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GOVERNMENT

America's Natural Gas Revolution

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ROB BARNETT
Senior Energy Analyst

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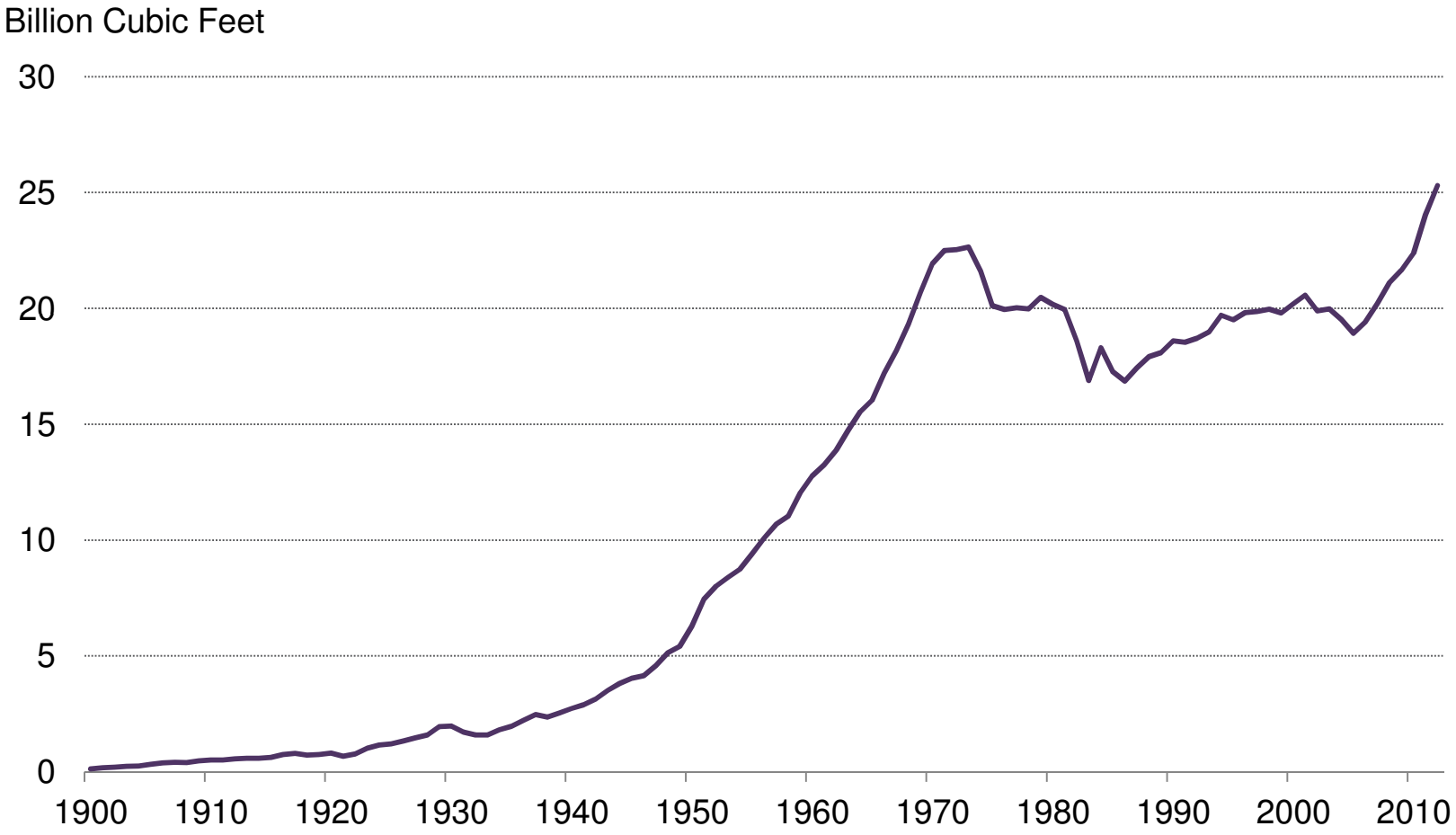
TOTAL U.S. NATURAL GAS PRODUCTION

