



Natural Gas:  
Supply. Pricing.  
Buying Strategies.

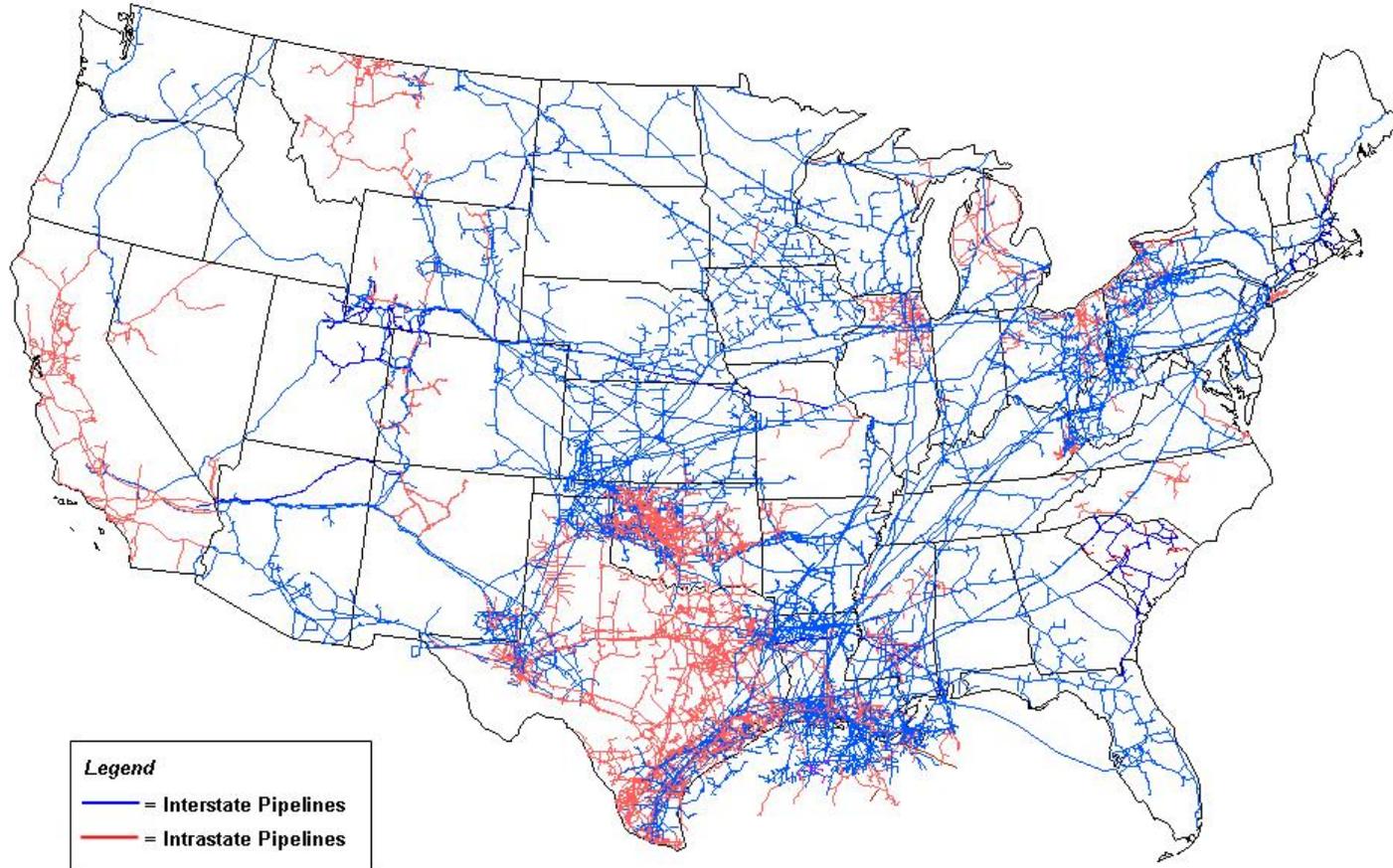
Nathan Higginbotham



# Supply

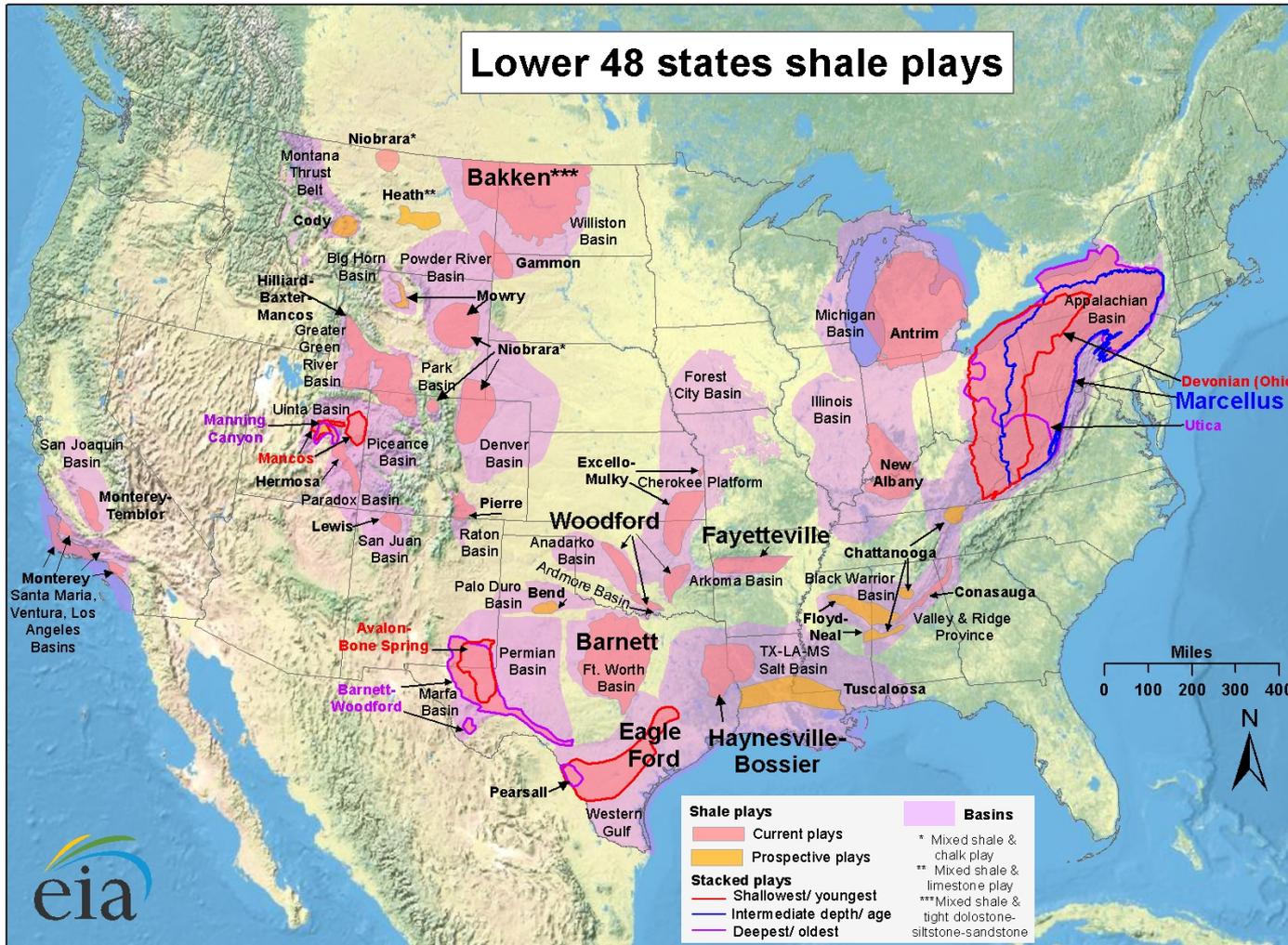
# US Natural Gas Pipeline Map

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Source: Energy Information Administration, Office of Oil & Gas, Natural Gas Division, Gas Transportation Information System

