

The Outlook for Energy and Natural Gas Markets

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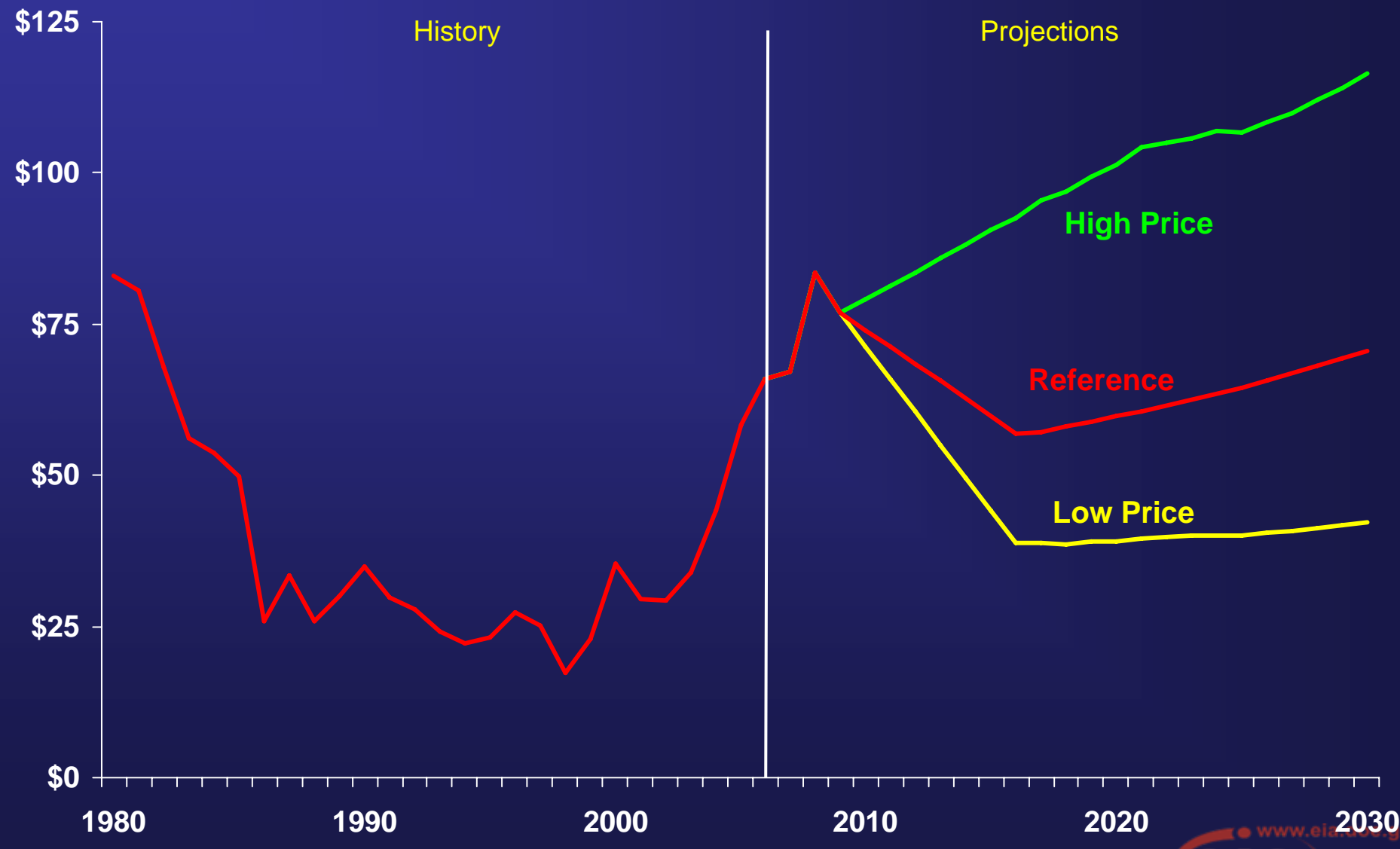
Natural Gas Roundtable
Washington, DC
March 18, 2008

***Annual Energy Outlook 2008* reference case indicates that through 2030....**

- Traditional fossil fuels are expected to continue to meet the bulk of energy requirements over the projection period
- U.S. energy demand is projected to grow at an average annual rate of 0.7 percent
- The energy efficiency of the economy is projected to increase at an average annual rate of 1.7 percent
- U.S. oil import dependence, measured as a share of U.S. oil use, is expected to decrease by 2030
- U.S. natural gas use is projected to decline after 2016
- Future growth in U.S. natural gas supplies depends on unconventional domestic production, natural gas from Alaska, and liquefied natural gas imports
- Carbon dioxide emissions from energy are projected to grow at an average annual rate of 0.6 percent

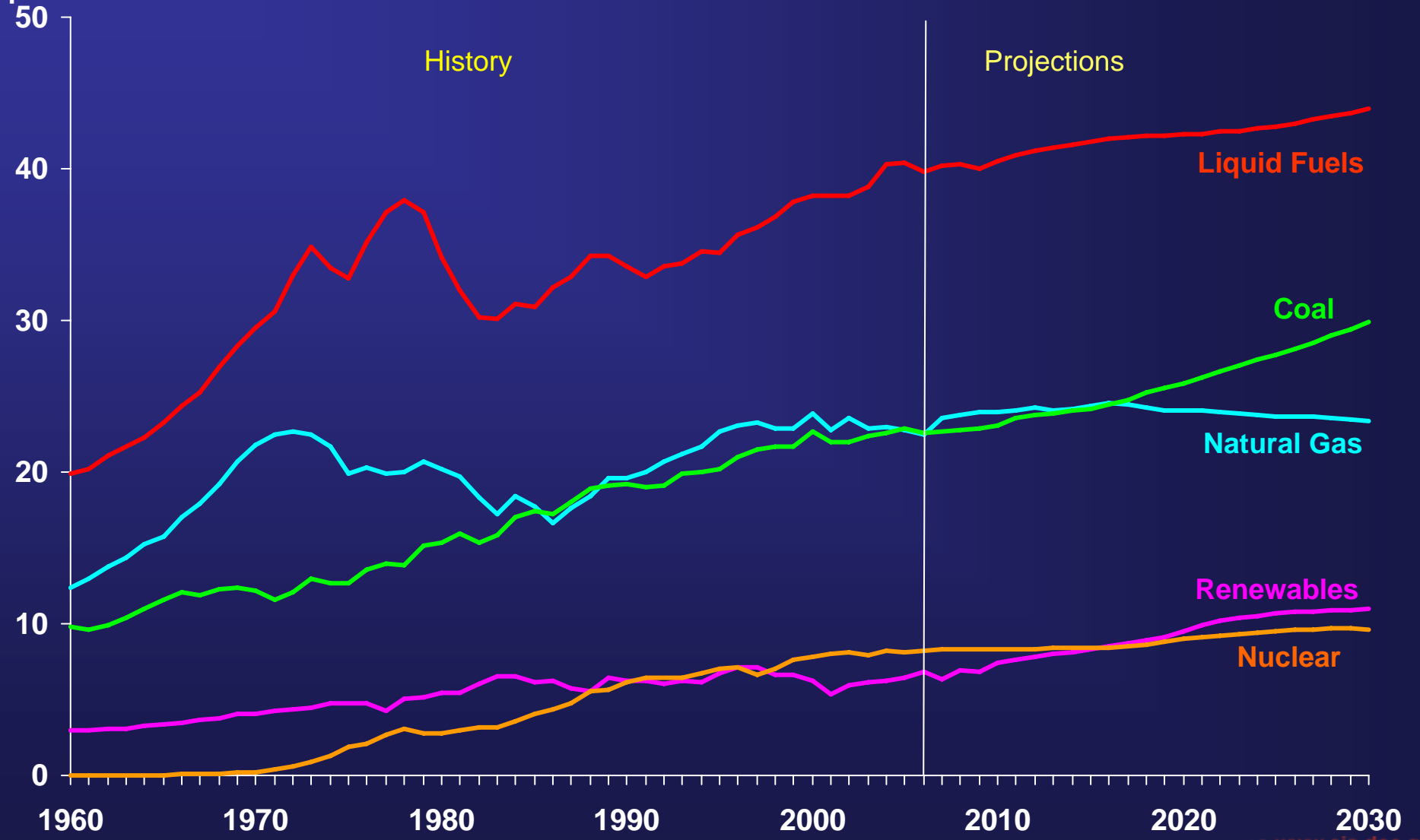
World oil prices are expected to decline, then rise

