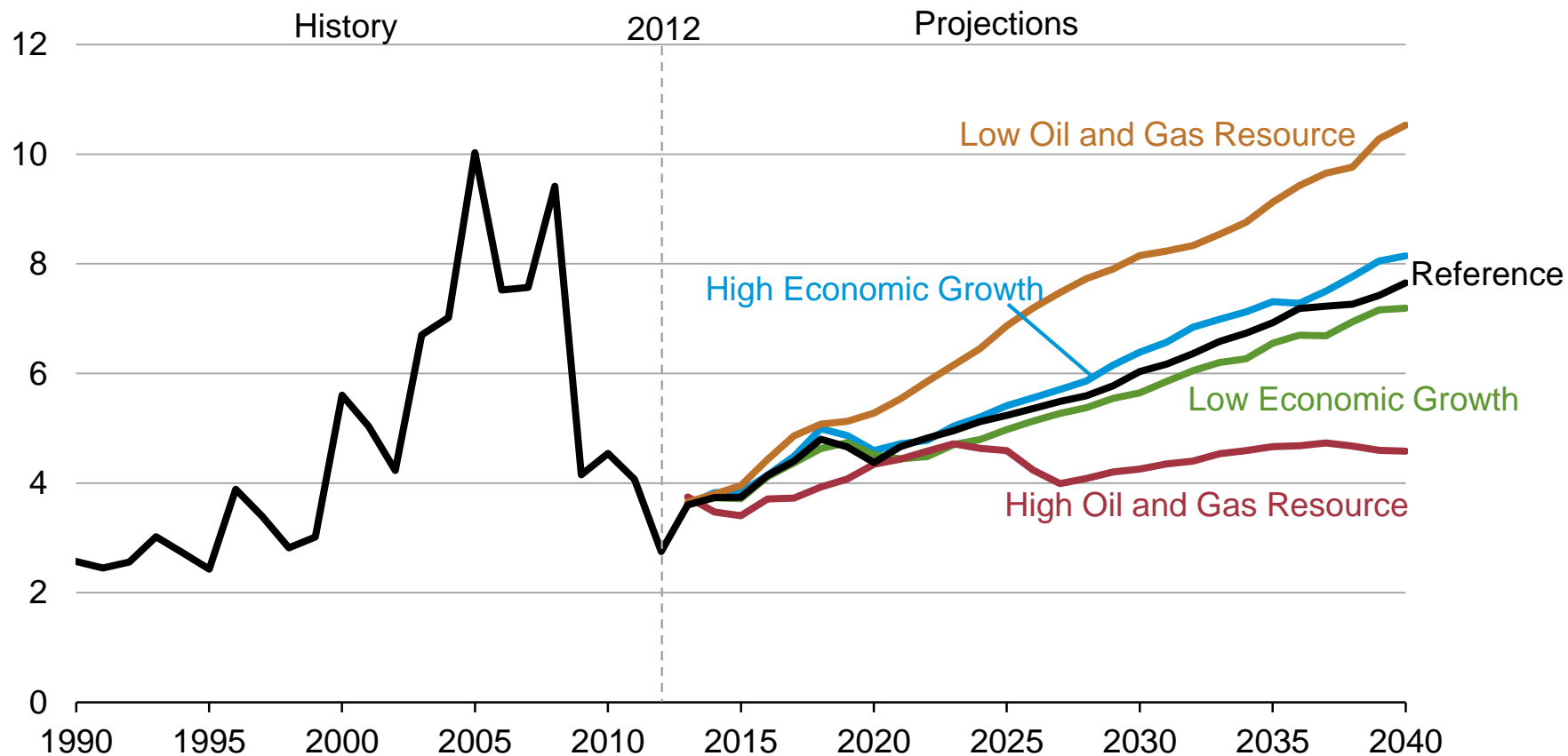


Source: EIA, Annual Energy Outlook 2014 Early Release

Annual average Henry Hub spot prices for natural gas in five cases, 1990-2040

natural gas spot prices

2012 dollars per million Btu



Source: EIA, Annual Energy Outlook 2014

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