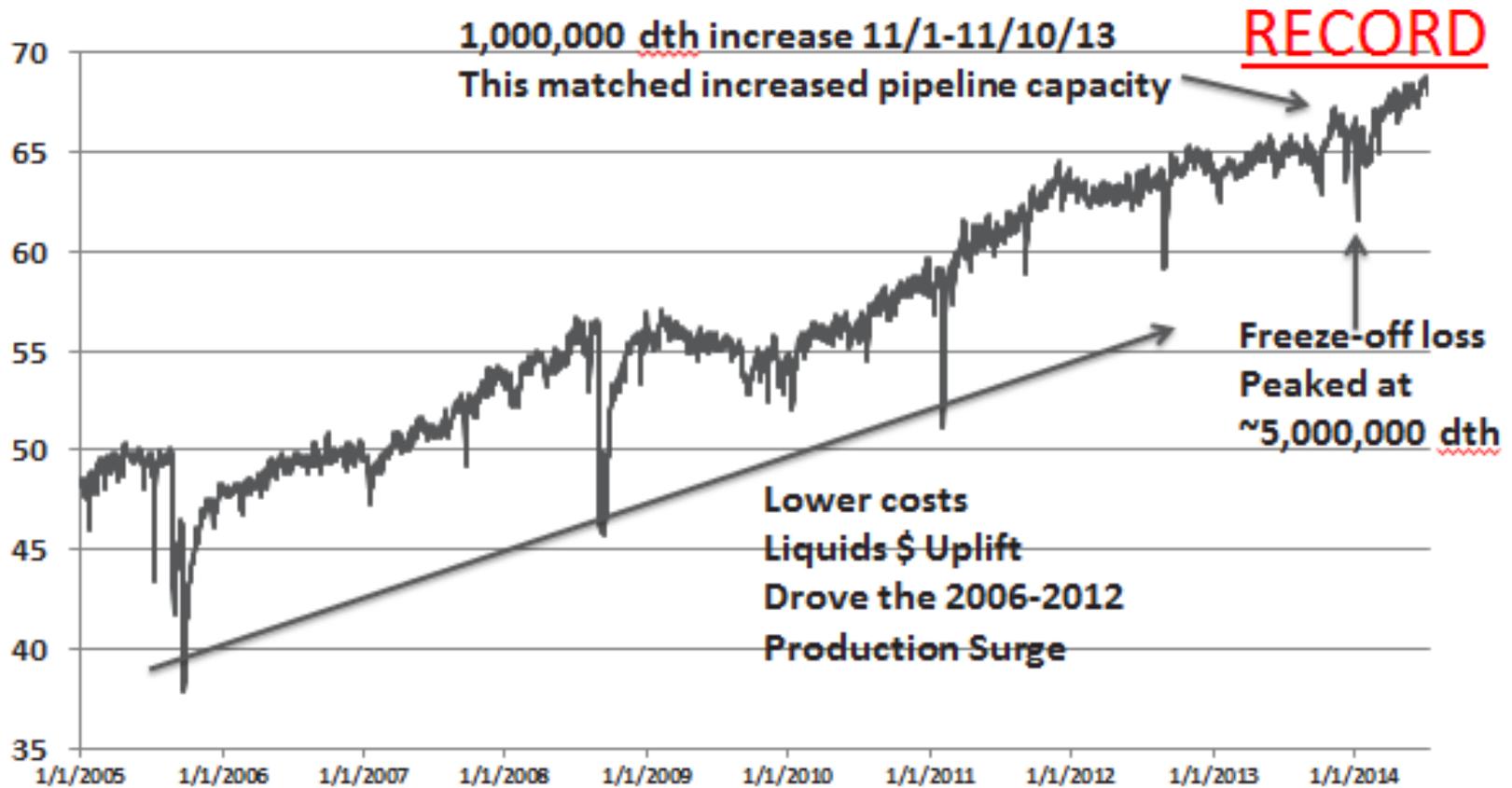
# Where Does Supply Come From?



Source: Energy Information Administration based on data from various published studies.  
Updated: May 9, 2011

