

Reliable Power Supplies: Gas Procurement in a High-Demand Environment



Barrett Kerschbaum

Offering Manager



2025 GENERATION SYMPOSIUM

UTILITY CONSULTING SESSION

US Natural Gas Market

Supply

Remains robust averaging over 105 bcf/d supported by Marcellus, Permian & Haynesville shale basins.

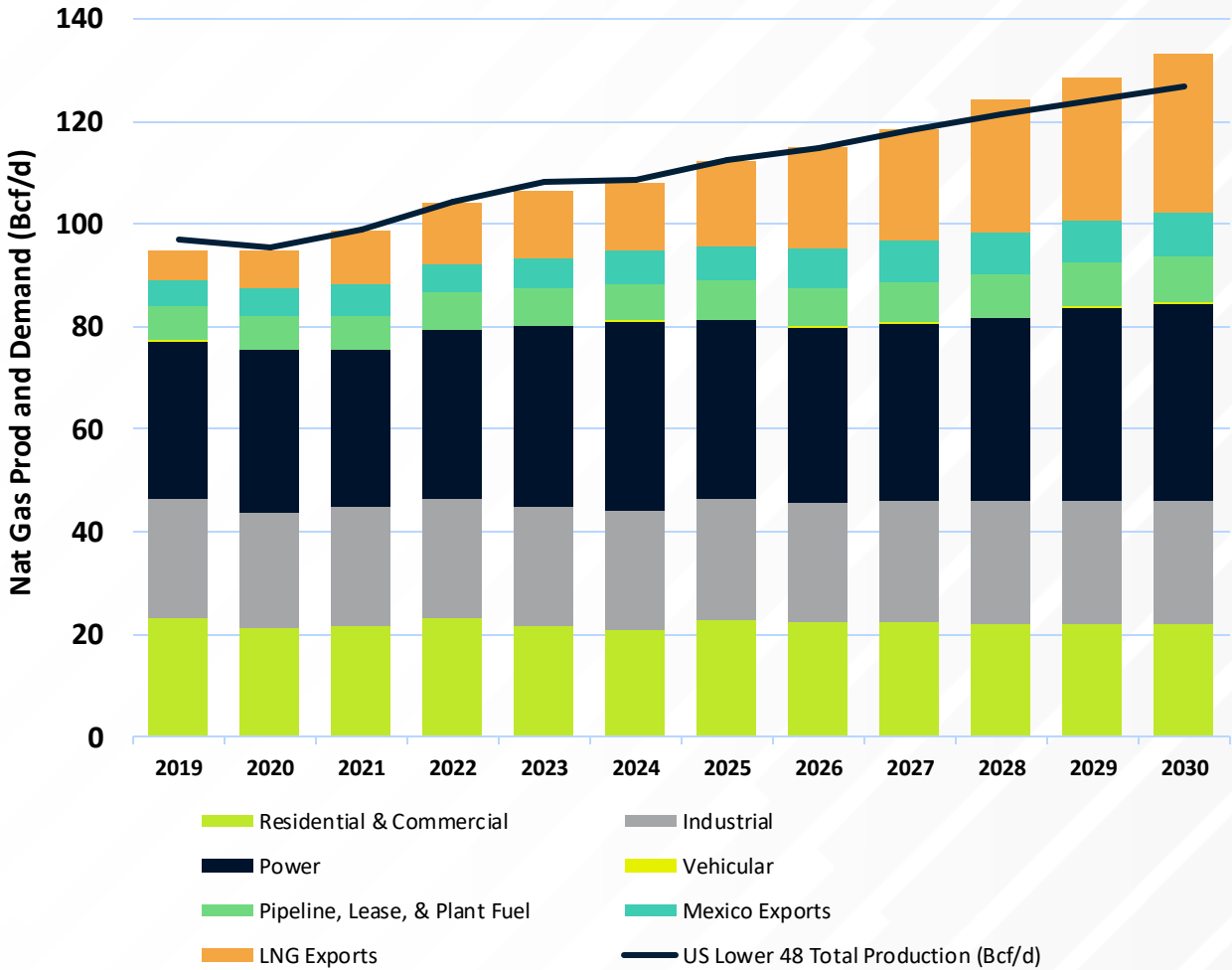
Demand

Power generation remains largest end-use sector.

Infrastructure

Pipeline projects & LNG export expansions are reshaping market flows.