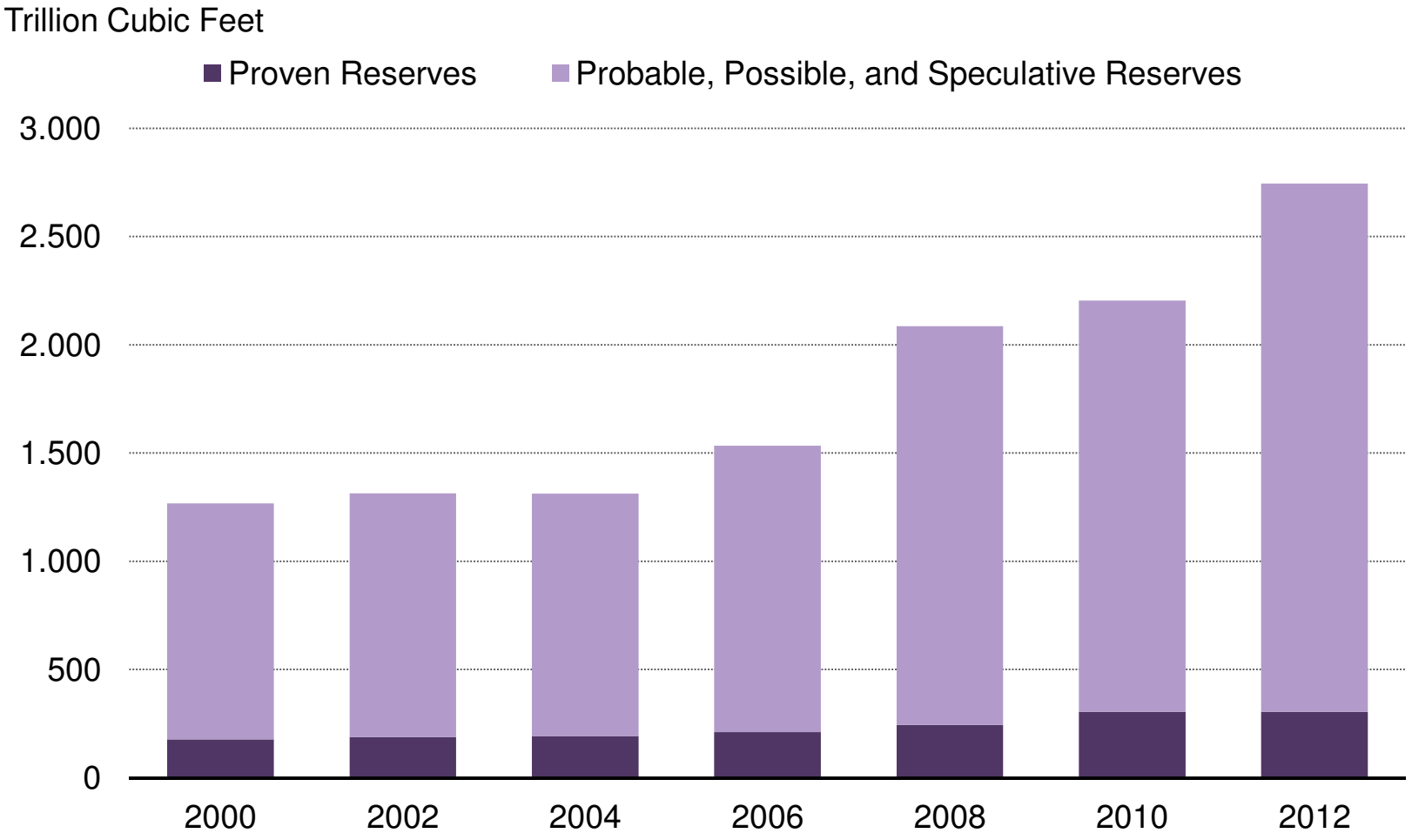
U.S. natural gas production reached its highest level ever in 2012.