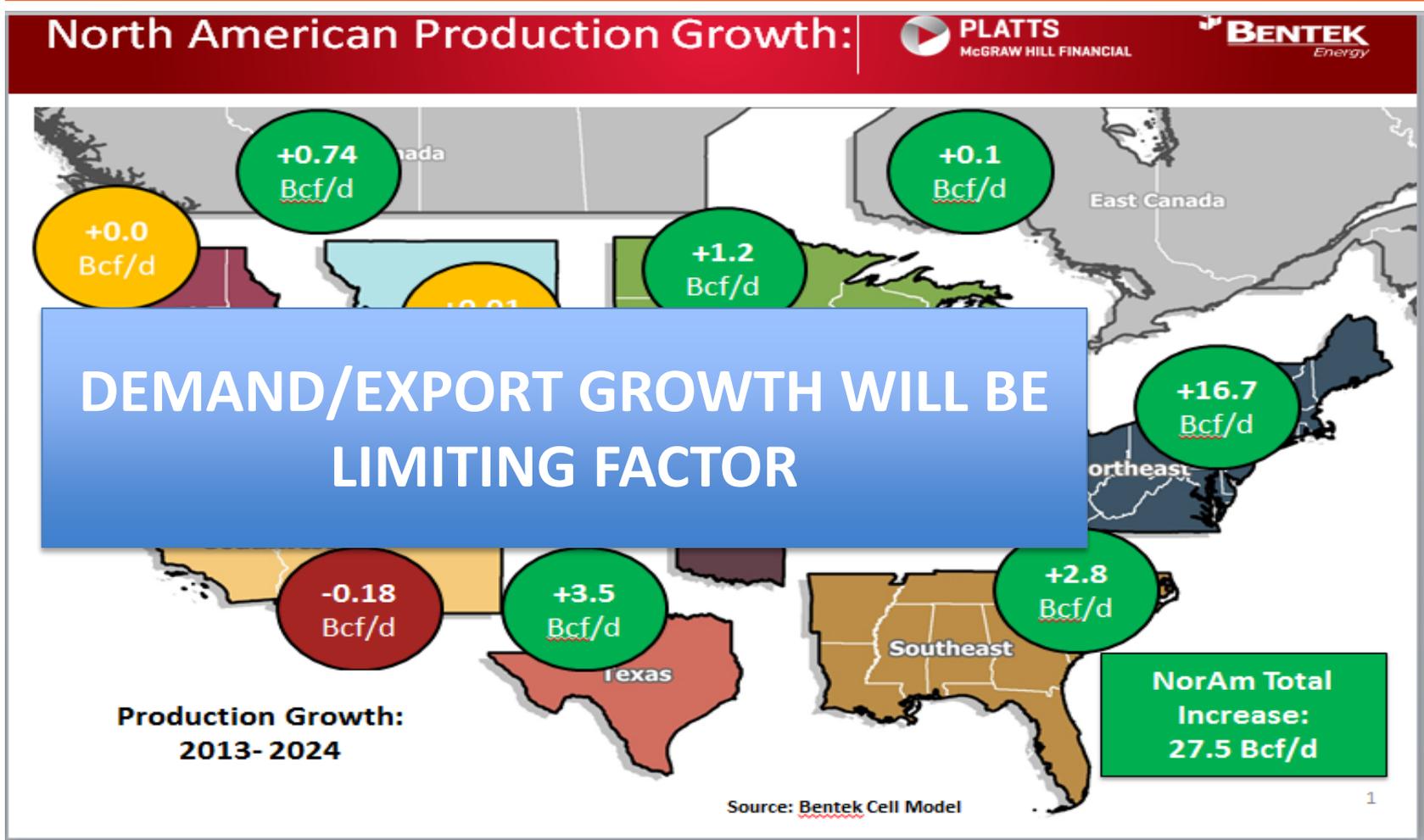


# Natural Gas Production Boom



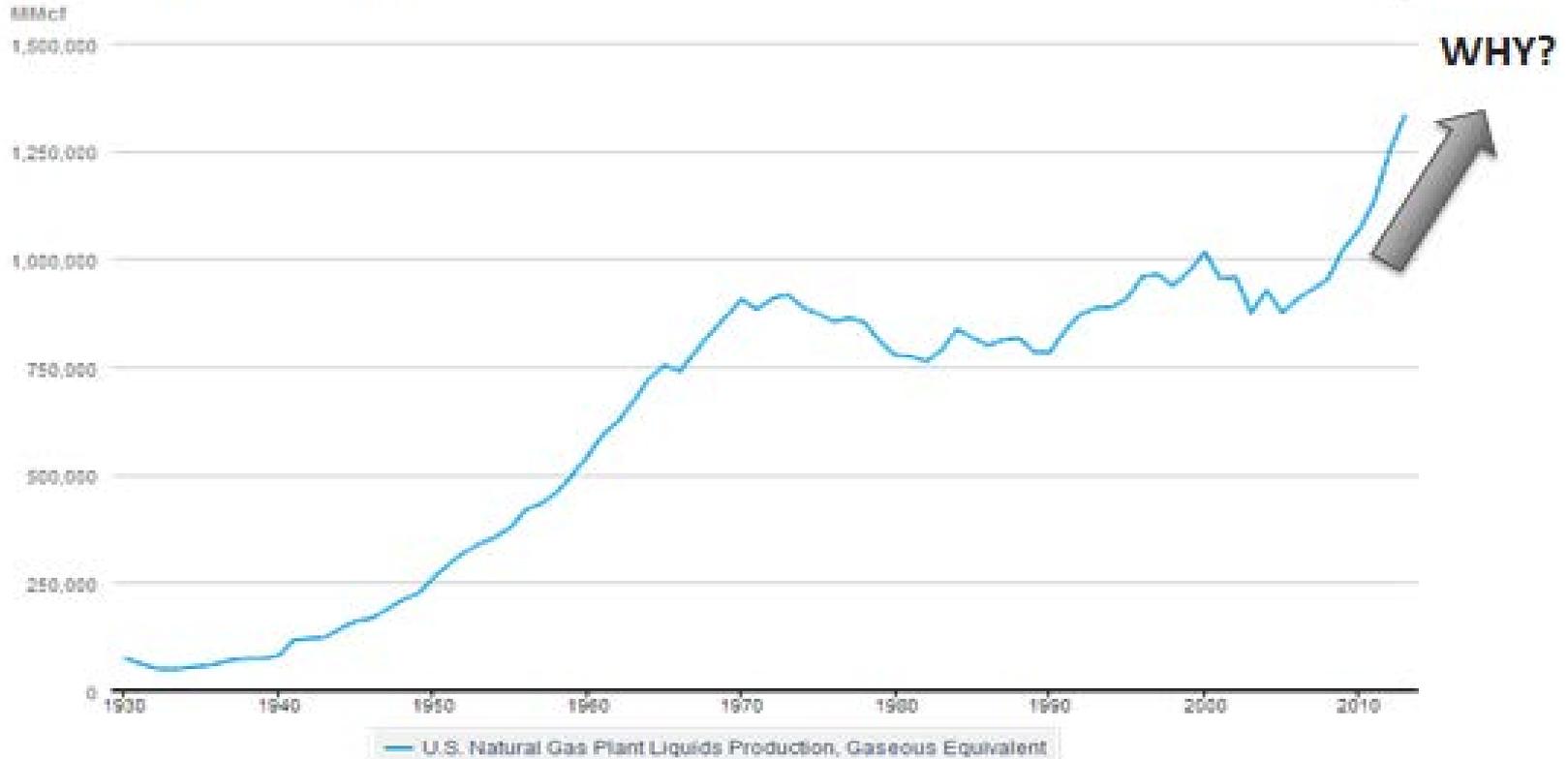
# U.S. Production Forecasts

## Northeast Leads Gains

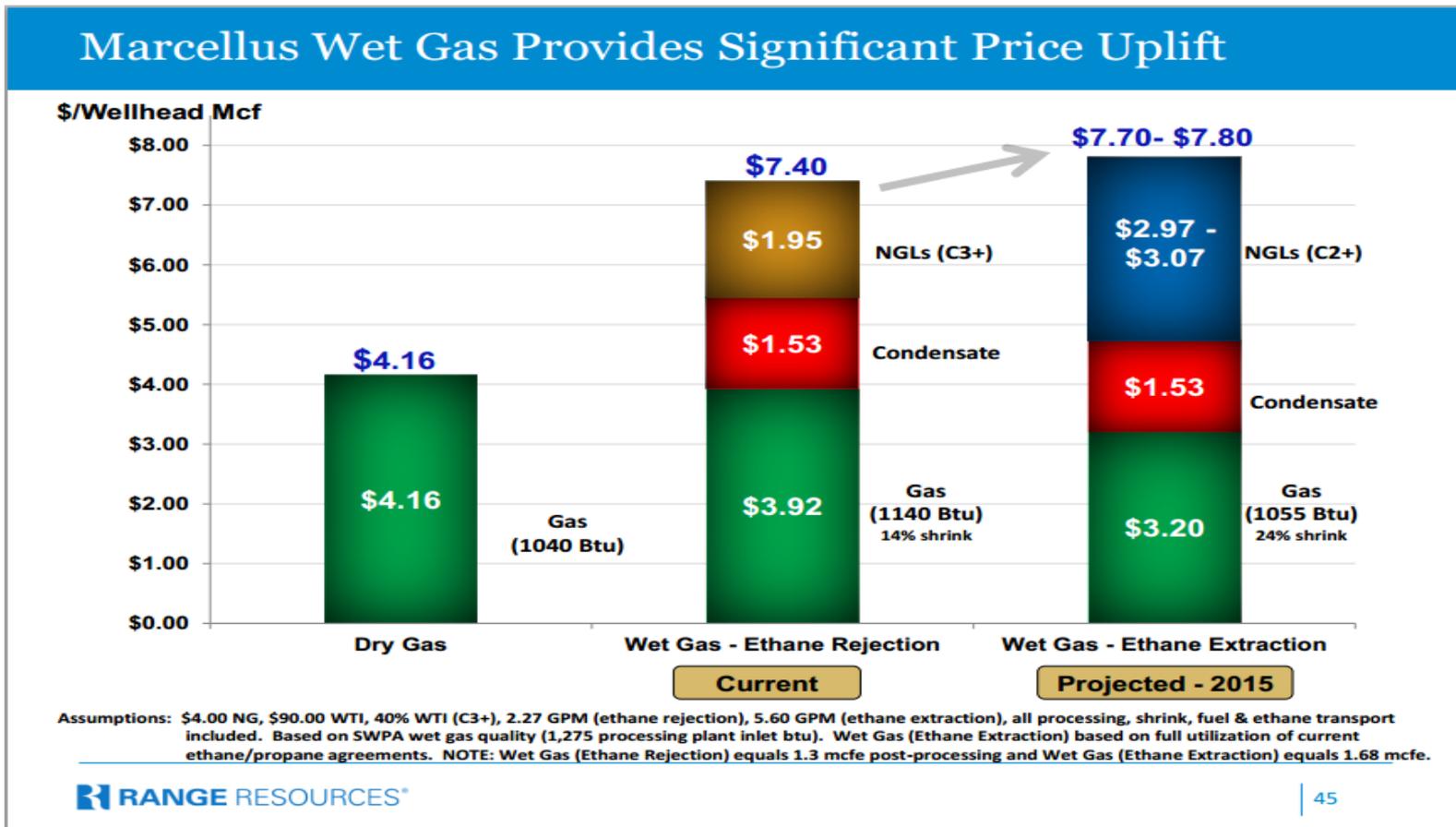


