

What if There's a Dash to Natural Gas?

Our abundant, sustainable supply is the answer

The debate over climate change legislation has led some policymakers to examine the extent to which electric power generators may turn to natural gas as a way to meet lower emissions standards and improve the reliability of intermittent resources such as wind and solar. How well can natural gas supply respond to a "dash to gas" without natural gas prices flying up?

The answer is, very well indeed. Here's how:

This Dash Has Legs: Supply Is Homegrown, Plentiful and Widespread

As every economics student learns, more supply means reduced price pressure. The United States is endowed with a plentiful supply of natural gas, located in diverse geological areas that span nearly every region of the country. The natural gas we consume is 98 percent North American, with the remainder from other nations in the form of liquefied natural gas (LNG).

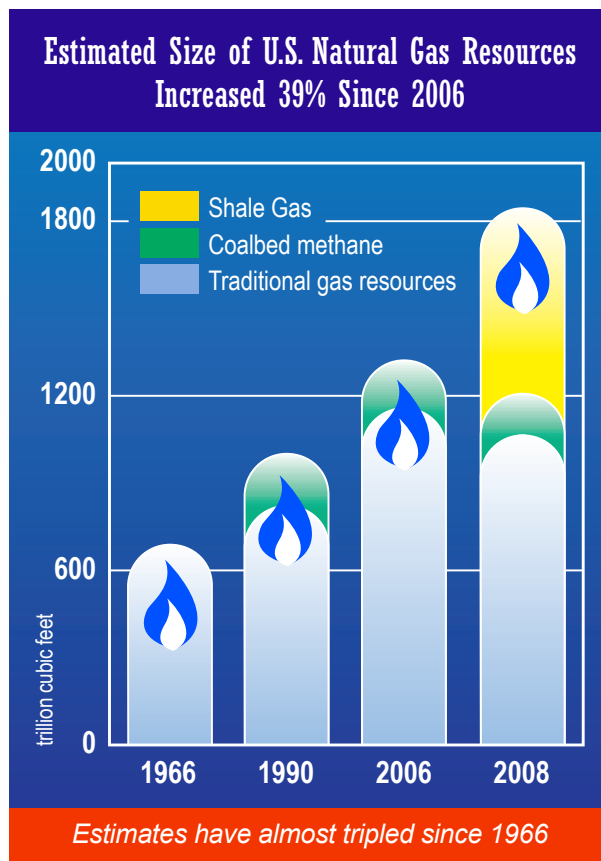
The U.S. Potential Gas Committee conservatively estimates that the U.S. has a 100-year supply of natural gas – more than twice as much as the group predicted in its first report in 1966. **In June 2009, the group reported a remarkable 39 percent increase in the U.S. natural gas resource base over just the last two years**, primarily because of advancements in the ability to recover natural gas from shale rock formations found across the United States. Thanks to improved technology, it has proved a sustainable resource. And the future is even more promising if efforts to develop "frozen natural gas" found off our coasts pan out: experts say that is enough natural gas to last thousands of years.

Dashing Through the Snow — and Other Seasons: Why Has Natural Gas Become So Popular?

In addition to its role as a heating fuel, in 2006 natural gas became the second-most popular choice for electricity generation, as utilities repeatedly opted to build new, cleaner burning natural gas plants. In fact, almost 90 percent of the U.S. power generation capacity that has been added since 1998 is natural gas-fired. Not only can natural gas-fired plants help meet our energy needs, advance clean air goals and cycle on and off rapidly to coincide with peaks in demand, they are typically faster and more affordable to build than other power plants. Today there are more than 1,700 power plants in the United States that generate electricity from natural gas and climate legislation may influence that number further.

Dashing as a Team Sport: Partnering With Renewables

Because fueling our future and growing our economy will require all our energy sources, this "dash" to gas may be seen as a relay race with each participant working together. As an example, many existing state and proposed federal renewable energy standards require that electric



utilities use more wind and solar energy to generate electricity. If even half of the projected new solar, wind and other variable resources actually come into service, they will represent a 350 percent increase in variable resources over what existed in 2008. And because of the variable nature of solar and wind energy, their proliferation may require more natural gas-fired power plants to provide reliable service when nature does not cooperate.

The Dash That Scored

If there is a dash to natural gas, responsible management of this event would keep downward pressure on prices and result in a gold medal for the environment, the economy and our energy security. The key to success hinges on public policies that enable the safe, efficient and environmentally-conscious development of our substantial natural gas resources. ■