US Nat Gas Supply & Demand (Bcf/d)



Source: S&P Global Commodity Insights

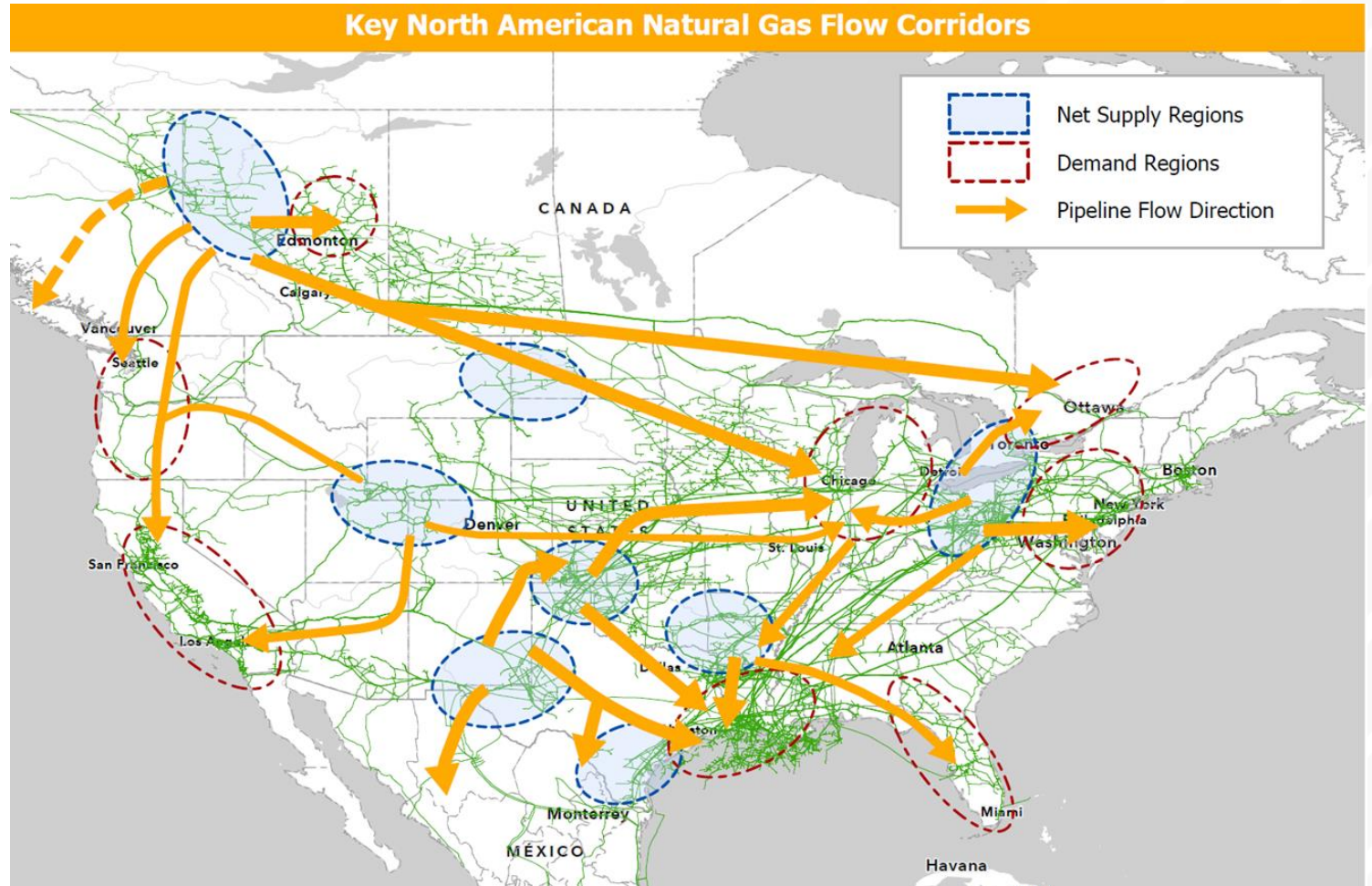
Natural Gas Infrastructure

Major interstate pipelines constructed in 1940s to 1970s

Shale gas development in 2000s shifted flows & expansions

Why this matters.....