2006 dollars per barrel



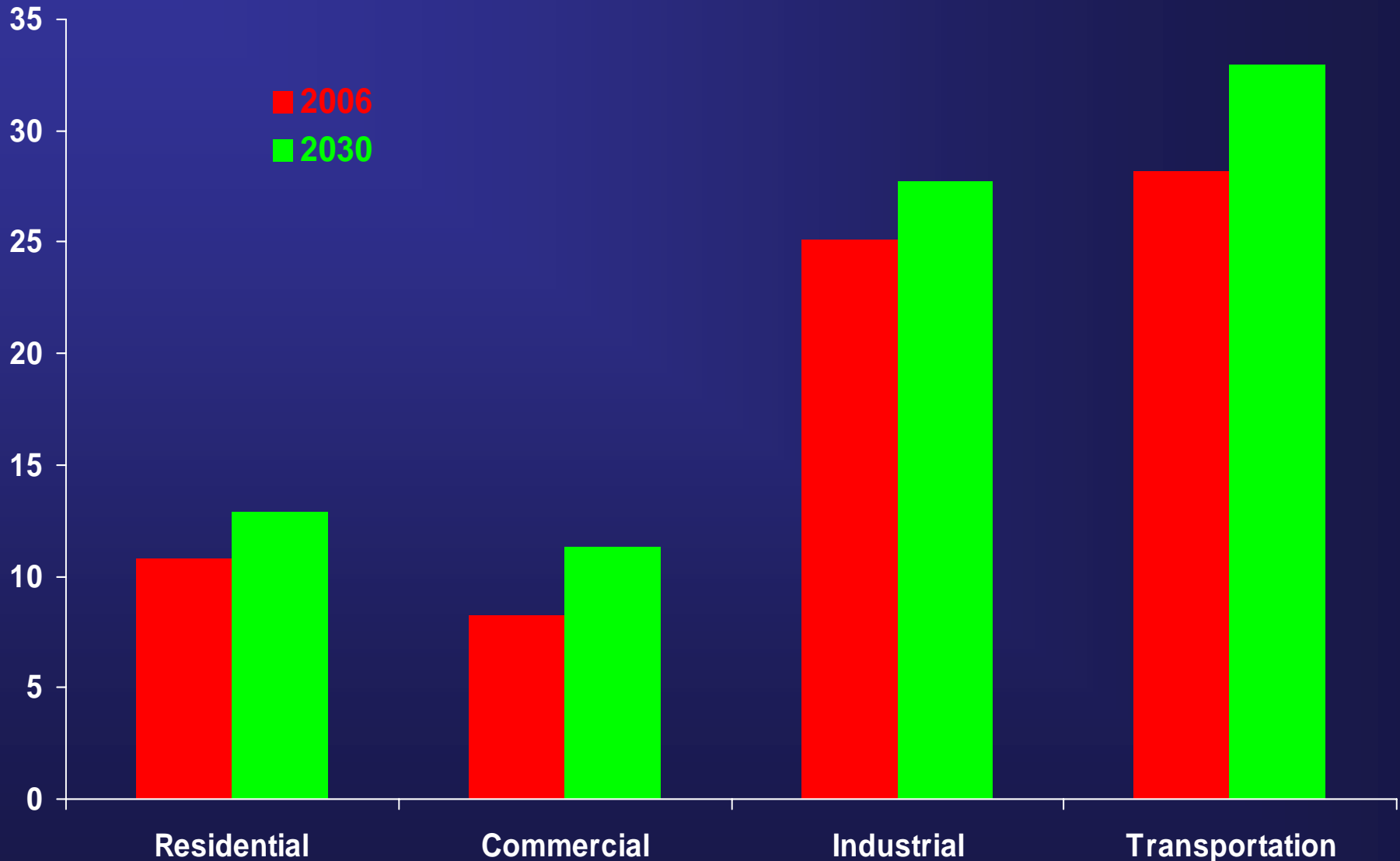
Liquid fuels continue to dominate primary energy consumption in the United States

quadrillion Btu



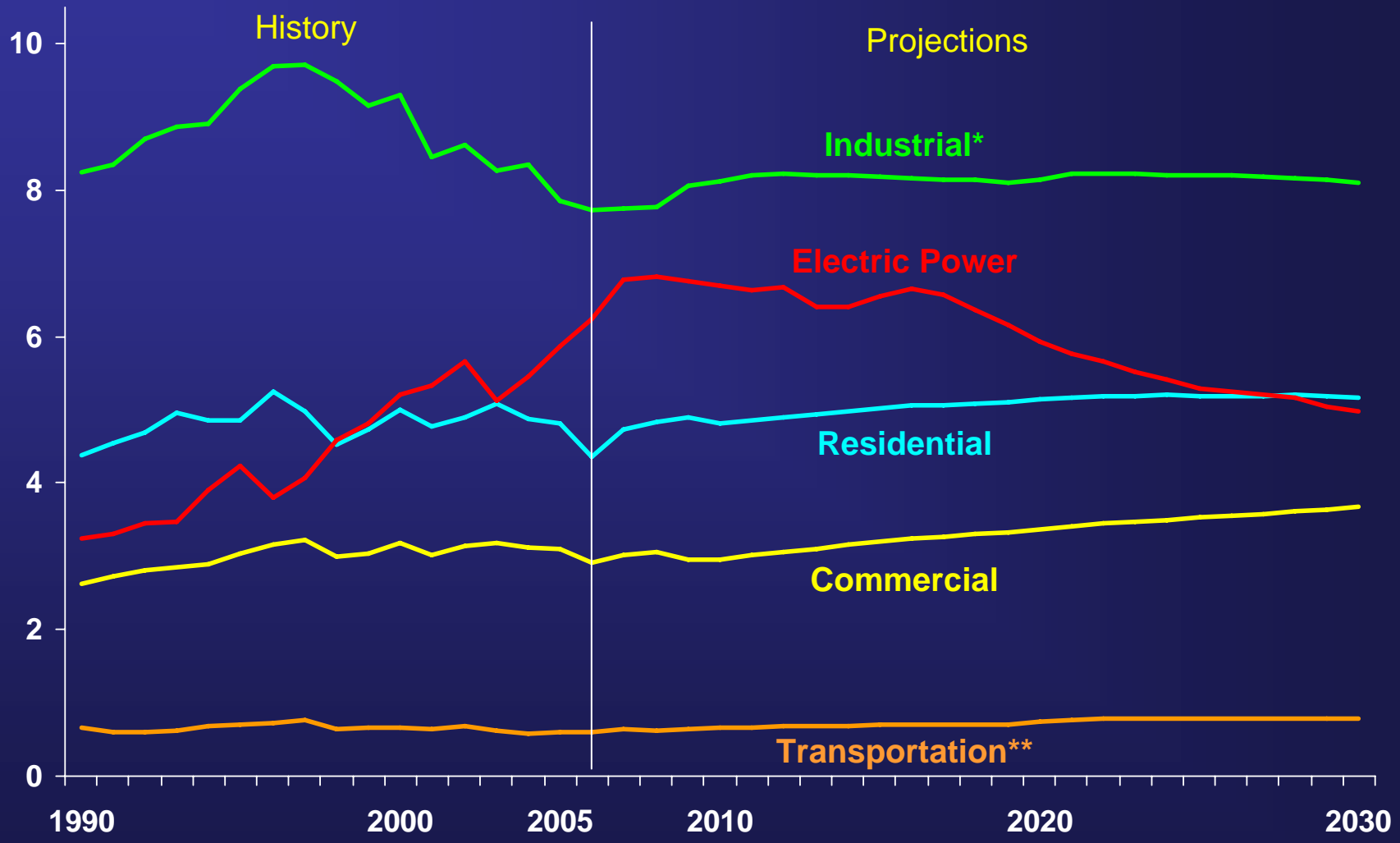
Transportation is the largest end-use consuming sector, although the commercial sector has the fastest growth