Source: Energy Information Administration and Bloomberg Government

U.S. NATURAL GAS RESOURCE ASSESSMENT

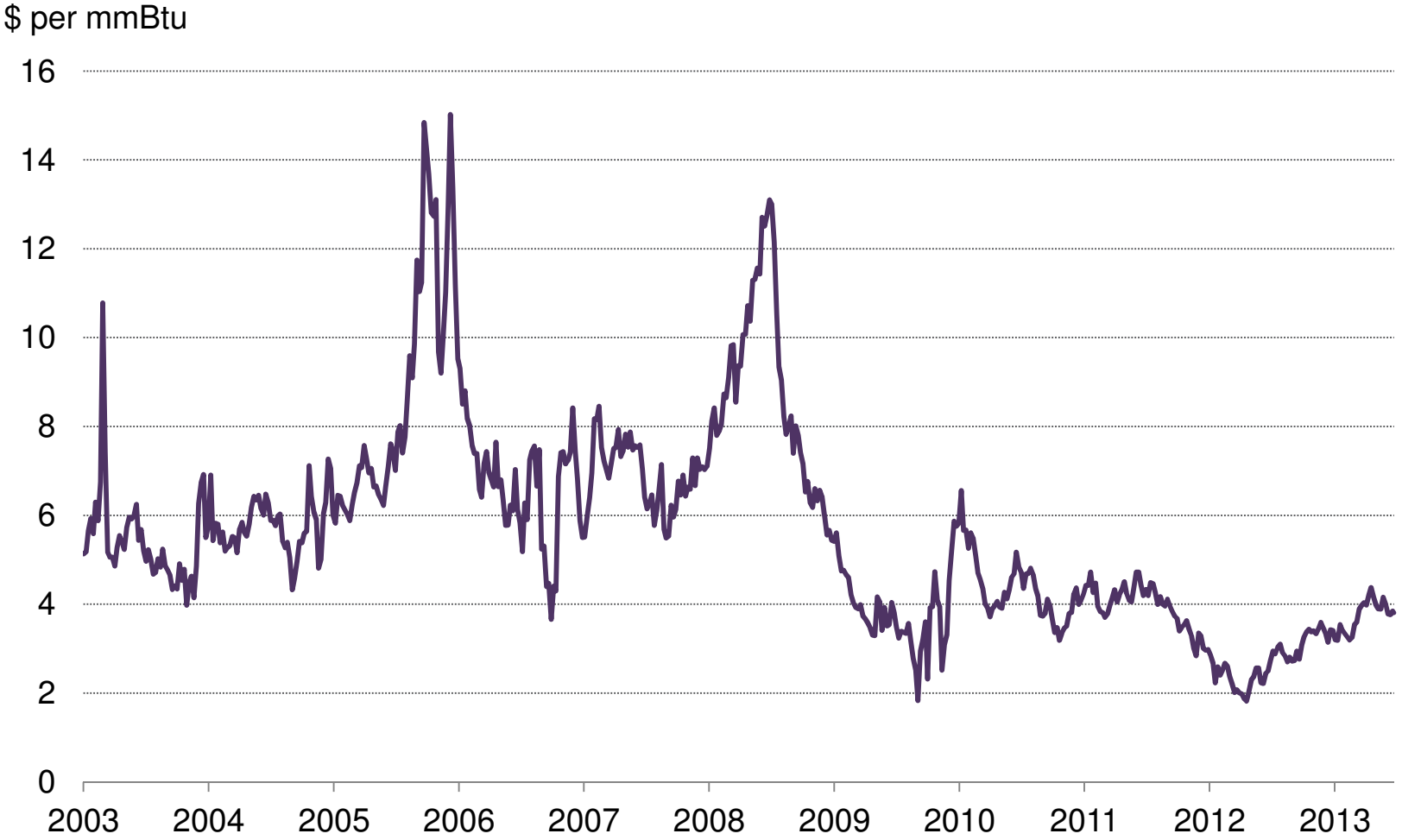
There are about 2.7 quadrillion cubic feet of natural gas reserves in the U.S., enough to last about 110 years at the current consumption rate.



