

## Power generation, exports to drive US gas demand

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Houston, 18 October (Argus) — Electricity demand and export growth are expected to bolster US natural gas production, industry officials said.

Rising electricity use from electronic devices should boost natural gas demand, ConocoPhillips market research director Jim Duncan told attendees at the LDC Gas Forum for the Rockies and West in Denver, Colorado, yesterday.

These devices are capable of consuming significant amounts of energy each year, on par with more traditional household items like refrigerators, and are a "signpost" that demand is destined to increase, Duncan said.

According to the US Energy Information Administration (EIA), dry natural gas production rose by nearly 11pc between July 2012 and July 2017. Storage injections have not increased at the same level, because much of that gas is being consumed or exported, Duncan said.

Growth in LNG demand and pipeline exports to Mexico are also expected to boost US natural gas production, Duncan said.

LNG exports will grow significantly over the next decade, supported by low natural gas prices, said Will Brown, Kinder Morgan vice president of business management for the western natural gas region.

Renewable supplies like wind and solar will continue to disrupt the market, and regulatory uncertainty at federal and state levels is likely to slow developments in the natural gas sector, Brown said.

In the west, renewables are expected to significantly grow in the next ten years, disrupting an average of 2.6 Bcf/d of domestic natural gas demand, Brown added.

This growth is expected to drive the development of new requirements for balancing and dispatching of electricity because of additional volatility on an hourly or daily basis, ICF managing director for natural gas and liquids Michael Sloan said.

As a result, gas procurement and contracting requirements for pipelines are also likely to change, to ensure that these demands can be met.

Gas demand could increase by as much as 22 Bcf/d over the next 8 years, largely driven by exports, Sloan said.