

News : US gas-fired power set record in winter, expected to grow this summer: EIA

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- Gas provided 619 billion kWh of US winter power
- Further summer growth expected as coal declines

Amid low natural gas prices and increased coal-fired generator retirements, US power generation from gas this past winter was the highest on record and is expected to be 3% higher this summer than last summer, the Energy Information Administration said July 7.

"US electricity generation from natural gas reached a record-high 619 billion kWh during the most recent winter heating season (November 1-March 31), averaging more than 120 billion kWh per month and accounting for 38% of the country's electricity generation mix," the EIA said in a statement.

Generation from gas increased in the US this past winter due to increased demand for electricity and continued reductions in generation from coal-fired plants, the EIA said.

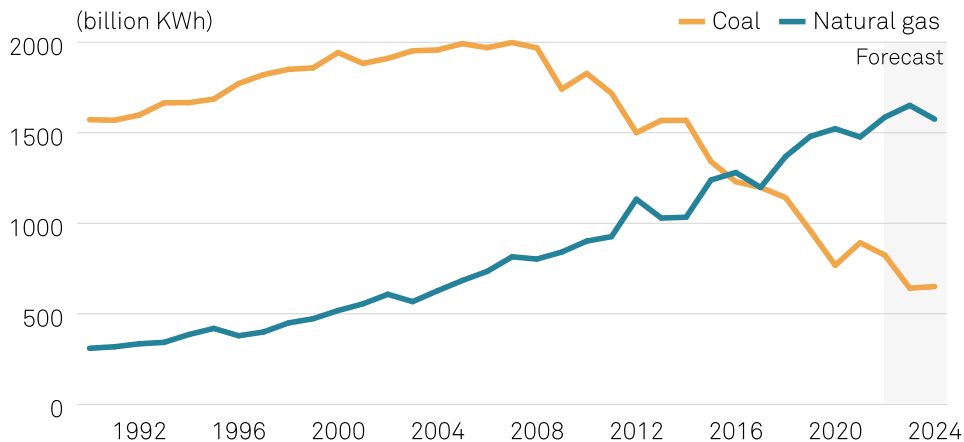
Lower gas prices also contributed. Henry Hub natural gas spot prices in the first quarter of 2023 averaged \$2.65/MMBtu, according to the EIA's June Short-Term Energy Outlook. In contrast, Henry Hub spot prices for the first quarter of 2022 averaged \$4.66/MMBtu, the STEO said.

US electricity generation from all sources this past winter was the highest since at least 1997, the EIA said. "The increased electricity demand was met by natural gas, wind, and solar, all of which increased their overall electricity generation compared with the previous winter of 2021-2022," EIA said June 7.

In contrast, generation from coal decreased compared to the previous winter, the EIA said.

"Coal-fired electricity declined throughout 2022 and into 2023 because of a long-term trend of coal capacity retirements, as well as increased competition from natural gas-fired combined-cycle power plant when natural gas prices are low," the agency said.

US gas, coal power generation



Source: US EIA Short-Term Energy Outlook

Summer outlook

The EIA expects that gas-fired power generation will increase 3% this summer compared to last summer. Electric power sector generation by natural gas is expected to hit a high of 190.69 billion kWh in August 2023, up from last summer's high of 181.32 billion kWh in July 2022, according to STEO data.

According to the S&P Global Commodity Insights' North American Electricity Short-term Outlook, power sector gas demand this summer is expected to average a record 37.1 Bcf/d due to low gas prices and planned coal plant retirements.

Henry Hub gas spot prices are expected to average \$2.60/MMBtu in the third quarter of 2023, dramatically lower than year-ago prices, the EIA said in its STEO.

"Although we forecast an increase in natural gas prices for the summer months due to inventories narrowing the surplus to the five-year average, we expect high inventory levels will keep prices well below last year's prices, which averaged almost \$8.00/MMBtu in the third quarter of 2022," the EIA said.

Renewable growth

New renewable and nuclear capacity will increase generation from these sources this summer, the STEO said. The power sector added an estimated 14 GW of solar generation and 8 GW of wind capacity during the 12 months ending May 2023, the STEO said.

"Solar has been the leading source of new generating capacity in the United States so far this year, and the new capacity contributes to our forecast that US solar generation this summer will grow 24% from summer 2022," it said.

A new reactor at the Vogtle nuclear plant in Georgia is scheduled to start operation this month, which is expected to boost nuclear generation by 2% this summer compared to summer 2022, the STEO said.

The growth in generation from renewables and nuclear contributes to a decline in coal-fired generation, the STEO said. In addition, utilities have retired about 6% of coal-fired capacity over the past 12 months and the remaining plants are expected to run at lower utilization rates, the STEO said. "As a result of both factors, we expect 15% less US coal-fired generation capacity this summer than summer 2022," EIA said.

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