Source: Energy Information Administration, Potential Gas Committee, and Bloomberg Government

U.S. NATURAL GAS PRICES (HENRY HUB)

At just below $4 per mmBtu, U.S. natural gas prices are still a bargain compared with prices observed between 2004 and 2008.

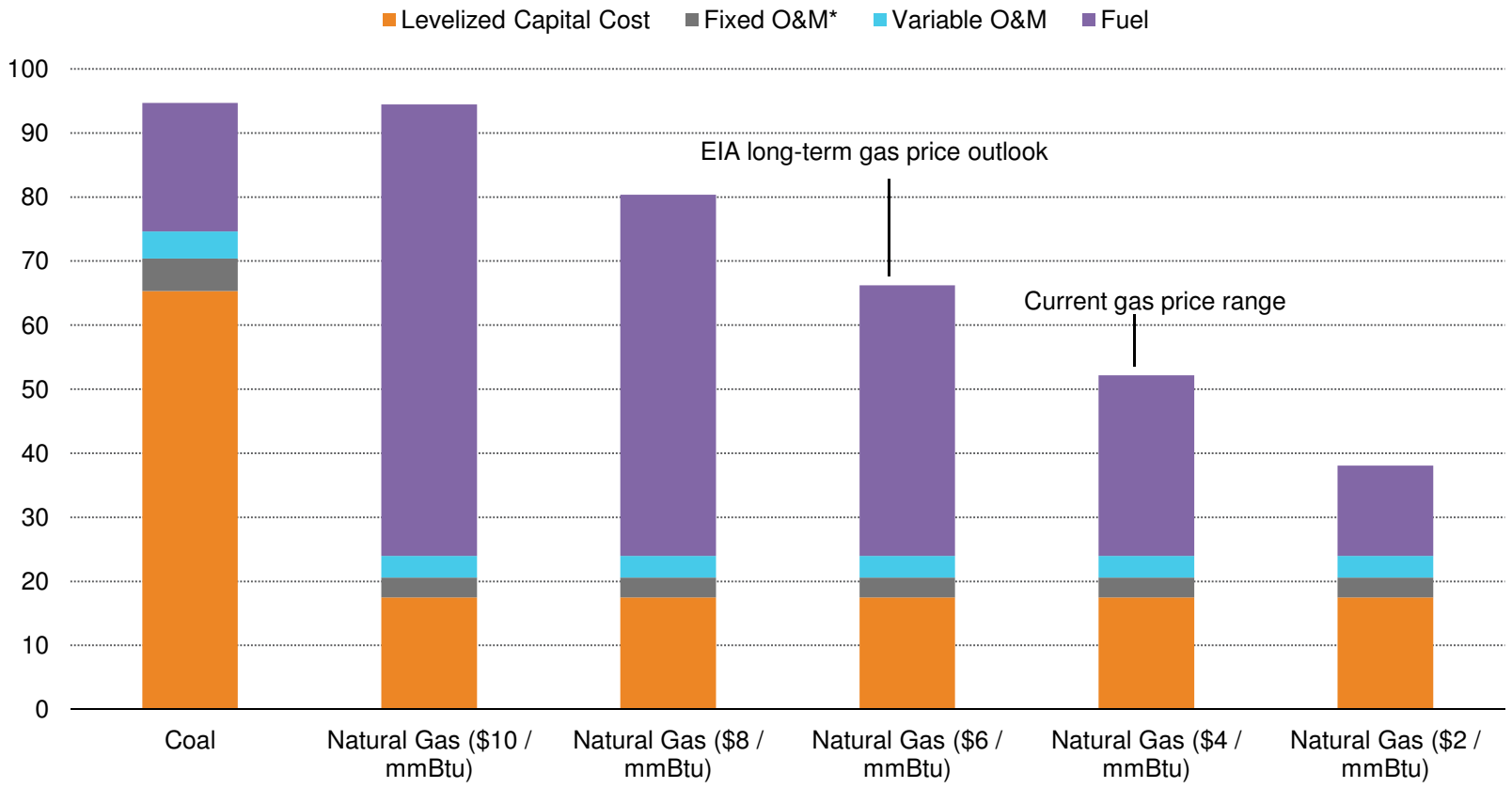


Source: Bloomberg Terminal

NEW COAL POWER PLANTS ARE MORE EXPENSIVE

Even without EPA regulations, new coal-fired power plants are significantly more expensive over the life of the plant when compared with natural gas

