



NEWS

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NGSA.org or NaturalGas.org

TODAY IS EARTH DAY

Climate Change Legislation Could Cause Increased Price Pressure on Natural Gas

(Washington, DC) One of the top leaders in the natural gas industry said today that there is still time to fix climate change legislation now being considered in the Senate and avoid the types of unintended concerns that have been raised about ethanol.

“Congress made a decision a few years ago to make ethanol attractive to consumers, but that effort has since been blamed for higher food prices. The lesson of ethanol is to get energy policy right the first time,” said R. Skip Horvath, president and CEO of the Natural Gas Supply Association.

His comments came as natural gas prices have gone up from \$7.60 per million BTUs in April of 2007 to approximately \$10 now, and the U.S. Senate is preparing to move forward with climate change legislation sponsored by U.S. Senators Joe Lieberman (I-CT) and John Warner (R-VA).

“If we proceed with climate-change legislation without adding more access to supplies of natural gas, price pressure will go up. That’s a consequence we can avoid. If we increase access to natural gas sources now off limits, that will help counteract the upward price pressure created by the rest of the bill. It’s that simple,” Horvath said.

He said that the Lieberman-Warner bill, officially titled “America’s Climate Security Act of 2007” (S. 2191), has even tougher environmental restrictions than S. 280, a bill the Natural Gas Council analyzed last year. The council’s analysis of last year’s climate-change bill suggested that there would be a 20 percent increase in demand for natural gas if the legislation were adopted.

“Gas-fired power plants are faster, easier and cheaper to build and operate than any alternative, which is why we expect demand to rise. We expect that S. 2191 will drive demand for natural gas higher. It does nothing to increase our domestic supply of natural gas, but it should,” he said.

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Horvath noted that there is an estimated 250 trillion cubic feet or more of recoverable natural gas which is now off limits from exploration.

“Any climate change legislation should encourage development of more natural gas fields within our territorial boundaries,” Horvath said. “All signs point to unpleasant surprises if climate-change legislation is enacted without better thought about its implications.”

Most of the natural gas consumed in the United States is produced in North America. Approximately 84 percent comes from domestic fields, with 14 percent imported from Canada and another two percent or so coming from other nations.

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NGSA represents integrated and independent companies that produce and market domestic natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. consumers.