



# Platts Market Center

## News : Williams sees 'better than ever' fundamentals for US gas in growing electrification, LNG

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- More renewables don't mean less gas: Armstrong
- Electrification, LNG great for gas transporters

Market fundamentals for natural gas are better today than ever before, according to Williams President and CEO Alan Armstrong, who said Sept. 6 that pipeline operators have immense growth opportunities in growing LNG feedgas demand and the electrification of various economic sectors.

"I know that doesn't fit a lot of people's narrative around what's really going on, but the truth is we really kind of capitulated -- everybody's been wanting something else to happen, some other solution, some other technical solution as a backup for renewables," Armstrong said during remarks at the Barclays CEO Energy-Power Conference.

The midstream executive latched on to a [theme of Williams' second-quarter earnings update](#), which was that strong gas-fired power demand during the summer of 2023 and increasing penetration of renewable generating sources are positive indicators for gas' future.

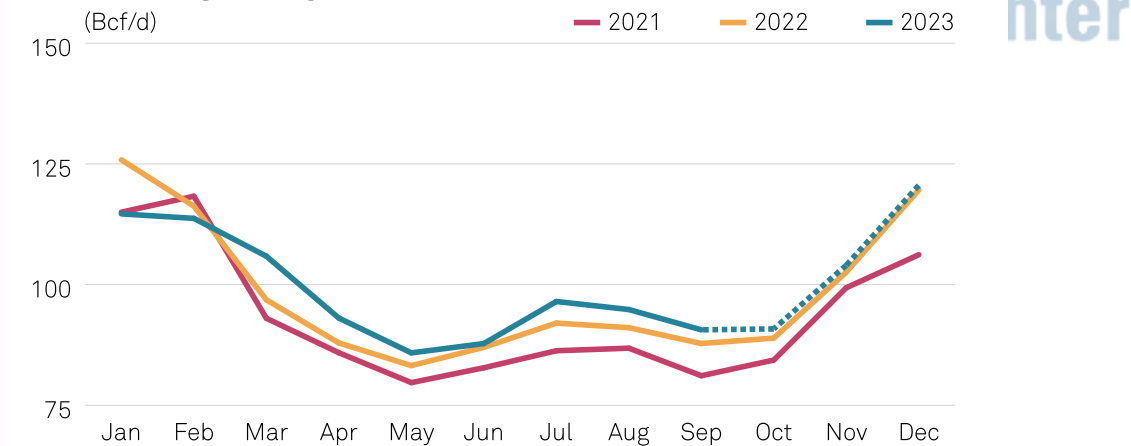
"We've kind of gotten to the point where there really isn't too many alternatives, and we're going to have to start really building out capacity and relying on natural gas to back up our power generation," Armstrong said. "And obviously, the LNG will put demands on our systems as well."

### Growing demand

Total US gas demand is expected to average just shy of 100 Bcf/d in 2023, according to data from S&P Global Commodity Insights that assume normal weather conditions. That would be up more than 1 Bcf/d compared with 2022 average daily demand and eclipse 2021's average daily demand by more than 6 Bcf/d.

Extreme heat throughout June, July and August has helped lift US gas-fired power demand in 2023. Power burn breached 50 Bcf on nine separate days and hit a new single-day record of 53 Bcf in July, S&P Global data showed.

### Total average US gas demand, 2021-2023

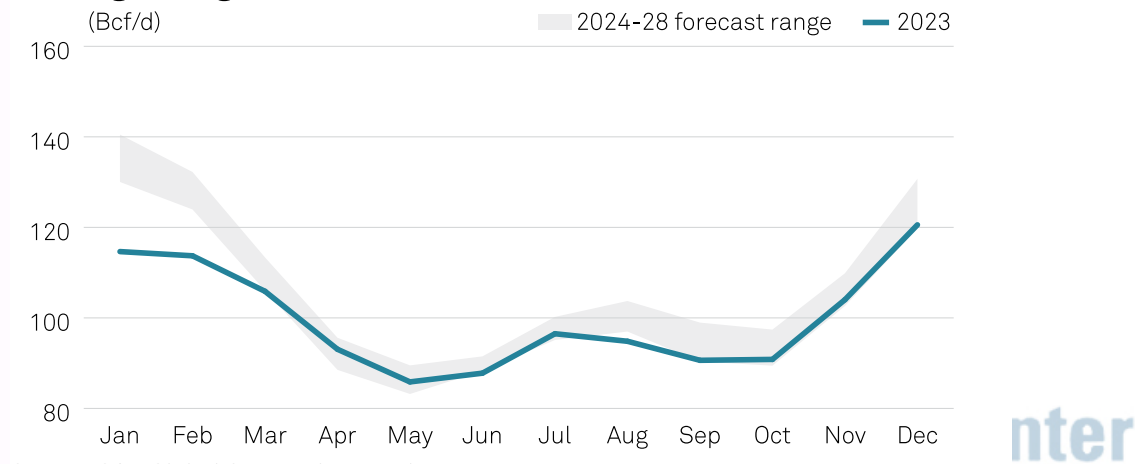


Source: S&P Global Commodity Insights

Total gas demand is expected to continue rising through 2028, largely on the back of growing gas demand for LNG. Feedgas demand has been forecast to more than double by that year compared with 2022's level around 12.9 Bcf/d.

While total demand is set to rise, US power burn is expected to begin falling beyond 2023. S&P Global data call for average daily gas power burn to fall by nearly 17% in 2028 compared with 2023 levels.

## Average US gas demand forecast, 2023-28



Source: S&P Global Commodity Insights

Power burn could overperform in coming years, Armstrong said, as he walked through data from previous years showing gas demand for power generation exceeding forecasts.

"The forecasters have continued to miss this," Armstrong said. "It is almost all on the back of expectation for more power generation from renewable capacity that hasn't shown up ... and it's not that it's not getting installed, it's just the utilization rate of the capacity that's being installed that's been missed as we've gone through and studied these numbers."

The electrification of equipment within various sectors is also expected to drive up demand for power, which will advantage gas transporters, Armstrong said.

"There is so much money being spent right now at ports, at airports, all in grant money from [the US Department of Energy] to electrify all kinds of equipment in and around that's just going to continue to drive" demand upward, Armstrong said, "and natural gas is going to be, and particularly pipelines and storage capacity, are going to be the beneficiaries of that continued electrification."

Armstrong also suggested he isn't too worried about increased renewable capacity displacing demand for gas on Williams' pipelines because generators will need gas' firm attributes on hand.

"On our transmission systems, we really don't care what the renewable generation is in a market that we serve because the utilities have to buy the backup capacity to be able to back that up," he said.

### Williams' capital projects

Williams has nine gas transmission projects on its docket stretching through the end of 2026, including its Wolf Hollow expansion in North Texas that has a third-quarter 2023 in-service target. The project includes construction of a 450 MMcf/d capacity pipeline that plugs in to storage assets and connects to gas-fired power generation.

The company's transmission network feeds gas into four operating LNG terminals, and Williams is in negotiations with "several others" to expand that service, Armstrong said.

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