quadrillion Btu



Natural gas consumption in the electric power sector declines after the next 10 years

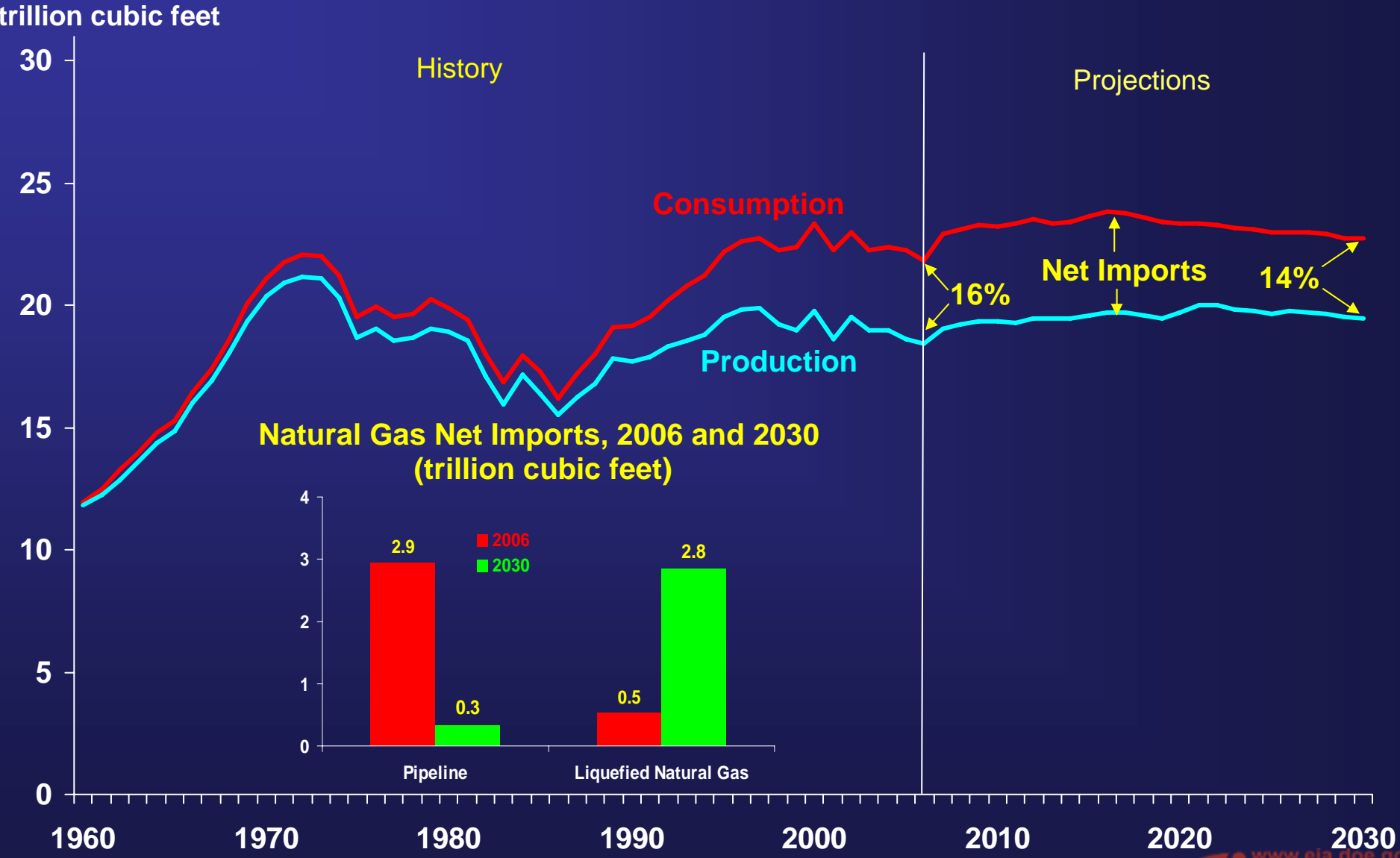
trillion cubic feet



* Includes lease and plant fuel

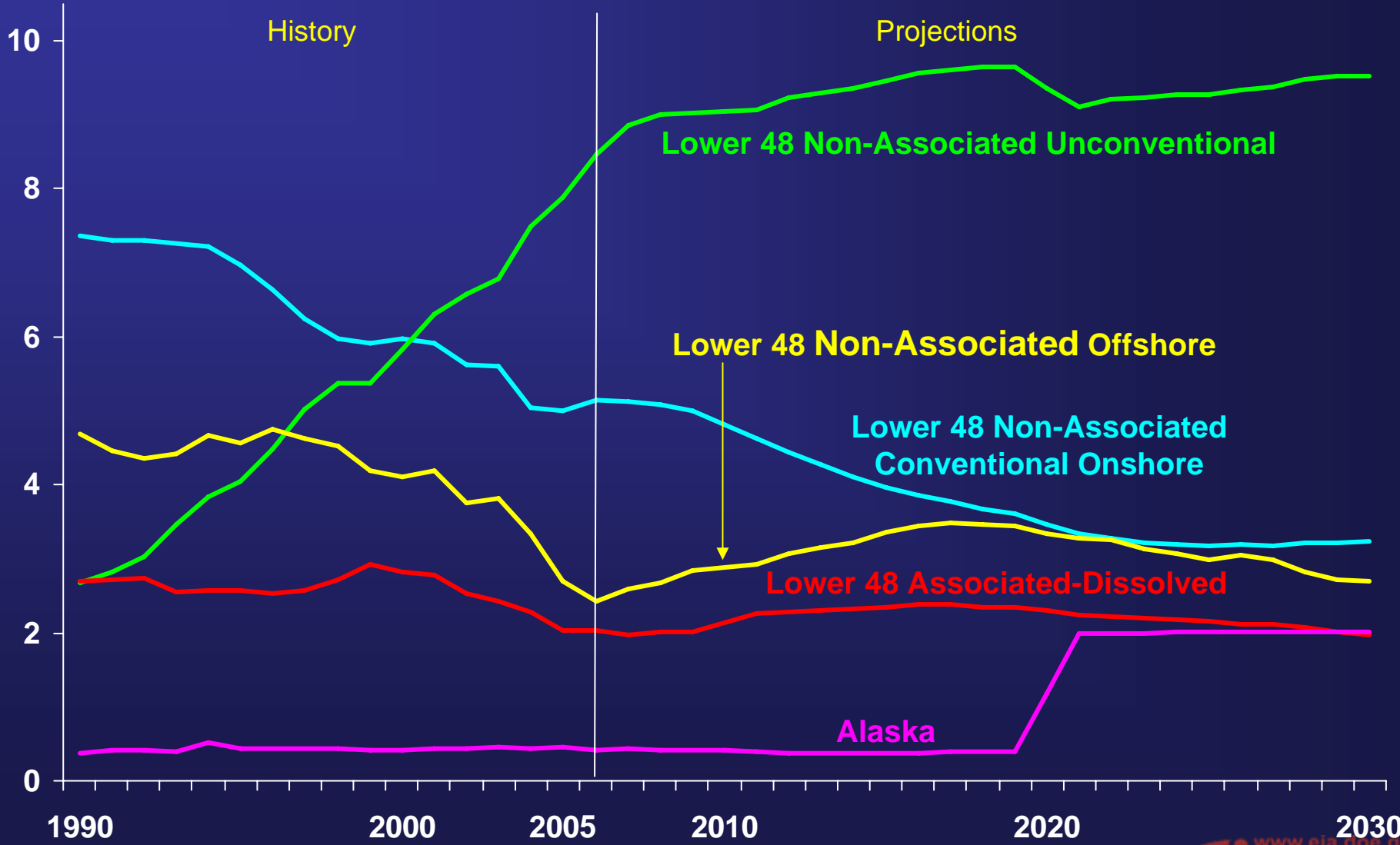
