

NEWS

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Contact: Daphne.Magnuson@ngsa.org (202) 326-9314



Stable Outlook for Natural Gas Consumers This Winter, NGSA Says

(Washington, D.C.) –Pressure on natural gas prices is likely to be flat this winter compared to last, the Natural Gas Supply Association (NGSA) today said in its 10th annual Winter Outlook assessment of the natural gas market. Using published data and independent analyses, NGSA evaluated the combined impact of storage inventories, drilling activity, customer demand, economic activity and the weather on the direction of natural gas prices for the coming winter.

NGSA 's 2010-2011 Winter Outlook projected that overall demand will be greater than last winter, with increased demand for natural gas from the industrial and electric utility sectors, according to data from Energy Ventures Analysis. NGSA's Outlook cited ICF International data that supply also will be greater due to strong domestic production, particularly of shale gas.

"We expect to see industrial demand coming back strong and we also expect to see coal-to-gas fuel switching persist through the winter, if prices remain competitive," said NGSA president and CEO R. Skip Horvath. Fuel switching has increased by 10 percent since it began in 2008 and has continued because of competitive natural gas prices, said NGSA. Horvath said, "Projections show domestic production among the highest levels in decades. Drilling activity has increased as the economy has improved."

NGSA Chairman Steven P. Kirchhoff, who also is vice president-Americas for ExxonMobil Gas and Power Marketing, said, "Producers of natural gas have responded to the challenge and have been actively investing and working to meet the growing demand for clean-burning natural gas."

Kirchhoff said, "The important takeaway is the apparent strength and stability of supply along the entire natural gas value chain. This should be a good news story for natural gas consumers," he said.

According to the NGSA 2010-2011 Winter Outlook:

- **Overall demand** from all customer sectors is projected to increase by 2.4 percent this winter, with the most growth seen in electric generation (7 percent) and industrial uses (5 percent). Residential and commercial demand are expected to decrease. *Upward pressure.*
- **Production is expected to** increase and is approaching its highest level in decades, driven by onshore and shale activity. *Downward pressure.*

- **Economy** is expected to continue its strained recovery, with concerns about high unemployment lingering even as manufacturing shows some strength. *Flat pressure.*
- **Storage is projected to** be robust, although not quite reaching last year's all time record. *Flat pressure.*
- **Weather** is forecasted to be nearly normal, with a similar number of heating degree days as last winter's heating season. *Flat pressure.*

The NGSAs analysis is based on publicly reported data; the association does not project actual cost figures for wholesale or retail markets.

For more information, please see NGSAs [Winter Outlook 2010-2011 Executive Summary](#) and NGSAs [Winter Outlook 2010-2011 PowerPoint presentation](#).

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NGSA represents integrated and independent companies that supply natural gas. Established in 1965, NGSAs 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. For more information, please visit www.ngsa.org, www.naturalgas.org and www.bluejobs.org

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