Levelized cost of electricity in dollars per megawatt-hour

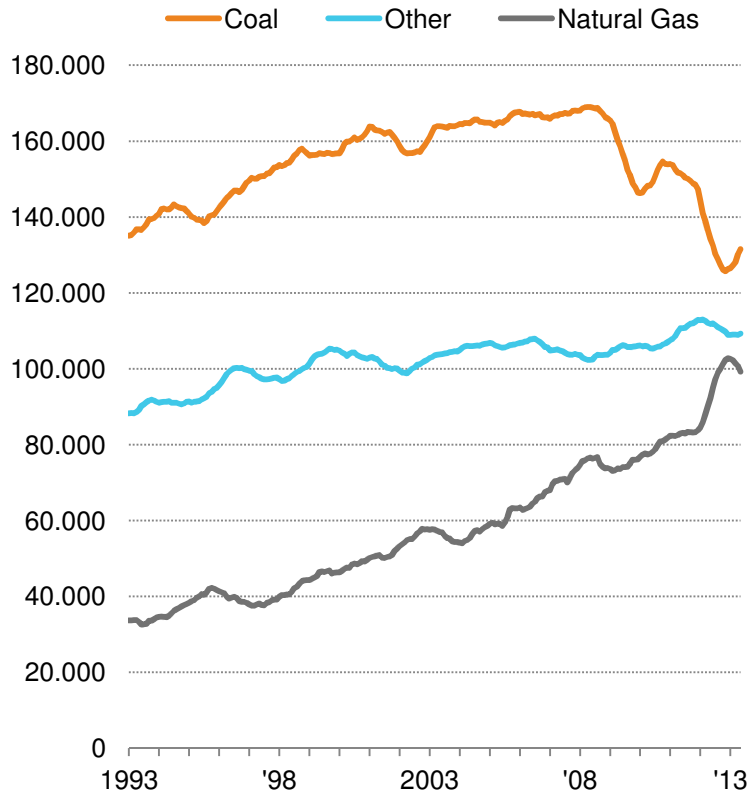


*O&M stands for operation and maintenance costs. Fixed O&M includes transmission investment costs in this example
Source: Bloomberg Government, Environmental Protection Agency

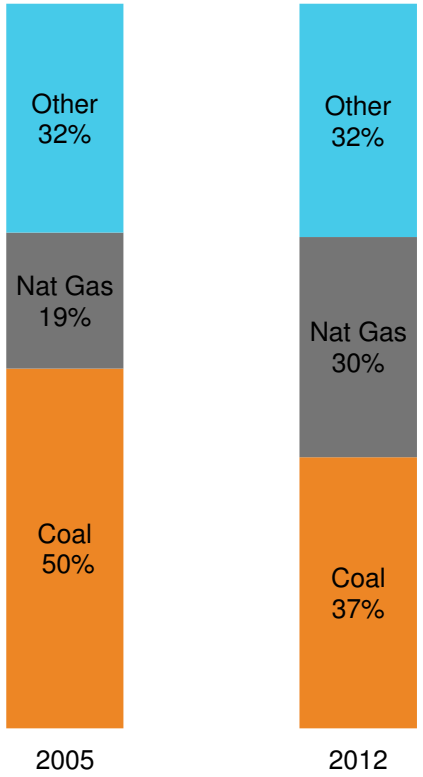
NATURAL GAS HAS BEEN DISPLACING COAL

Since 2005, coal use in the power sector has declined by 25 percent. During the same period, natural gas use has increased by 62 percent

