



NEWS

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NGSA President Says Natural Gas Marketplace Responding to Supply Challenges

(Washington)... There is ongoing evidence that the U.S. natural gas marketplace is continuing to adjust to its persistent supply challenges by efficiently allocating available resources, the president of the Natural Gas Supply Association (NGSA) said today.

"Customers are choosing their fuels based on their best options as they see them. Sometimes that's natural gas, but lately we've also seen greater interest in coal gasification technology in response to the price of natural gas," said NGSA President and CEO Skip Horvath. "We're fine with that because that's a market decision."

Speaking during an industry roundtable sponsored by the United States Energy Association, "*State of the Energy Industry 2005*," Horvath said the best-case scenario continues to be increased access to additional natural gas supplies, both through domestic production as well as additional imports in the form of liquefied natural gas (LNG). He said this will take some of the pressure off of future heating bills, while at the same time helping to keep U.S. industrial customers competitive in their own global markets.

"In the meantime, these customers are redoubling their efforts to become more energy efficient and they are succeeding. Again, even though that means we sell less gas than otherwise, we support these market-driven conservation efforts," Horvath said. "In the meantime, the industry is doing its part by keeping its rig count and well completion numbers high, while also investing in an expansion of LNG, storage and pipeline infrastructure."

"All of these are the most appropriate and most efficient responses to our tight balance between supply and demand," he said.

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Horvath said policymakers should resist any temptation to address recent market volatility by intervening artificially. That, he said, would be like trying to cure only the symptom rather than the underlying disease.

“Price volatility is a natural phenomenon of commodity markets, and is itself a form of price signal to the marketplace that encourages investment,” he said. “Any government attempts to dampen price volatility artificially will only distort the market and prolong the constraints.”

However, Horvath expressed the association’s support for the vigorous enforcement efforts and investigations being conducted by the Federal Energy Regulatory Commission and other federal agencies.

“These efforts are good for the industry and need to continue. Time and time again, they have resulted in a clean bill of health for the industry from a competent and credible source.”

Horvath also praised the various segments of the natural gas industry for consistently demonstrating a greater collaborative spirit and approach to the needs of the marketplace. He said it has been much more effective than the split agendas that hampered industry progress in earlier years.

“Our challenges are just beginning, and I suggest that we consider expanding our collaboration on broader energy themes, as well, and including even more of our customer base in that collaboration,” he said.

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NGSA represents integrated and independent companies that produce and market natural gas in the United States. NGSA is actively involved in pursuing regulatory and legislative issues that affect the association’s members. Established in 1965, NGSA encourages expanded use of natural gas and supports regulatory and legislative actions that foster competitive markets.