

June 15, 2009

# Natural Gas Trends

## Highlights

### ENERGY LEGISLATION MAY IMPACT LDCs

**LDC profit incentives could change.** While Congress deliberates the *American Clean Energy and Security Act of 2009* introduced on May 15, the American Gas Association noted recently that natural gas local distribution companies (LDCs) would not be placed under carbon caps until 2016, if the legislation is signed into law. If placed under carbon caps in 2016, the profit incentive could shift for LDCs from selling natural gas to natural gas conservation.

**Industry and government co-develop Action Plan.** For two decades, gas and electric utilities, state and federal regulators, and legislators have developed and implemented a wide range of energy efficiency and conservation programs across the U.S. Many such programs are analyzed in the *National Action Plan for Energy Efficiency* and also the *National Action Plan Vision for 2025*, the result of industry and government collaborative efforts, available at:

<http://www.epa.gov/cleanenergy/energy-programs/napce/resources/guides.html>

### Pacific Gas & Electric Co.

Three years ago, Pacific Gas & Electric Company implemented its Winter Gas Savings Program, a simple, straightforward, measurable program which rewards only long-term conservation efforts by residential and commercial natural gas customers. According to the Program:

Nearly all eligible PG&E customers earned a bill credit last winter - with credits totaling \$59 million.

- Customers who reduce their cumulative natural gas usage during January and February (winter) below the 3-year historical average at their home or business receive bill credits.
- If a customer reduces winter gas usage by less than 10%, they receive a bill credit equal to that percent.
- If a customer reduces winter gas usage by 10% or more, they receive a bill credit equal to 20%.

Customers are automatically eligible for Program bill credits although it is each customer's option to conserve. The utility recently announced that \$59 million of Program bill credits were distributed to customers this spring.

Sources: [www.pge.com](http://www.pge.com) and [www.aga.org](http://www.aga.org) and [www.epa.gov](http://www.epa.gov)

## Data

- July Natural Gas Futures Contract (June 12), NYMEX at Henry Hub closed at \$3.857
- July Light, Sweet Crude Oil Futures Contract (June 12), NYMEX at Cushing closed at \$72.04 per Bbl. or approximately \$11.47 per MMBtu

### Cooling Degree Days Above Normal for Texas

From 6/7/09 thru 6/13/09, Texas and the U.S. experienced cooler than normal weather. For the cooling season (1/1/09 to 12/31/09), cumulative cooling degree days were 13% above normal for Texas and 2% above normal for the U.S. Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

#### Cooling Degree Days (CDD) *Week ending 6/13/09*

City or Region	Week Total CDD	Week CDD +/- from Normal *	Year-to-date Total CDD	YTD, % +/- from Normal *
Amarillo	62	3	206	- 2 %
Austin	129	19	875	17 %
DFW	121	17	648	20 %
El Paso	121	10	760	41 %
Houston	138	29	945	23 %
San Antonio	148	35	1082	35 %
Texas**	115	15	762	13 %
U.S.**	39	-5	242	2 %

\* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which CDDs are calculated.  
 \*\* State and U.S. degree-days are population-weighted by NOAA.

### U.S. Gas Storage 30% Higher Than One Year Ago

For the week ending 6/5/09, U.S. working gas in storage increased from 2,337 to 2,443 Bcf, 30% higher than the 1,875 Bcf in storage a year ago and 21.8% higher than the 2,005 Bcf for the 5-year average from 2004 to 2008. Working gas in storage in the producing region (which includes Texas) increased from 934 to 957 Bcf, as compared to 659 Bcf in storage a year ago and 702 Bcf for the 5-year average from 2004 to 2008.

Source: [www.eia.doe.gov](http://www.eia.doe.gov)

#### U. S. Working Gas in Storage (Bcf) *Week ending 6/5/09*

Region	This Week	Last Week	Change	Current Δ from 5-Year Average (%)
East	1091	1024	+67	+ 8.1 %
West	395	379	+16	+ 34.4 %
Producing	957	934	+23	+ 36.3 %
Lower 48 Total	2443	2337	+106	+ 21.8 %

**Gas Rig Counts Continue Descent, Oil Rigs Up**

The U.S. gas rig count was down 15 for the week and down 819 when compared to 12 months ago. The U.S. total rig count was down 11 for the week and down 1025 when compared to 12 months ago. Source: Baker Hughes, Inc.

