

Data Shows BGE is Completely Wrong that Natural Gas is Better for Consumers Than Electric Energy Systems. Historic Volatility of Gas Prices and Now War in Europe Make Gas a Poor Option for Consumers. SB 528 Rightly Moves Consumers Toward Electric Systems

How have natural gas prices changed recently?

Even before the recent conflict in Ukraine, natural gas prices in the United States have experienced significant volatility. According to the U.S. Energy Information Administration (EIA), the 2021 average wholesale spot price for natural gas at the Henry Hub in Louisiana, the U.S. benchmark for natural gas prices, was nearly double the 2020 average.¹ The EIA anticipated that the Henry Hub benchmark price would decline slightly in 2022, but remain at elevated levels throughout the year and into 2023.² However, high demand for U.S. liquified natural gas (LNG) in Europe as a result of potentially limited gas supplies from Russia could put upward pressure on U.S. natural gas prices. Uncertainty in the market could cause further increases.

The EIA forecast late last year that winter gas bills in the U.S. would be 30% higher on average than in previous years.³ For homes that are heated with electricity, the projected cost increase for heating was just 6%.⁴ The increase in natural gas prices reflects several factors, including rising gas spot prices that get passed along to retail rates over a period of months. Natural gas prices jumped in fall 2021 before falling towards the end of the year, meaning that increase will be reflected over the winter months. Additionally, many utilities had to raise prices after the cold snap that impacted much of the country, particularly Texas and the Midwest, last February. Additional impacts from the ongoing conflict in Ukraine could also have an impact on prices.

What's the impact in Maryland?

Maryland residents are seeing higher prices reflected in their utilities—at least among those who heat their homes with natural gas. For some residents, recent rate hikes by BGE have caused them to turn off their heat entirely to avoid astronomical gas bills, leaving them freezing in their own homes.⁵ While residents can avoid some costs by improving the energy efficiency of their homes, ultimately, it is the fuel they use to heat their homes that is causing undue cost burdens.

What are gas prices projected to be in the future?

Looking ahead to 2030 and beyond, the EIA forecasts several scenarios for gas prices. In a situation where there is a low oil and natural gas supply—in line with the need to reduce fossil fuel production to avoid climate change—the EIA forecasts the spot price of natural gas could be close to double by 2050. By 2030, the price could jump to \$5/MMBtu, compared to an average of \$3.89/MMBtu in 2021.⁶

¹ <https://www.eia.gov/todayinenergy/detail.php?id=50778>

² <https://www.eia.gov/todayinenergy/detail.php?id=50898>

³ <https://www.eia.gov/todayinenergy/detail.php?id=50076>

⁴ <https://baltimore.cbslocal.com/2021/10/14/winter-heating-bills-expected-to-jump/>

⁵ <https://www.wmar2news.com/matterformallory/bge-customers-seeing-a-spike-in-heating-bills>

⁶ <https://www.eia.gov/outlooks/aeo/pdf/03%20AEO2021%20Natural%20gas.pdf>