



IMGA gas NEWS

Interstate Municipal Gas Agency

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EIA Natural Gas Winter Outlook

Nearly half of all U.S. households heat primarily with natural gas. We expect households that use natural gas as the primary space heating fuel will spend about \$930 this winter, 28% more than they spent last winter. Our forecasted increase in natural gas expenditures is the result of both higher expected prices and consumption.

For households that use natural gas as their primary space heating fuel, we expect average household consumption for the winter to total 58 thousand cubic feet (Mcf), up 5% from last winter. We forecast a 4% to 5% increase in average natural gas consumption per household in the Northeast, Midwest, and West. We expect residential natural gas consumption in the South to be 46 Mcf this winter, up 7% from last winter.

The residential natural gas price for homes in the United States that heat primarily with natural gas will average about \$16/Mcf, up from an average of \$13/Mcf last winter. We forecast higher residential prices because of higher expected wholesale prices for natural gas in much of 2022 compared with 2021.

We forecast that residential natural gas prices will increase in all regions of the United States this winter, with natural gas spot prices at the U.S. benchmark Henry Hub averaging \$7.26/MMBtu this winter, up 54% from last winter. We expect the largest increase in residential prices to occur in the Midwest, where we forecast that prices will average 27% higher than last winter. We expect residential natural gas prices to increase by 15% in the South, 17% in the Northeast and 23% in the West. If spot prices continue to rise, retail prices this winter could be even higher than our forecast.

Natural gas inventories

Working natural gas inventories in our forecast reach almost 3.5 trillion cubic feet (Tcf) by the end of October, which would be 6% below the previous five-year average. U.S. natural gas storage injections usually take place from April through October, although injections often occur in early November, depending on temperatures and market conditions. Storage withdrawals typically occur from November through March. U.S. natural gas inventories began this injection season at the lowest level in three years because of high heating demand in January and record LNG exports. The above-average withdrawals last winter, combined with more-than-average

Components of forecast natural gas household expenditures this winter by region (nominal)

| | Households primarily heating with natural gas | | Average household Consumption (million cubic feet) | | Average household Retail price (\$ / million cubic feet) | | Average household Expenditures (Oct–Mar total) | |
|------------|---|----------------------|--|--------|--|--------|--|--------|
| | thousands | fuel share of region | winter 2022–23 | change | winter 2022–23 | change | winter 2022–23 | change |
| Northeast | 12.5 | 55% | 65 | +4% | \$16.78 | +17% | \$1,094 | +23% |
| Midwest | 18.0 | 64% | 73 | +5% | \$13.80 | +27% | \$1,013 | +33% |
| South | 14.4 | 28% | 46 | +7% | \$16.60 | +15% | \$761 | +24% |
| West | 15.5 | 53% | 48 | +5% | \$17.46 | +23% | \$834 | +29% |
| U.S. total | 60.3 | 46% | 58 | +5% | \$15.95 | +22% | \$931 | +28% |

Data source: U.S. Energy Information Administration

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Bethany, Illinois
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Corning, Iowa
Divernon, Illinois
Enfield, Illinois
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Franklin, Illinois
Fulton, Missouri
Grayville, Illinois
Karnak, Illinois
Lamoni, Iowa
Louisville, Illinois
Milford, Illinois
New Boston, Illinois
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Pinckneyville, Illinois
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Illinois State University
Southern Illinois University-
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consumption this summer, contribute to our forecast for below-average storage inventories heading into the winter heating season.

Although both spot and retail natural gas prices are higher in our forecast than last winter, under the baseline temperature case for this winter, we forecast draws in natural gas inventories will be less than the five-year average because we expect that increased demand this winter will be more than offset by growth in natural gas production. We expect U.S. dry natural gas production will be 2.8 Bcf/d (3%). By the end of March 2023, we expect natural gas inventories to be 1.5 Tcf, which would be 7% less than the previous five-year (2018-2022) average.

As inventories narrow the deficit to the five-year average, we expect it will put downward pressure on natural gas prices late in the winter. In our forecast, monthly average Henry Hub spot prices peak near \$7.70/MMBtu in January, before falling to around \$6.50/MMBtu by March.

Warmer-than-forecast and colder-than-forecast side cases

In a 10% colder-than-forecast case, we expect natural gas inventories to end March 2023 at about 0.9 Tcf, which is 41% below the five-year average. In this case, Henry Hub spot prices would likely rise significantly above our forecast levels. In a 10% warmer-than-forecast case, inventories end March at 1.8 Tcf, which is 18% more than the five-year average.

Compared with the base case, forecast natural gas retail prices would be 5% higher in the colder-than-forecast case and consumption would be 13% higher, leading to expenditures that are 18% higher than in our base case.

In a 10% warmer-than-forecast case, we forecast natural gas consumption would be 5% less than the base case, and prices would be 2% less, resulting in expenditures that would be 7% less than the base case.

We expect natural gas supplies to be adequate to meet winter demand; however, wholesale price volatility and localized wholesale price spikes could occur during severely cold temperatures. Wholesale price spikes resulting from constrained natural gas supplies can also have ripple effects through energy distribution systems.

**HAPPY THANKSGIVING; MERRY CHRISTMAS &
HAPPY NEW YEAR**

**IMGA WILL BE CLOSED NOVEMBER 24, 25,
DECEMBER 26 AND JANUARY 2**

EVERYONE HAVE A HAPPY AND SAFE HOLIDAY.

HEATHER, JEANNA, & BRENDA

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