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Pace of energy transition concerns gas industry



As US natural gas producers announce plans to reduce carbon emissions as part of the energy transition, industry leaders are concerned about maintaining a reliable and affordable source of power.

Forecasts for unseasonably hot weather this summer and inventories well below the five-year average are raising concerns about winter supply, especially in the northeast where there is limited gas infrastructure, according to panelists at the LDC Gas Forum in Boston, Massachusetts. As companies respond to the energy transition, industry leaders are concerned about the ability of renewable energy sources to meet demand, as well as about the high cost to consumers.

Producers are responding to the energy transition because of consumer demand and investors pushing companies to commit to environmental, social and governance (ESG) standards, Amy Andryszak, chief executive officer at the Interstate Natural Gas Association of America (INGAA) said today. But companies with lofty goals to appease consumers and investors should be cautious with the reality of the acceleration towards net zero emissions, Andryszak said.

The Natural Gas Supply Association has asked the Federal Energy Regulatory Commission (FERC) to examine the reliability of all energy resources, their true cost, and the rate at which the energy transition should move.

"We need to find some way for our generators to sign long-term firm contracts," Natural Gas Supply Association chief executive Dena Wiggins said. "It sends the right signal to the market about the need for infrastructure."

Coal has historically been a reliable US power source in a high price environment, but that is changing as coal-fired plants continue to be retired.

"If you are in the US coal market and getting the market signal that maybe your industry is dying, are you really going to invest in putting more coal on line?" Wiggins said.

Natural gas industry leaders support the energy transition because they believe it is the right thing to do, Wiggins said.

New York state power generators are scheduled to retire in coming years and reliability margins are narrowing, according to the New York Independent System Operator (NYISO).

"The NYISO is at the forefront of the clean energy transition, working to achieve state emissions mandates with a balanced approach that maintains electric system reliability," chief executive officer Rich Dewey said. "We need to prepare the power system for risks to reliability while building the grid of the future, advancing the state's economy, and supporting the health and safety of New Yorkers."

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