

PRESS RELEASE



FOR IMMEDIATE RELEASE

CONTACT: Dan Kirschner, Executive Director
(503) 624-2160
dkirschner@nwga.org

5335 SW Meadows Road, Suite 220
Lake Oswego, Oregon 97035
Phone: 503-624-2160
Fax: 503-624-2161
www.nwga.org

July 15, 2008

SOARING NATURAL GAS PRICES DRIVE UP RATES THIS FALL ***Natural gas coalition pushes for more action, options to meet future demand***

SALEM, Ore. – Natural gas customers in the Northwest will be seeing double-digit rate increases this fall due to record wholesale natural gas costs, and industry representatives warned that the situation could worsen in the future unless more action is taken. Utility officials encouraged their customers to take advantage of energy conservation and bill payment programs to minimize the impact.

A consortium of natural gas officials led by the Northwest Gas Association (NWGA) confirmed that wholesale natural gas prices are mirroring the dramatic jump in oil prices. High demand for natural gas to generate electricity as a cleaner alternative to coal is also creating more competition for supplies, which in turn puts more pressure on both natural gas and electric rates.

“Natural gas is a clean, reliable resource capable of meeting our growing energy needs while reducing greenhouse gas emissions, and that is causing demand to increase,” said Dan Kirschner, executive director of the NWGA. “Commodity costs to Northwest customers have tripled in just the last seven years. With regional demand for natural gas projected to grow more than 50 percent by 2025, the Northwest needs more supply options to stay competitive while meeting our climate goals.”

According to the NWGA, there is plenty of natural gas available, but areas like the West will need access to more existing and new supplies to help keep costs in line with the rest of North America. That includes building new pipelines, storage facilities and access to liquefied natural gas.

Short and long-term implications

Regardless of the cause, customers will need help this year, as the region enters its peak fall and winter energy-use season. Utilities are encouraging customers to do all they can to conserve, take advantage of free energy audit programs and tap into tax credits and incentives for reducing energy use. Energy assistance funding programs to help low-income customers already strapped by a tight economy are also preparing for a busy year.

“We encourage customers to prepare for these higher costs now: sign up for payment plans that even out higher winter bills, get your equipment checked to make sure it’s operating efficiently, and make sure you’ve done all the weatherization you can,” said Kirschner. “Utilities have a variety of energy efficiency programs that can help.”

Industry representatives understand the fact that utilities are highly regulated and are not allowed to profit from the sale of natural gas itself. Therefore, the customer pays only what the local gas company paid for the natural gas commodity without markup.

A serious side effect to these rate increases is the impact on local businesses. Economic experts are casting gloomy forecasts on what increased energy costs may do to businesses at a time when many are struggling to survive in the current tough economy.

(more)

“There’s no doubt about it – high prices aren’t good for homeowners, utilities or businesses,” said Paula Pyron, executive director of the Northwest Industrial Gas Users. “The immediate and future fallout of these kinds of dramatic rate increases threaten the economic health and well being of our region. If we want to remain competitive with the rest of the nation, we need to take steps to help address cost pressures.”

What can be done: conservation, alternative, supply options

Energy industry representatives warn natural gas price volatility is predicted to continue in the future unless more action is taken on a variety of fronts, especially given the pressing need to address climate change.

NWGA members emphasize that the first line of defense is increased conservation and direct use of natural gas – that is, using gas for space and water heating, rather than burning it to create electricity for the same purpose. Direct use provides nearly twice as much energy value, using less gas and creating fewer emissions.

“Wise and efficient use of natural gas comes first,” said Gregg Kantor, president and COO, NW Natural. “Conservation and increasing energy efficiency is key and something that all customers can do now to help protect against short and long-term rate increases.”

Alternative energy development and research can also help ensure a cleaner energy future and alleviate the pressure on natural gas demand, but right now renewable sources, such as wind and solar, account for only about four percent of Oregon’s electricity.

“There’s no doubt we need to rapidly pursue alternative forms of energy, and we fully support the state’s goal of having 25 percent of our power generated by renewables by 2025. In fact, natural gas will play a vital role in making that possible. It’s not an either renewable energy or natural gas choice – we absolutely need both,” said Kirschner.

In other areas of the country, pipelines and liquefied natural gas terminals are being developed to feed more resources to the Midwest and East Coast. In the Northwest, experts say some relief may come in the form of private investors who are ready and willing to invest in infrastructure that would help provide better access to natural gas resources – without the need for additional public funding. That includes new natural gas pipeline development and access to liquid natural gas, which do not require public subsidies. Rather, private dollars would fund the development of these options designed to serve the region’s growing demand.

“This is a significant opportunity to build needed infrastructure without public financing,” said Pyron. “The debate on whether it should happen now or not needs to be put aside. Given the demand forecasts for the future, it’s essential to have supply options. We have a major advantage in that investors are still interested in pursuing the development of these vital energy assets for our state.”

About the NWGA

NWGA’s mission is to advance the safe, dependable and responsible use of natural gas as integral to the energy and economic future of the PNW. Its efforts foster greater understanding and informed decision-making among industry participants, opinion leaders and governing officials in the Pacific Northwest on issues related to natural gas. NWGA members include:

UTILITIES:

Avista Utilities (www.avistacorp.com)
 Cascade Natural Gas Corporation (www.cngc.com)
 Intermountain Gas Company (www.intgas.com)
 NW Natural (www.nwnatural.com)
 Puget Sound Energy (www.pse.com)
 Terasen Gas (www.terasengas.com)

PIPELINES:

Spectra Energy Gas Transmission: www.spectraenergy.com
 TransCanada GTN System (www.gastransmissionnw.com)
 Williams NW Pipeline (www.williams.com)