# More Natural Gas Liquids (NGL)... More Natural Gas

Natural Gas Plant Processing



# NGL Price Uplift Drives Producer Economics



# Ethane + Propane ~70-75% of NGL Output

## Flat prices to limit future production?



# Pricing

# NYMEX Historical Settlements



# What Affects Price?

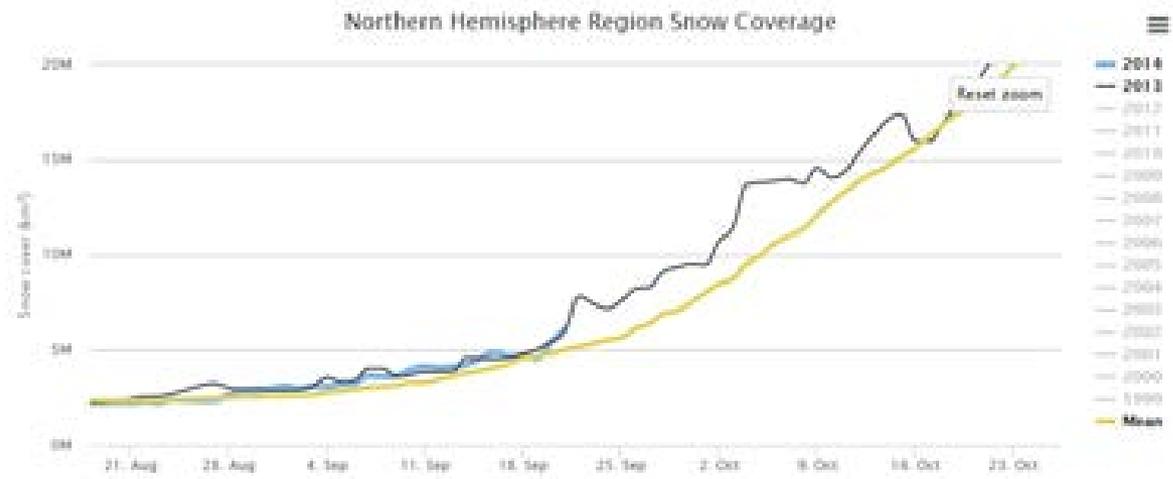
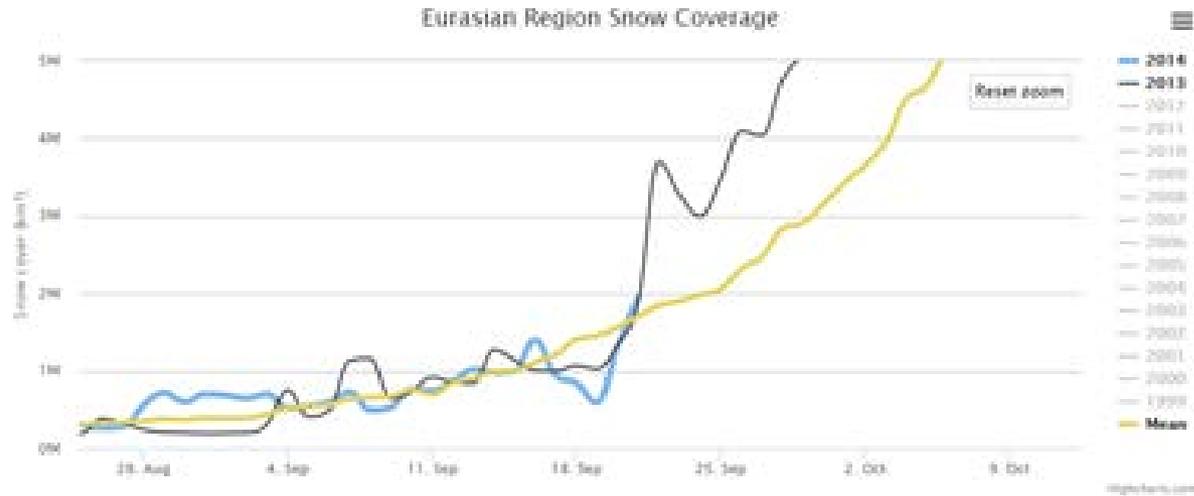
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- Supply
- Demand
- Trading
- Weather
- Outages
- Natural Disasters