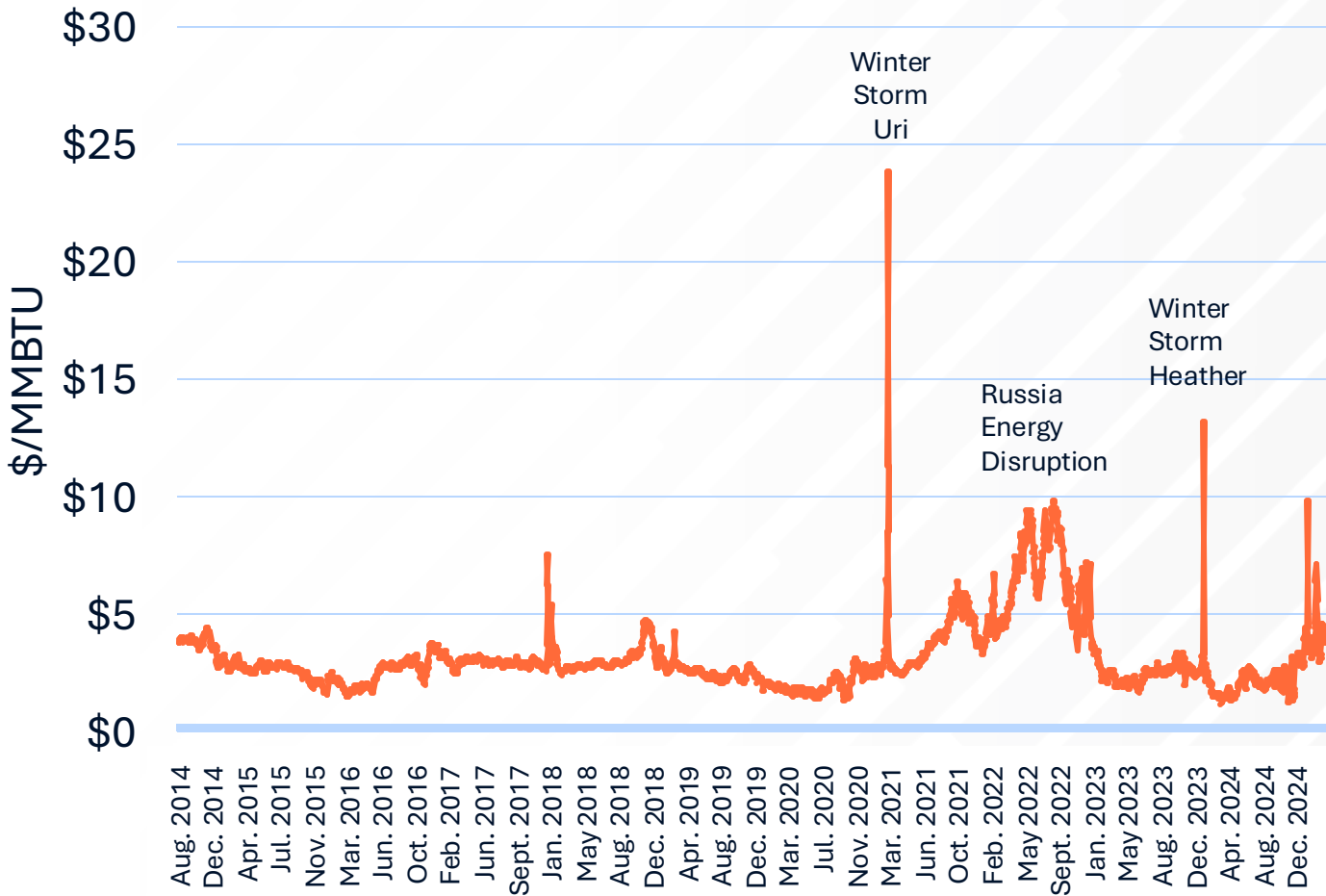
- Aging infrastructure
- New projects are subject to a host of challenges. (i.e. Mountain Valley Pipeline)



Volatility

2014-2020	Relatively Quieter Shale gas expansion
2020-2025	A Period of Elevated Volatility Tight inventories, extreme weather events, surging global LNG demand & Russia energy disruption

Historical Henry Hub Price (\$/MMBTU)



Natural Gas Procurement – Managing Risk

Risks:

- Unavailable supply
- Day ahead and real time prices are unusually high
- Volume needed each day is uncertain

Procurement Strategies:

- Diversify supply regions
- Hedge prices with forward products
- Use options and swing contracts to manage volume uncertainty
- Use storage

Supply

Risks:

- Capacity from supply region is not available during peak demand
- Capacity on delivering pipeline is not available

Procurement Strategies:

- Secure firm transportation for high-capacity factor plants (>50%)
- Diversity receipt points on delivering pipeline
- Procure storage as close to plants as possible

Transportation



Procurement Goals:

- **Protect against deliverability risk**
- **Reduce exposure to unusually high prices**

Key Takeaways



US Natural Gas is projected to grow to 127 bcf/d by 2033 (~20% increase from today's volumes.)



Price volatility is expected to continue as demand outpaces infrastructure build.



Panic!