Gas responds to the polar vortex

Natural Gas Prices – January 28, 2014

Source: IHS Energy, NGI
Lack of adequate infrastructure is highlighted

Natural Gas Prices – February 6, 2014

Source: IHS Energy, NGI
What difference a year makes

Natural Gas Prices

Source: IHS Energy, NGI

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Pace of change cushion is at risk

2014 Storage Outlook

Source: IHS Energy
Storage handles weather volume risk
Inventories have made up the massive deficit

Working gas in storage compared with the 5-year history

1,903 Bcf swing over 24 months
2.6 Bcf/d of supply flexibility

Warm December and 1.6 Bcf/d of new Marcellus supply

Notes: Data through 27 March 2015
Source: EIA
Retiring coal drives inelastic power demand price spike
Storage moderates price with supply overshoot

November 2013 Henry Hub Forecast

Source: IHS Energy, CME Group

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Inelastic demand arrives early
Production ahead of spread out demand

March 2015 Henry Hub history and forecast

OUTLOOK

Inelastic Power Demand

$0.75 marginal cost shift

LNG Exports Delayed

Production Overshoot

Notes: MMBtu = million Btu.
Source: IHS, CME, Intelligence Press

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Rapid demand growth over the balance of this decade

North American gas demand growth

Source: EIA and IHS Energy

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US lower-48 and Canada supply and demand changes (2014–25): Regional differences suggest infrastructure needs

US lower-48 and Canada supply and demand changes by region 2014–25

- **West Canada**
  - Demand (D): +4.7 Bcf/d
  - Supply (S): +5.8 Bcf/d

- **East Canada**
  - Demand (D): +0.4 Bcf/d
  - Supply (S): +0.0 Bcf/d

- **Pacific**
  - Demand (D): +1.9 Bcf/d
  - Supply (S): -0.4 Bcf/d

- **Mountain**
  - Demand (D): +1.3 Bcf/d
  - Supply (S): -1.0 Bcf/d

- **WNC**
  - Demand (D): +1.3 Bcf/d
  - Supply (S): +0.2 Bcf/d

- **ESC**
  - Demand (D): +1.2 Bcf/d
  - Supply (S): +2.6 Bcf/d

- **ENC**
  - Demand (D): +0.2 Bcf/d
  - Supply (S): +0.0 Bcf/d

- **Mid-Atlantic**
  - Demand (D): +0.2 Bcf/d
  - Supply (S): +18.1 Bcf/d

- **South Atlantic**
  - Demand (D): +3.9 Bcf/d
  - Supply (S): +3.1 Bcf/d

- **WSC**
  - Demand (D): +12.3 Bcf/d
  - Supply (S): +3.0 Bcf/d

Notes: Demand excludes pipeline, lease, and plant fuel