** Includes pipeline fuel

Dependence on natural gas net imports declines slightly



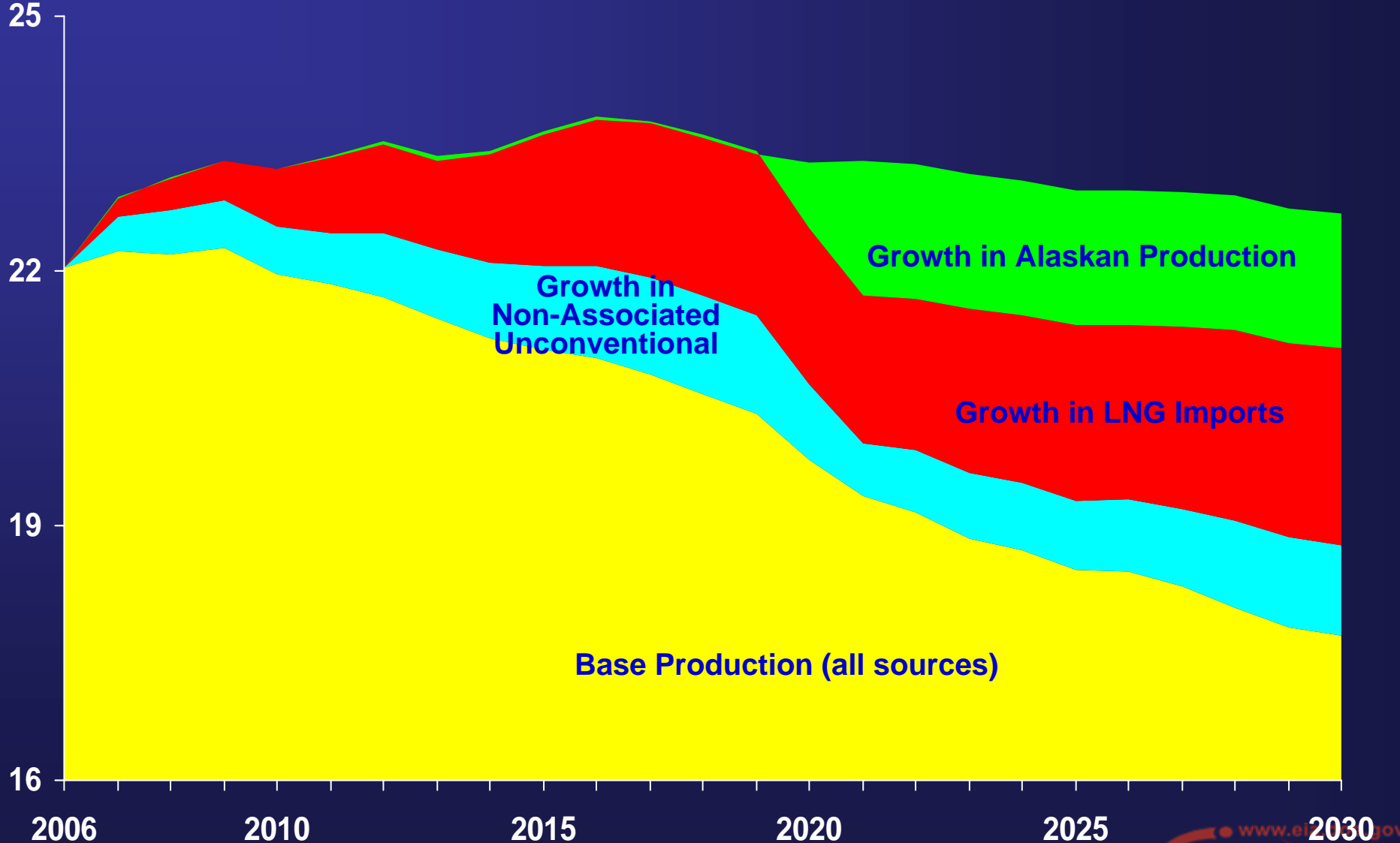
Unconventional natural gas production will account for nearly half of domestic supply

