



NEWS

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APPA Report on Coal-to-Natural Gas Transition Presents Unrealistic Scenario *Natural gas well-positioned to meet future demand from electric and industrial customers*

(Washington, D.C.) -- A report published by the American Public Power Association on switching from coal to natural gas-fired electricity generation focuses on an unrealistic scenario, according to the Natural Gas Supply Association (NGSA). The report, "*Implications of Greater Reliance on Natural Gas for Electricity Generation*," was funded by the Utility Air Regulatory Group, primarily a group of coal-burning utilities.

R. Skip Horvath, president and CEO of NGSA said, "The APPA report does not focus on a realistic scenario for coal-to-natural gas switching and does not examine the positive environmental implications of such a move. The highlighted scenario assumes that all coal plants will be instantaneously replaced by natural gas plants, ignoring the reality that any transition will take years rather than days and that the U.S. will need all its fuels, including coal, in meeting future demand," he said.

"Despite its shortcomings, the APPA report provides a platform that allows us to demonstrate how well-positioned the natural gas industry is to handle growing demand from both electric customers and industrial customers in the transition to cleaner fuels and technologies," said Horvath. "Thanks to abundant shale gas, the estimated size of the U.S. natural gas resource base grew by 39 percent – just between the years of 2006 and 2008. Indications are that future estimates will continue to grow. In support of that unprecedented increase in supply, since 2008 the industry has been adding new storage facilities and new pipelines at triple the rates of prior years and new natural gas-fired electric capacity is being added at significant rates even as this economy struggles to grow."

Horvath added, "New natural gas storage isn't just growing in volume: half of new capacity is salt cavern-storage that can be rapidly turned over multiple times during the year. Looking beyond new natural gas infrastructure, natural gas supply has even more potential for growth due to LNG imports. Finally, a 2010 Congressional Research Study found that one-third of existing natural gas-fired plants currently runs at only about 30 percent capacity, so utilization of existing capacity also has room to grow."

As a final point, Horvath said the APPA study is out of step with two reputable 2010 studies from IHS CERA and the Massachusetts Institute of Technology, with both these studies predicting substantial increases in supplies of natural gas. The IHS CERA study estimated power sector utilization of gas increasing by over 80 percent by 2030.

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NGSA represents integrated and independent companies that supply 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. customers.

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