Million kWh, 12-month trailing average



Share of electric power by source

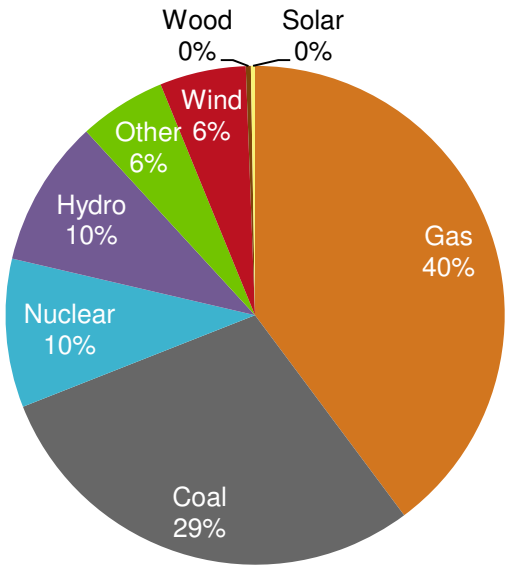


Source: Bloomberg Government, Energy Information Administration

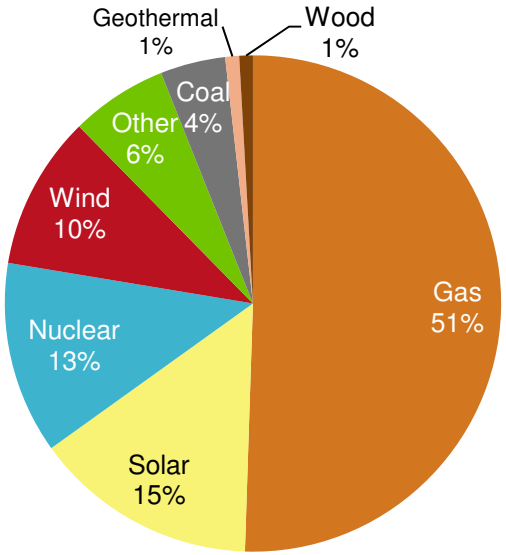
GAS AND OTHER LOW CARBON TECHNOLOGIES DOMINATE PLANNED ELECTRIC CAPACITY ADDITIONS

About half of all proposed electric power plants would be fueled by natural gas. Solar, Nuclear, and Wind are the other dominant technologies.