trillion cubic feet



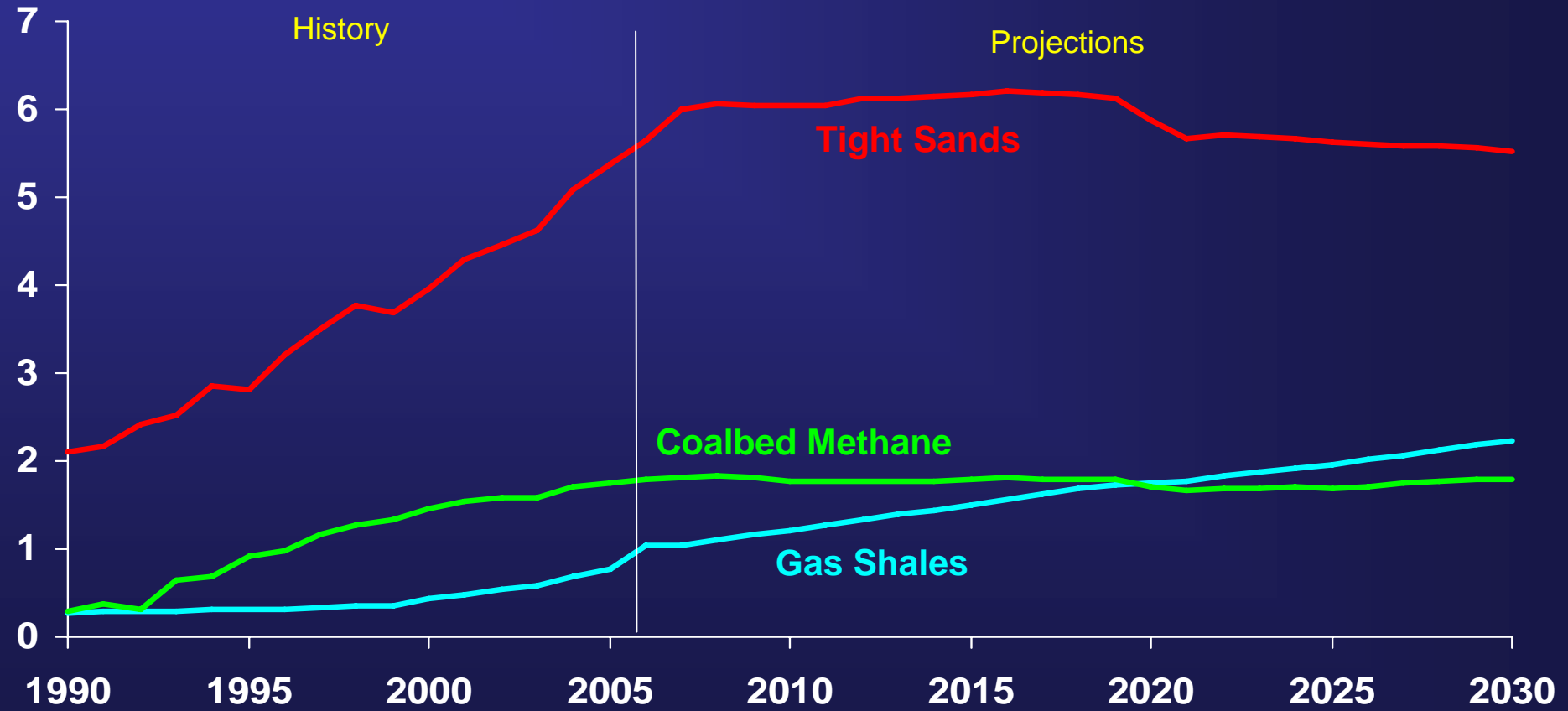
The major sources of incremental U.S. natural gas supply will be unconventional gas, Alaska, and LNG

trillion cubic feet



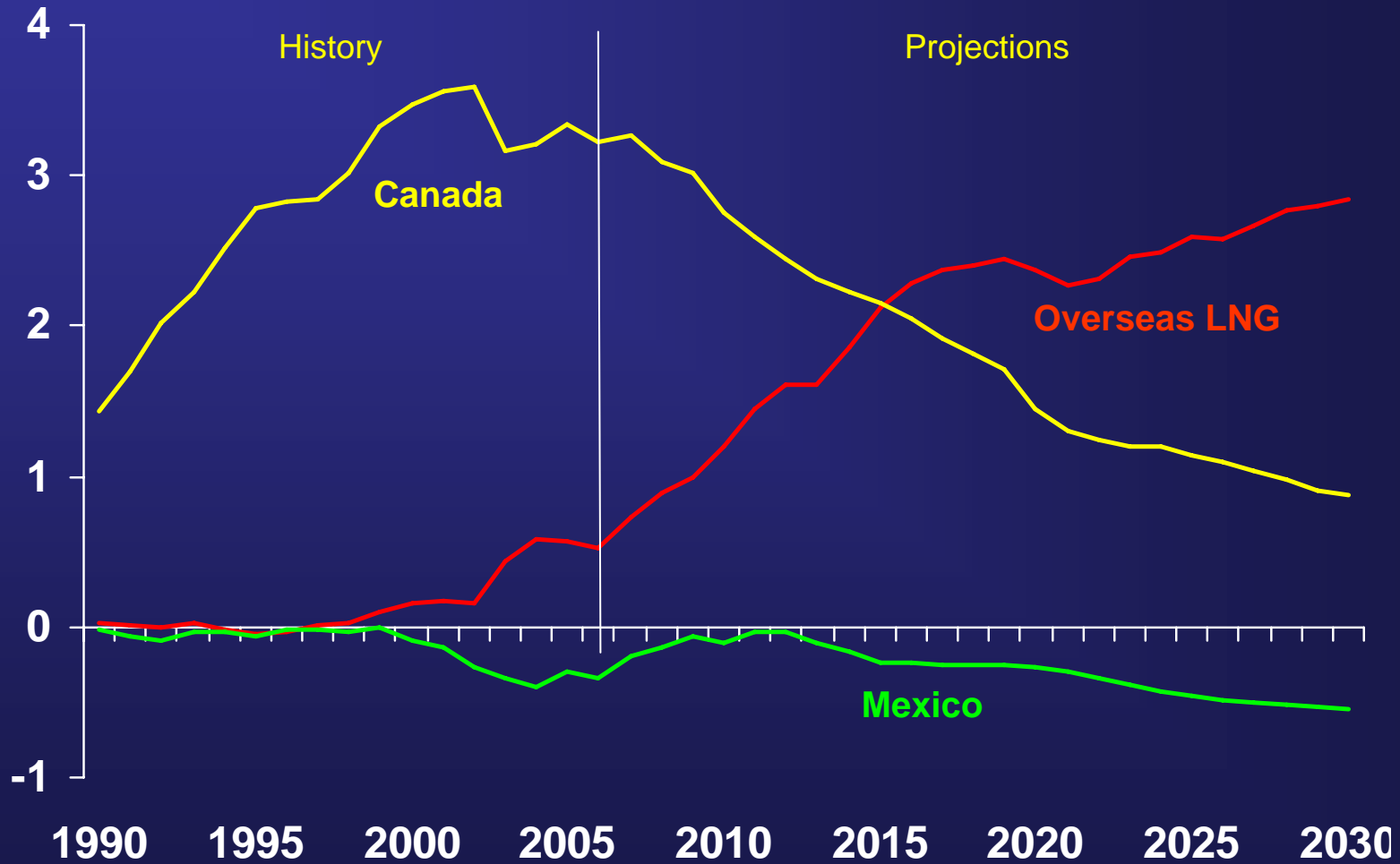
Tight sands formations will dominate unconventional gas production, but shales grow rapidly