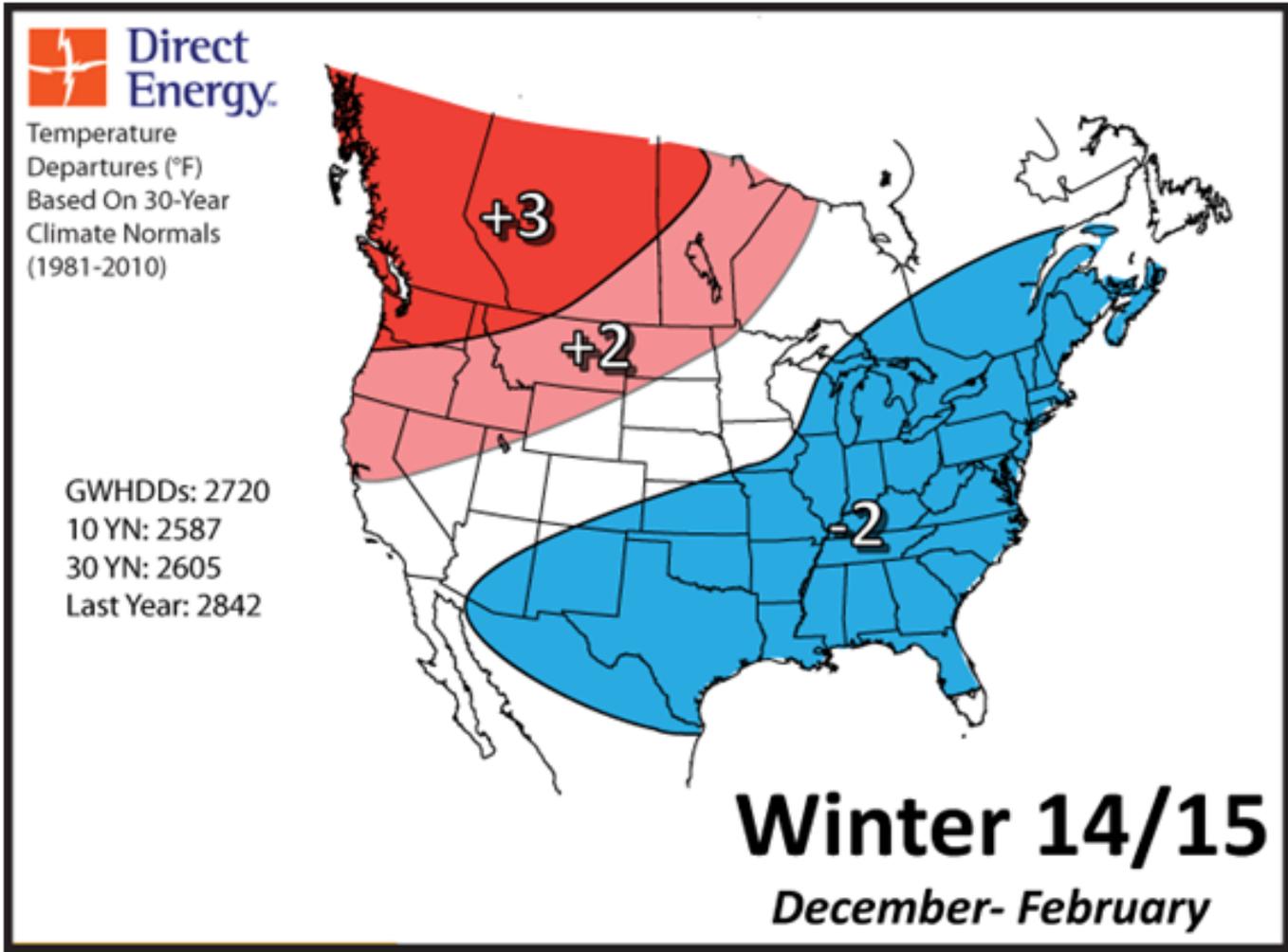
# Weather: Polar Vortex



# Early Season Snow Cover



# Winter 14/15 Outlook



# U.S. Storage

## Producing Region Lags Y-o-Y

### Weekly Natural Gas Storage Report

for week ending October 3, 2014 | Released: October 9, 2014 at 10:30 a.m. | Next Release: October 16, 2014

Working gas in underground storage, lower 48 states

[Summary text](#) [CSV](#) [JSON](#)

Historical Comparisons

Region	Stocks billion cubic feet (Bcf)				Year ago (10/03/13)		5-Year average (2009-2013)	
	10/03/14	09/26/14	net change	implied flow	(Bcf)	% change	(Bcf)	% change
East	1,776	1,714	62	62	1,844	-3.7	1,934	-8.2
West	464	453	11	11	537	-13.6	504	-7.9
Producing	965	933	32	32	1,184	-18.5	1,145	-15.7
Salt	260	248	12	12	286	-9.1	215	20.9
Nonsalt	705	685	20	20	898	-21.5	931	-24.3
Total	3,205	3,100	105	105	3,564	-10.1	3,583	-10.5

EIA



