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Short-Term Energy Outlook

STEO

November 2024

Natural Gas

Natural gas consumption

A slightly colder weather forecast for this winter increases the amount of natural gas we expect to be consumed during the 2024–25 winter heating season (November–March). We forecast U.S. natural gas consumption in the residential and commercial sectors this winter, which largely reflects space heating, to average 36 billion cubic feet per day (Bcf/d), 4% more than last winter and close to the five-year (2019–2023) average.



U.S. residential and commercial sector heating season natural gas consumption

The winter has gotten off to a warm start. Temperatures across much of the country were above normal the first week of November, and forecasts from the National Oceanic and Atmospheric Administration show the eastern half of the United States will be warmer-than-average for much of the month. As a result, we revised our assumption of total heating degree days (HDDs) for this winter down slightly from our October STEO. Our forecast includes 3% more HDDs than last winter but 4% fewer HDDs than the prior 10-year average. Winter weather events or prolonged low temperatures could increase consumption of natural gas by the residential and commercial sectors more than we forecast. At the same time, if temperatures are higher than we forecast, the residential and commercial sectors will likely consume less natural gas than we forecast.

Natural gas production

Annual U.S. marketed natural gas production remained flat in 2024 after growing over the past two years. We estimate marketed natural gas production will average 113 Bcf/d in 2024, relatively unchanged from 2023. Average monthly production peaked this year at 115 Bcf/d in February and has averaged between 111 Bcf/d and 114 Bcf/d for much of the rest of the year. Production cuts announced by natural gas producers early in 2024 resulted in less production from the shale and tight formations so far this year compared with 2023. At the same time, production in the Permian Basin has increased in 2024.

Production in the Haynesville and Appalachia regions is driven by natural gas prices, which reached record lows in early 2024. Low natural gas prices encouraged producers in the Appalachia and Haynesville regions, in particular, to curtail production until market conditions changed. Natural gas production in the Permian region, which is mostly associated natural gas from oil wells, is driven by crude oil production and has continued to grow amid low natural gas prices.

We expect U.S. marketed natural gas production will resume growing in 2025 and average more than 114 Bcf/d for the year, up 1% from this year's annual average. Growth is led by a 6% increase in the Permian region and a 5% increase in the Eagle Ford compared with 2024. We expect production will decline slightly in the Appalachian Basin and much of the rest of the United States.



Natural gas prices

U.S. natural gas prices fell in October as natural gas consumption declined from September, production remained relatively unchanged, and storage inventories ended the month 6% above the five-year (2019–2023) average. The U.S. benchmark Henry Hub natural gas spot price averaged \$2.20 per million British thermal units (MMBtu) in October, 4% lower than the September average of \$2.28/MMBtu. Natural gas consumption declined last month, led by a 14% (6 Bcf/d) decline in consumption in the electric power sector, offsetting an increase in consumption in the residential and commercial sectors. Even though consumption in the electric power sector was down month over month in October, it was 13% higher than the month's five-year average. High power sector demand for natural gas reflected lower natural gas prices and higher air-conditioning use in parts of the United States experiencing extended summer-like conditions.