trillion cubic feet



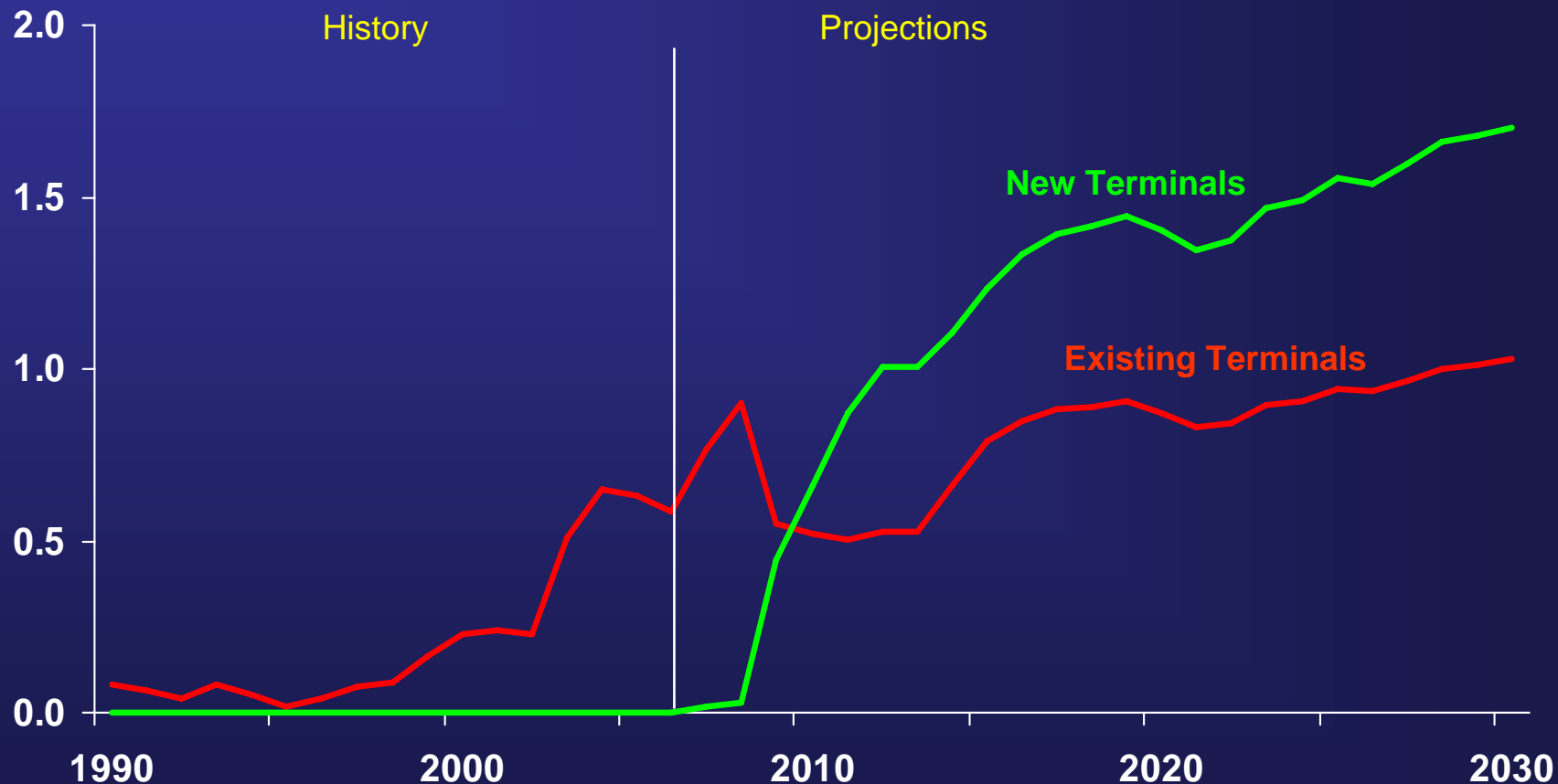
Net pipeline imports fall as supplies from Canada decline and exports to Mexico increase; LNG imports grow rapidly

trillion cubic feet



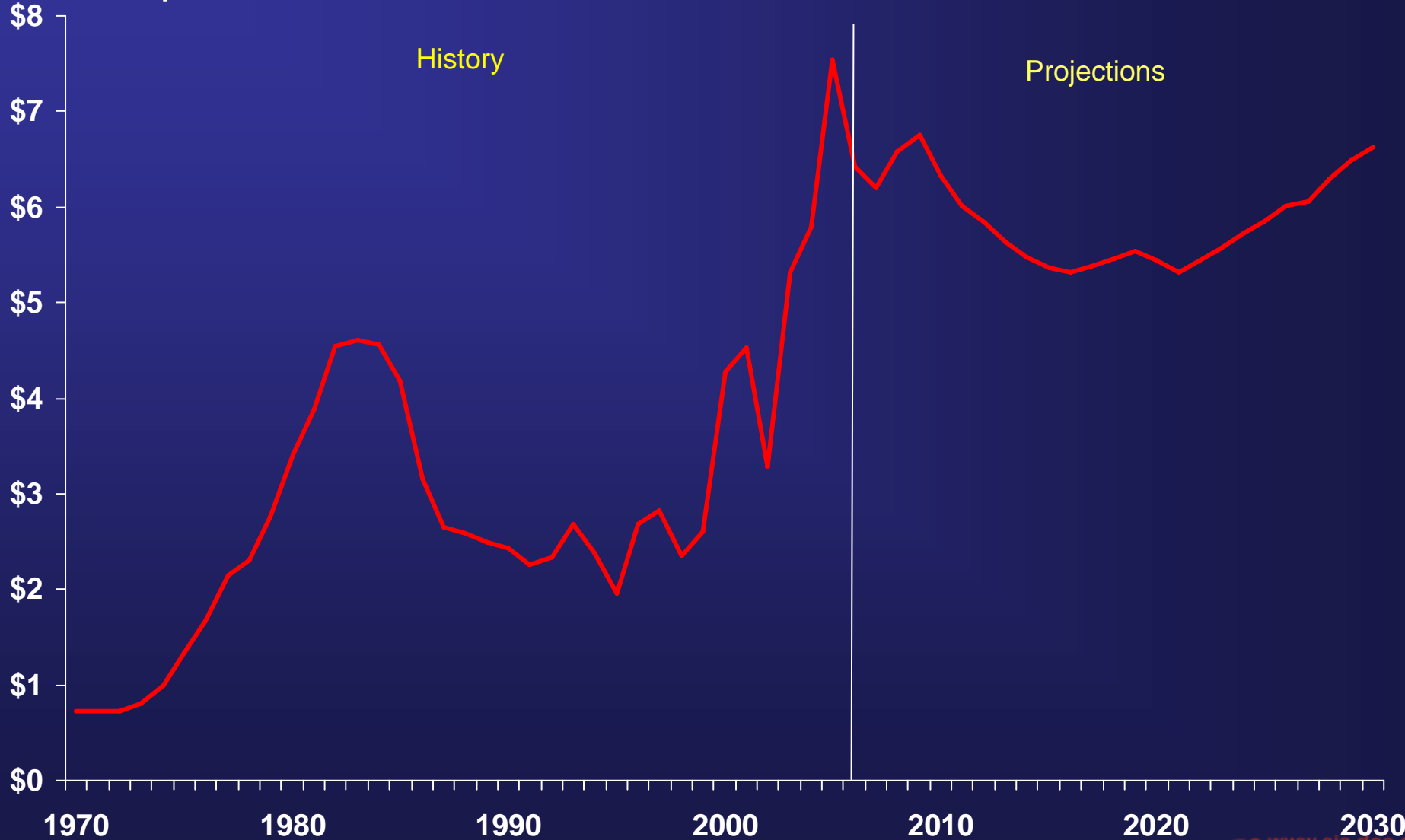
LNG imports from new terminals will soon outpace imports from existing terminals