Operating versus proposed electric capacity, 2012



Operating capacity



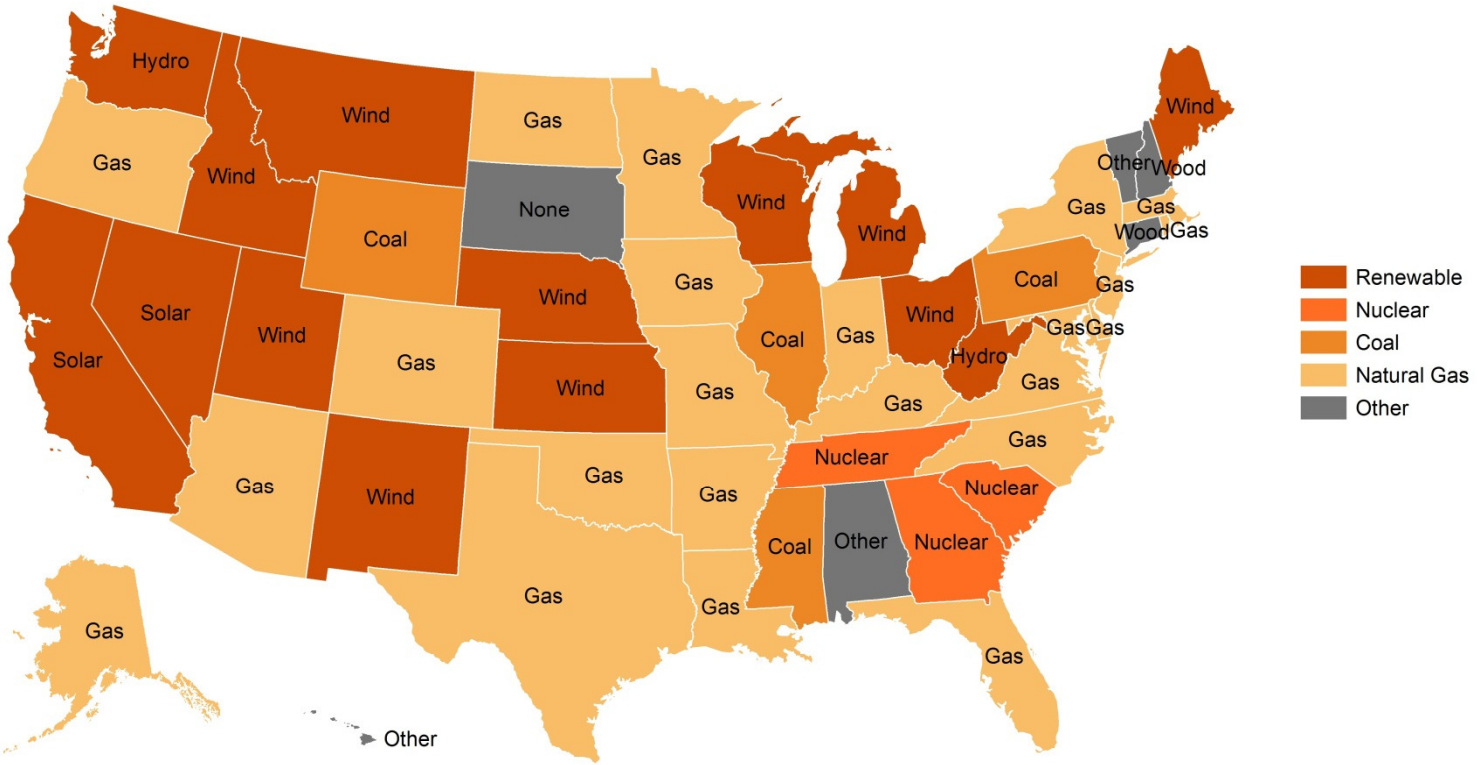
Proposed capacity

Source: Bloomberg Government, EIA

GAS AND OTHER LOW CARBON TECHNOLOGIES DOMINATE PLANNED ELECTRIC CAPACITY ADDITIONS

A number of regions that were historically dominated by coal generation are shifting toward natural gas.

Dominant source of proposed electric capacity, 2012



Source: Bloomberg Government, EIA

ABOUT THE ANALYST

Rob Barnett, an energy analyst at Bloomberg Government, specializes in energy sector economics, environmental policy and strategy, and EPA regulations. Before joining Bloomberg, he was an associate director of Climate Change and Clean Energy at IHS Cambridge Energy Research Associates. At IHS CERA he led the environmental and energy analysis for various studies, including "Growth in the Canadian Oil Sands: Finding the New Balance," and "Crossing the Divide: The Future of Clean Energy." Before that, Barnett worked for Clemson's Power Quality and Industrial Applications Laboratory, where he modeled electric power systems to assess the impact of distributed generation.

Barnett holds a master's degree in economics from Boston University and undergraduate and master's degrees in electrical engineering from Clemson University.

rbarnett12@bloomberg.net
+1 202 416 3400
@barnettenergy

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