

Why Are My Natural Gas Bills So High?



Natural gas prices are much higher than normal compared to the last several years of very low, stable natural gas prices. What's behind these higher prices? Several factors are at work. Below is an explanation and what you as a consumer can do to help reduce these prices.

A Quick Look at Your Natural Gas Rate

Your gas rate has two key components:

1. The wholesale cost or market cost of natural gas plus interstate pipeline costs to deliver natural gas to your city.
2. The distribution cost or what your city charges to deliver natural gas to your home/business.

- Wholesale cost or market cost of natural gas fluctuates and has realized drastic increases
- The market price for natural gas has increased 150% over the last 12 months
- No increase in the distribution cost, or what your city charges, to deliver natural gas to your home/business



Why the Increase in the Market Price of Natural Gas?

Market price follows supply and demand. Current demand for natural gas is greatly exceeding current supplies.

Reason #1 - Increased demand for electric power generation

- Increased market demand coming from electric power generators as they move away from coal to natural gas to lower emissions because natural gas is a clean energy.
- Electric power generators also use natural gas to support wind and solar electric generation since there are reliability issues with renewable energy.

Reason #2 - Increased demand for liquefied natural gas (LNG) exports.

- Increased demand for LNG in European and Asian markets.
- Gas prices in international markets are even higher than prices in the U.S. prompting natural gas producers to export natural gas to these markets

Reason #3 - Federal regulations and policies.

- Several new Pipeline projects designed to bring natural gas to the U.S. marketplace have been canceled due to policies and regulations opposing this necessary infrastructure.
- The Mountain Valley Pipeline project which began over 7 years ago and designed to bring natural gas out of the Marcellus/Utica Shale formation continues to be stalled due to regulatory legal battles.
- Federal policies standing in the way of projects like these create obstacles for producers creating unneeded shortages in natural gas supplies and adversely impacts our energy affordability, security and energy reliability.



Important Facts



- The U.S. has over 100 years of clean-burning natural gas supply currently available with potential for more supplies beyond these estimates.
- There are 2.6 million miles of safe, reliable pipelines working to deliver natural gas where it's needed every day.
- The efficient natural gas energy delivery system has provided the most affordable energy for households for decades according to the Department of Energy.
- The gas industry has the ability to construct the necessary pipelines to bring natural gas to U.S. markets.
- High natural gas prices harm American households through higher heating, water heating, and cooking costs.
- Because natural gas is used to generate a large portion of our electricity, electricity rates are headed for unprecedented high levels.

What Can I Do?

There is no reason natural gas prices should be inflated to their current levels. Reach out to your State and U.S. Representatives and express your concern over policies that limit natural gas production and expanding the pipeline network.

