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GENERATION

Natural Gas Prices Were 62 Percent Lower Than in 2022: EIA

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Average natural gas prices were about 62 percent lower in 2023 than in 2022, according to the Energy Information Administration.

The benchmark Henry Hub natural gas price averaged \$2.57 per million British thermal units in 2023, the EIA said, citing data from Refinitiv Eikon.

Record-high natural gas production, flat consumption, and rising natural gas inventories all contributed to lower 2023 prices, EIA said, noting that the monthly average Henry Hub price was below \$3.00/MMBtu in every month except January, with the lowest monthly average price hitting \$2.19/MMBtu in May. The primary driver was record-high natural gas production that outpaced the growth of natural gas consumption.

Warmer-than-average temperatures in the peak heating season, running from January to February 2023, led to reduced consumption in the residential and commercial sectors and the lowest total U.S. natural gas consumption for these months in seven years, the EIA noted. And temperatures were relatively mild in the Midwest and Northeast, where between 50 and 70 percent of households use natural gas as their primary heating fuel, the EIA added.

Overall, natural gas demand increased by 3 percent in 2023 compared with 2022, with increased exports and a slight increase in natural gas consumed for electricity generation offsetting lower residential and commercial sector consumption, the EIA said.

Liquefied natural gas exports rose 12 percent in 2023 compared with 2022, and natural gas exports by pipeline increased 9 percent over the same period, the EIA said.

In addition, mild temperatures at the end of the winter last year resulted in lower storage withdrawals than during the previous seven winters, leading to relatively high levels of storage through the spring and fall, the EIA said. As a result, natural gas inventories at the start of the current winter heating season were the highest since 2020, the **EIA reported in December** (<https://www.publicpower.org/periodical/article/united-states-enter-heating-season-with-most-gas-storage-2020>).

"We estimate that U.S. dry natural gas production averaged a record-high 104 billion cubic feet per day in 2023 in our December Short-Term Energy Outlook, 4 percent higher than the 2022 annual average," the EIA said on its Today in Energy website.

Production increased in the Permian region, driven by improved well-level productivity and higher crude oil prices in 2023, as well as in the Haynesville region and the Appalachia region, the EIA said, citing its Drilling Productivity Report.

As a result of production remaining at all-time highs – averaging 105 Bcf/d in the fourth quarter of 2023 – and less natural gas consumed in the residential and commercial sectors so far this winter heating season than the previous heating season, working natural gas inventories were 11 percent above the year-ago level and 10 percent above the five-year average, the EIA said.

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