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NGSA Summer Outlook: Consumers to Benefit from Milder Weather and Record Production During Summer of Record Demand

Washington, D.C. – Natural gas demand is projected to reach record levels this summer, driven primarily by power burn and exports, but an estimated 3 percent increase in production combined with milder weather and higher-than-average storage levels are expected to place downward pressure on natural gas prices compared to last summer, the Natural Gas Supply Association (NGSA) said today in its annual *Summer Outlook* forecast of the wholesale summer natural gas market.

Despite the expectation of natural gas customer demand to increase by 3 percent summer-over-summer, the NGSA *2023 Summer Outlook* predicts downward pressure compared to last summer, when natural gas averaged \$7.10 per MMBtu at the Henry Hub. Summer is defined as April through October, the industry's traditional cooling season.

“The Outlook shows producers are rising to the challenge of meeting strong summer demand for natural gas at home while also providing for the critical needs of an under-supplied global market,” said Freeman Shaheen, Chairman of NGSA and President of Global Gas at Chevron.

“We are in an era of significant change in the power generation mix, with over 200 gigawatts of new natural gas, renewable resources, and energy storage capacity being integrated into the grid since 2018 and expected to come into service, with 71 gigawatts of coal retired,” Shaheen added. **“These changes make additional natural gas pipeline takeaway capacity imperative so that quick-ramping natural gas can be available to provide balance and reliability to the grid.”**

In brief, NGSA's analysis of individual supply and demand factors showed:

Supply – Production is expected 3 percent higher than last summer. *Downward pressure.*

Economy – Expected GDP growth of 1.6 percent. *Downward pressure.*

Weather – Anticipated 7 percent fewer cooling degrees than last summer. *Downward pressure.*

Overall Demand – Customer demand projected to average record 97.0 Bcf/day, a 3 percent increase summer-over-summer, primarily in the **power burn and export sectors.** *Upward pressure.*

Storage – Expectation to enter summer with 1.83 Tcf of gas in storage, considerably higher than last summer's 1.38 Tcf levels. *Downward pressure.*

NGSA said that utilities and industrial customers can use tools to help build a diverse and stable natural gas supply portfolio that balances daily spot market, short-term and longer-term contracts. Spot market prices are just one part of the overall volumes of natural gas being bought and/or sold, NGSA said.

NGSA used data from Energy Ventures Analysis, Moody's Analytics, the Conference Board and publicly available sources including the Energy Information Administration for its demand and supply projections. **The NGSA analysis does not project actual price figures for wholesale or retail markets.** For more information, please see the attached [NGSA 2023 Summer Outlook PowerPoint presentation](#) and the [EVA Executive Summary](#).

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. Founded in 1965, NGSA is the only national trade association that solely focuses on producer-marketer issues related to the downstream natural gas industry. NGSA advocates for well-functioning markets that foster a growing, competitive market for natural gas. NGSA is dedicated to achieving a cleaner future through strong partnerships with renewables and supporting innovative technologies and market solutions that reduce emissions. For more information, please visit www.ngsa.org.

Markets Matter: Representing America's Major Producers and Suppliers of Natural Gas Since 1965