*Baker Hughes Rotary Rig Count (6/12/09)*

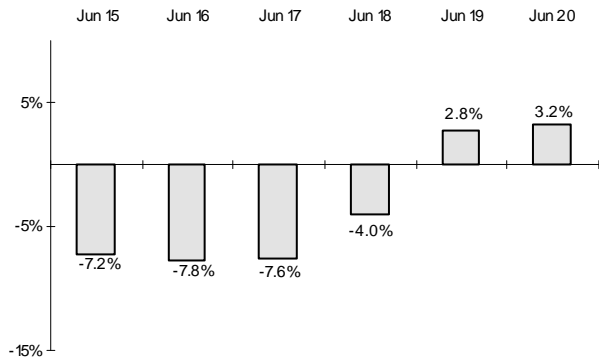
	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S.	876	-11	1901	-1025
Gas	685	-15	1504	-819
Oil	183	+4	389	-206
Texas	320	-7	929	-609
N. Amer.	984	-4	2131	-1147

**Energy Use Expected to Change From Below Normal to Above Normal This Week**

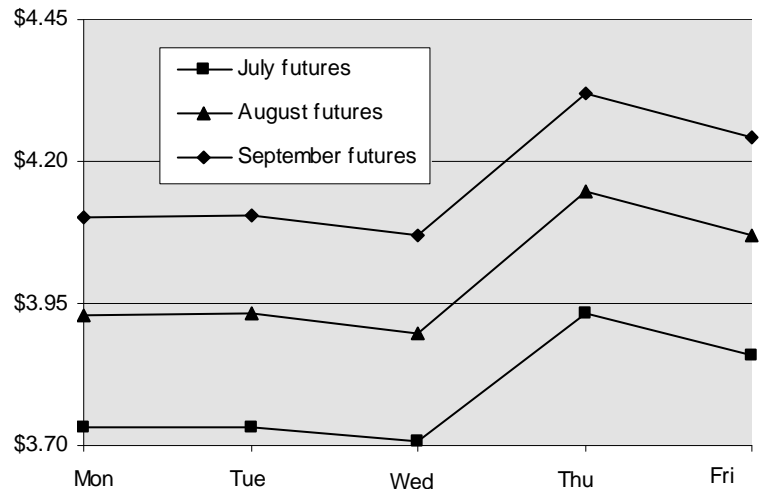
U.S. energy use is forecasted to increase this week from below normal to above normal, according to the Dominion Energy Index, as shown below. The index forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

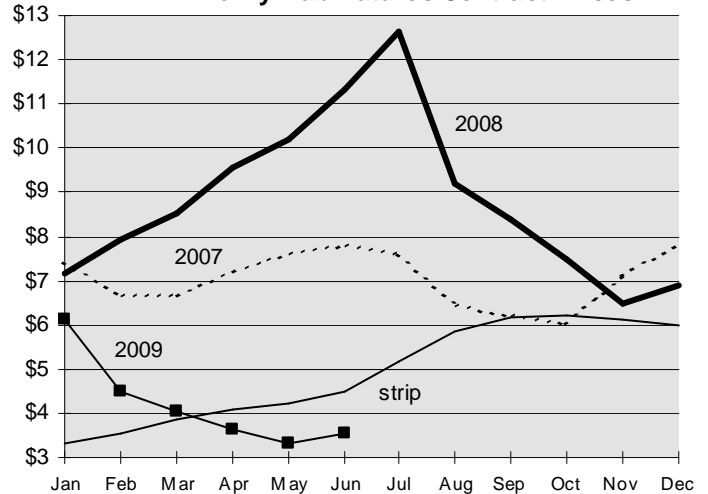
**U.S. Energy Use Forecast**



**NYMEX Natural Gas Price Movement 6/8/09 - 6/12/09**



**NYMEX Henry Hub Futures Contract Prices**



**Gas Price Summary 6/12/09**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S. (July futures)				
NYMEX	\$3.857	-\$0.011	-\$8.793	\$5.366