trillion cubic feet

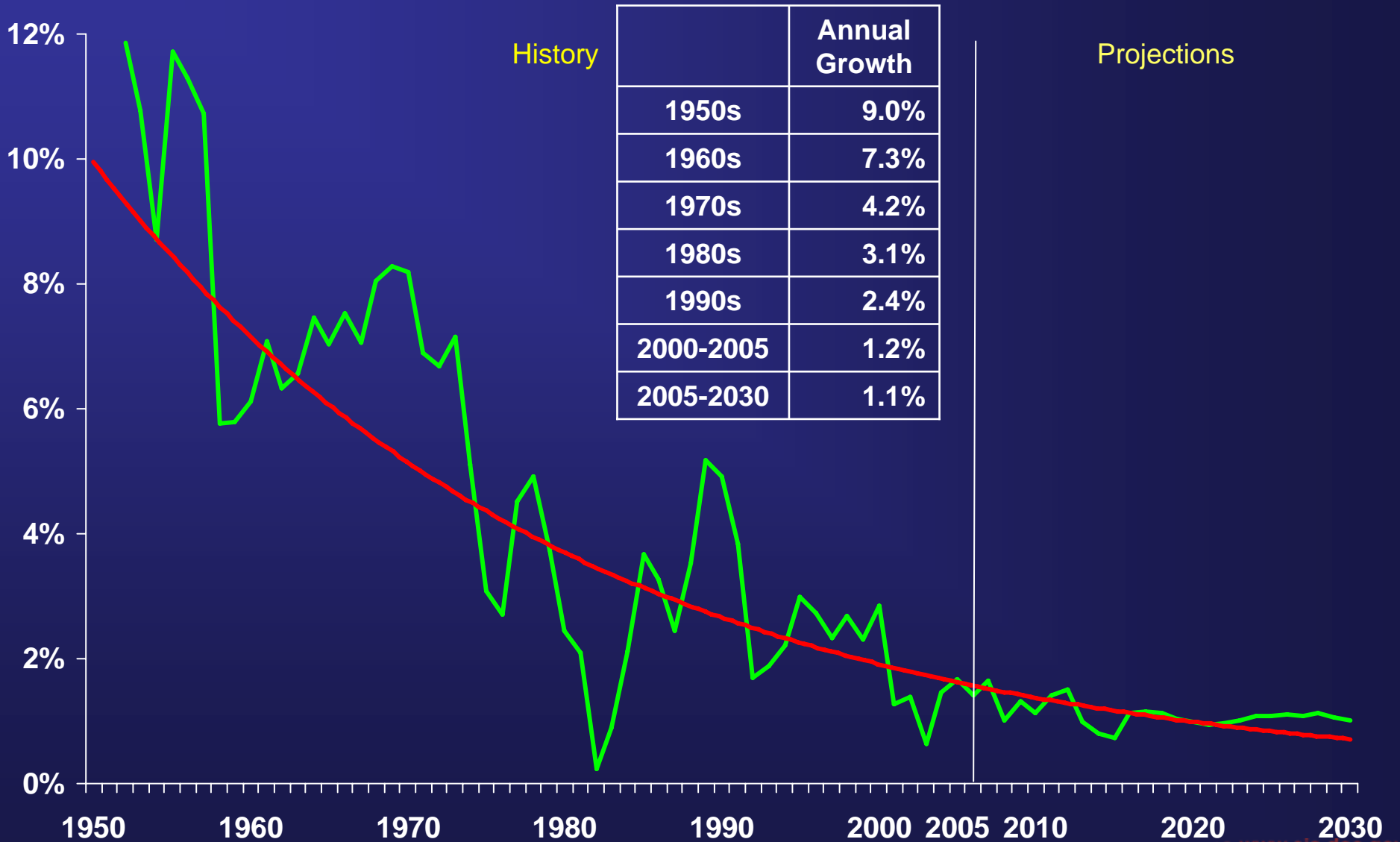


Natural gas wellhead prices will decline before rising again

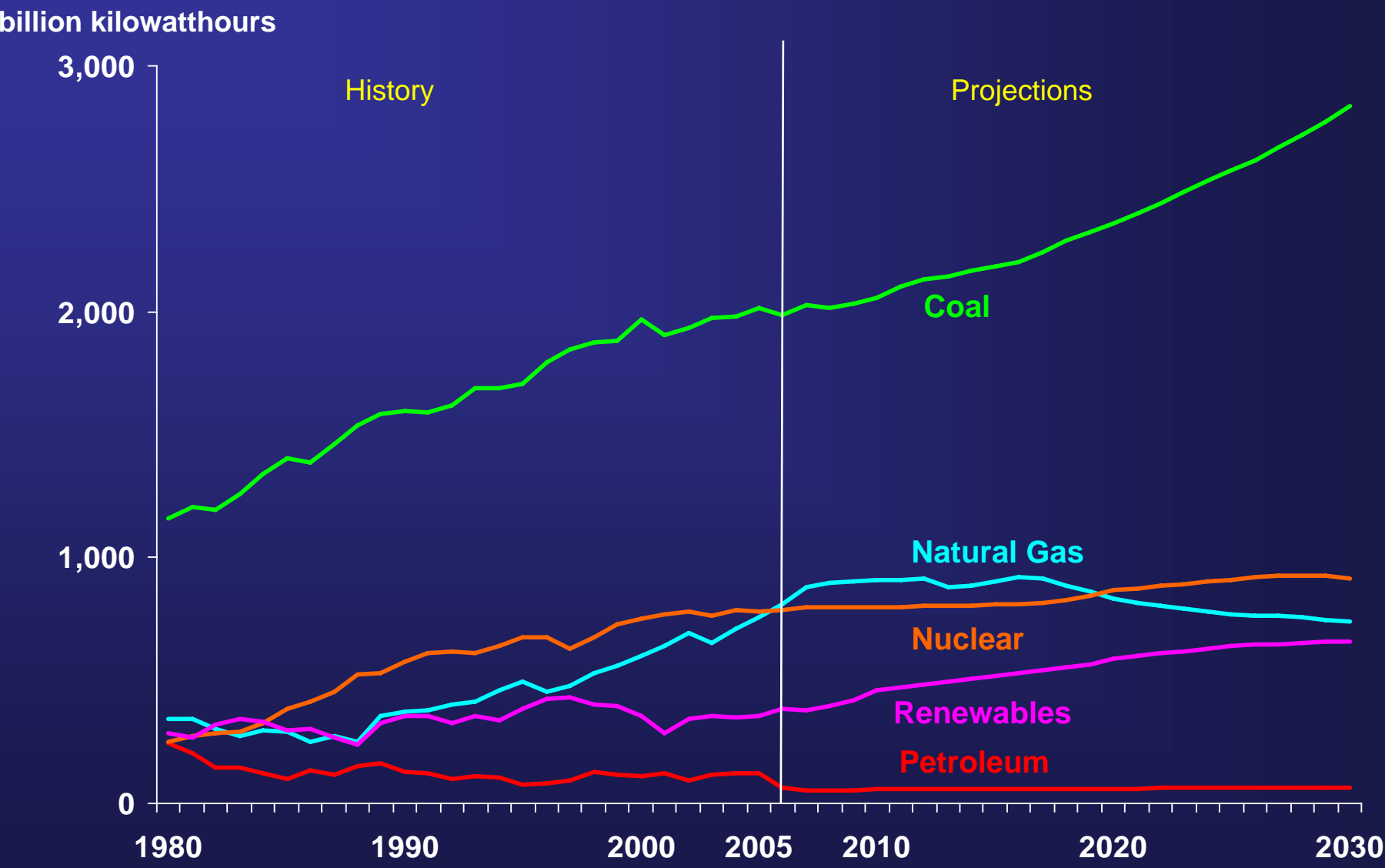
2006 dollars per thousand cubic feet



U.S. electricity demand growth has been trending downward

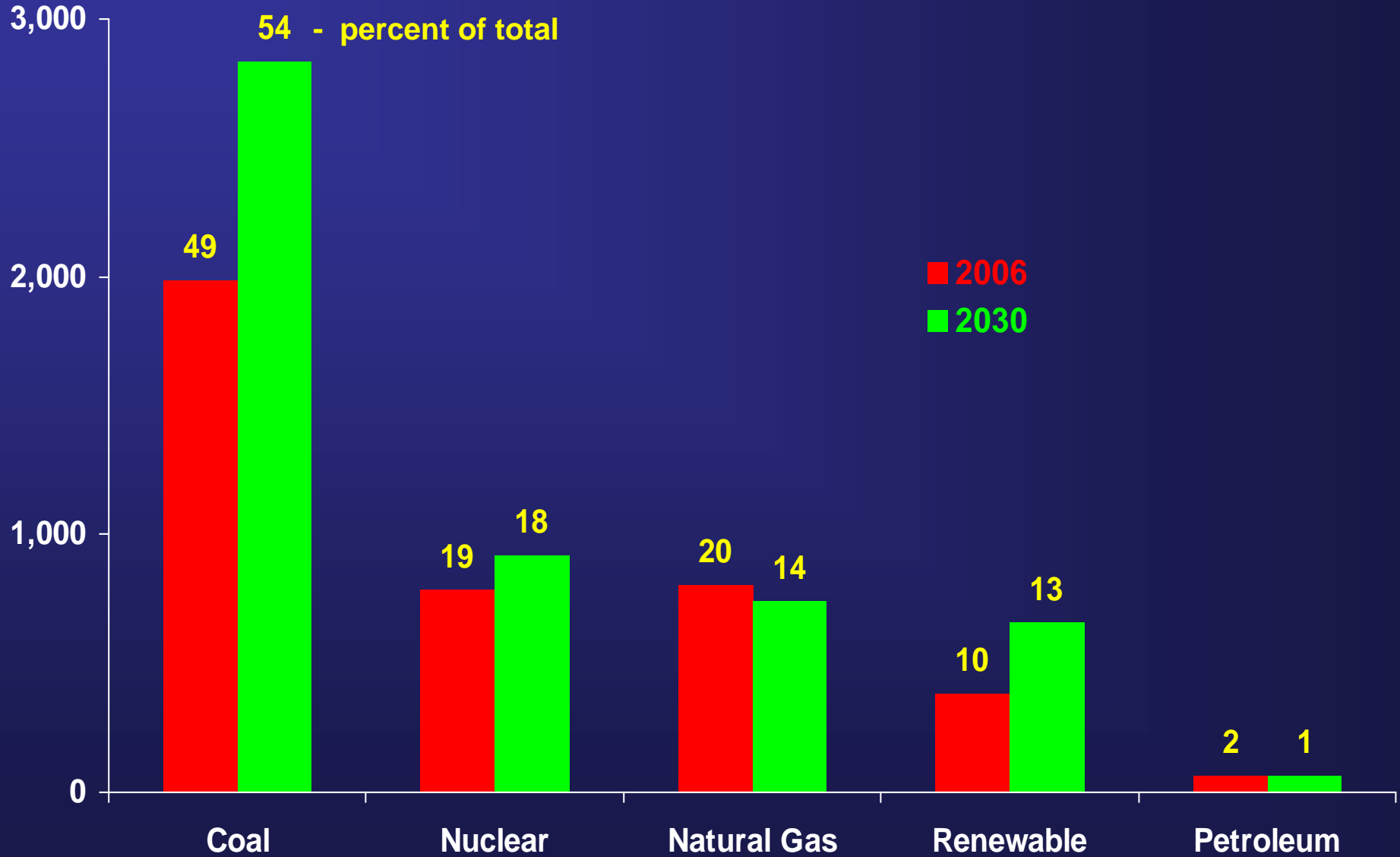


Coal remains the largest source of electricity generation



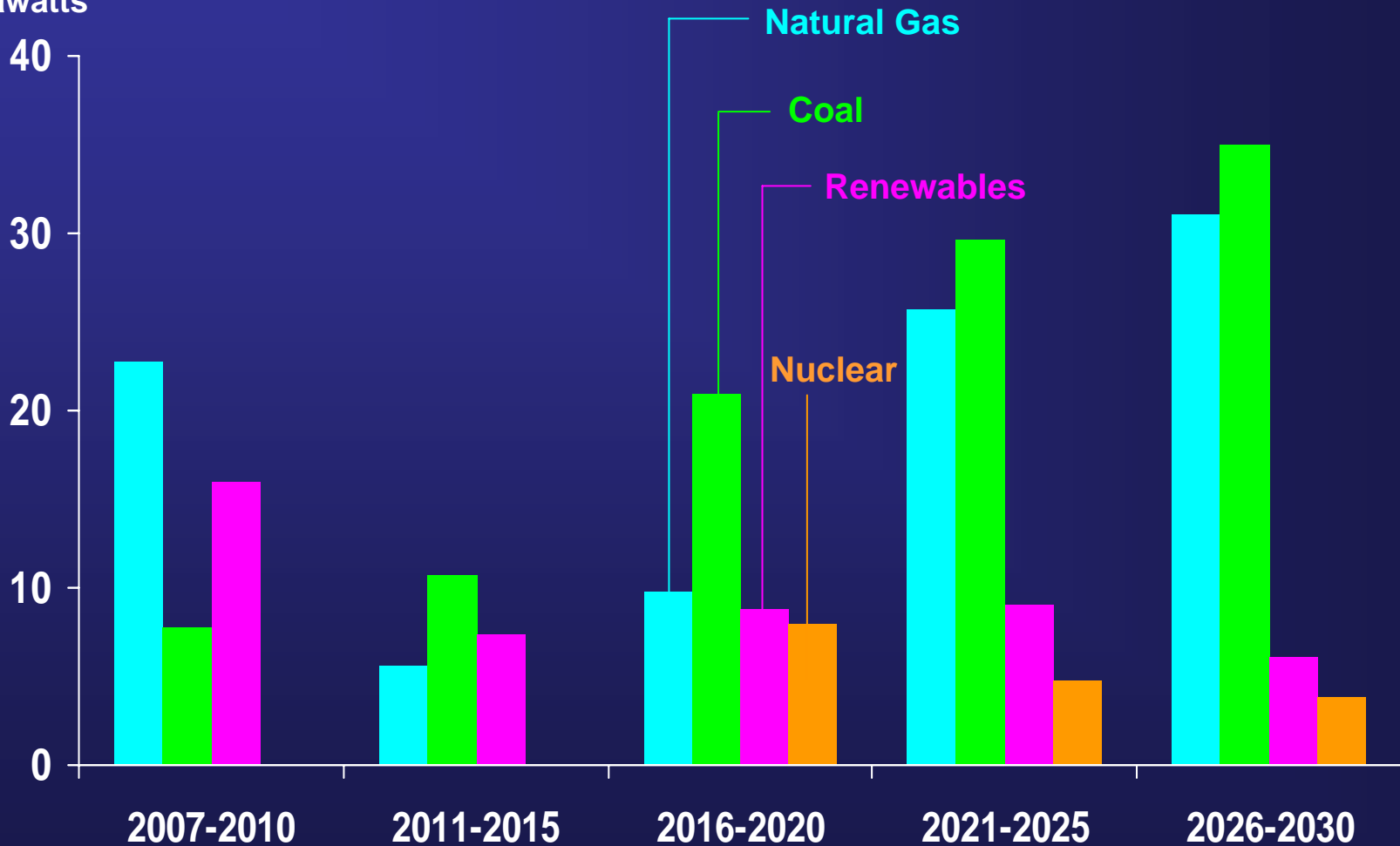
Coal and renewables gain larger shares of electricity generation, but nuclear generation also increases

billion kilowatthours



Most generation capacity additions are coal in the later years of the projection

gigawatts



Periodic Reports

Petroleum Status and Natural Gas Storage Reports, weekly

Short-Term Energy Outlook, monthly

Annual Energy Outlook 2008, March 2008, full report, April 2008

International Energy Outlook 2007, May 2007, next update June 2008

Examples of Special Analyses

“Economic Effects of High Oil Prices,” Annual Energy Outlook 2006

Analysis of Oil and Gas Production in the Arctic National Wildlife Refuge,

March 2004

The Global Liquefied Natural Gas Market: Status and Outlook, December 2003

“Restricted Natural Gas Supply Case,” Annual Energy Outlook 2005

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