US Natural Gas Demand

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US lower-48 natural gas demand plus exports could exceed 100 Bcf per day by 2035. IHS CERA’s projection is about 9% higher than EIA’s. The primary difference is in the power sector.
Electricity conservation has been significant, but its effects have been overtaken by new uses for electricity.
The power sector dominates projected US demand growth relative to 2008
Upside demand potential

- LDC system expansion could enable greater residential/commercial natural gas consumption
  - Oil-to-gas conversions for space heat
  - Conversions from electric space heat (including heat pump back-up) to natural gas
  - Increased natural gas share of new building market

- Faster penetration of natural gas vehicles
- Faster growth of gas-intensive industries
- Greater demand response to lower prices
- Greater demand for US natural gas exports
Downside demand risk

- Slower penetration of natural gas vehicles
- Slower growth of gas-intensive industries
- Slower growth in electricity demand
- Low global demand for US natural gas exports
  - Methane hydrates take off in Japan
  - Global oversupply of liquefaction capacity materializes
- Greater limits on GHG emissions
  - CO₂ emissions
  - Methane emissions
Resource adequacy is not a concern

Breakeven Henry Hub Price for natural gas resources in 17 analyzed unconventional plays

IHS estimates total resources at greater than 3000 Tcf

Source: IHS CERA.
Note: Proved, possible, and potential resources.
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Can producers ramp up quickly enough to meet short term demand surges?
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