# Buying Strategies

# Energy Procurement Approach

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## What is your approach to buying energy?

- Is there a best time to buy each year?
- Is there a best product?
- Is there a best term?

**NO**

- Customer needs vary
- Market conditions change

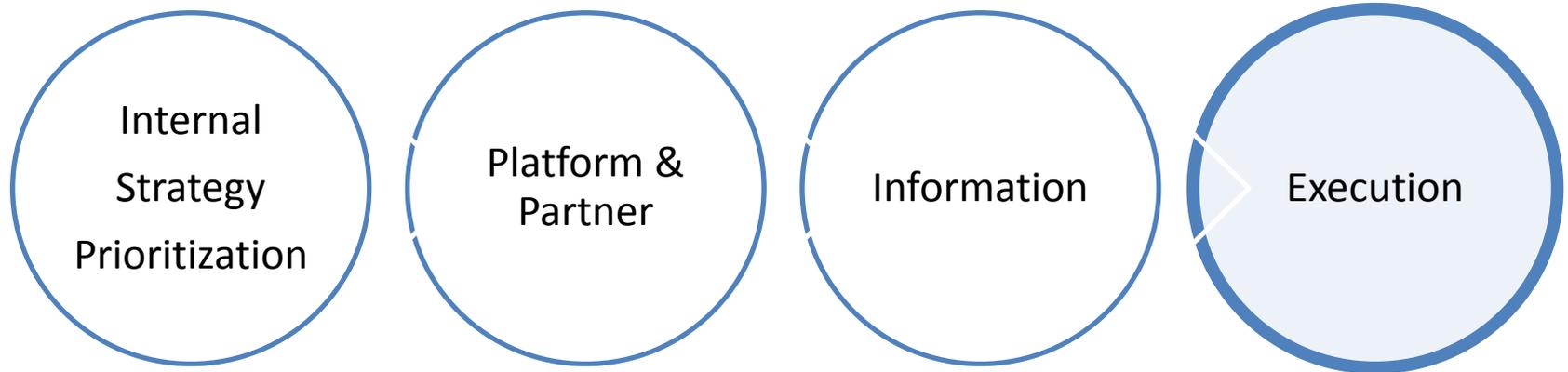
## So what are the keys to successful energy buying?

1. Understand your business needs
2. Access to and understanding of market information
3. A platform to quickly execute purchases based on your needs and market conditions



# Your Procurement Strategy Toolbox

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# Online Resources

www.business.directenergy.com/Market-insights.aspx

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Market insights

Market updates

The latest information about the energy market

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Daily Market Update - October 8, 2014  
 Early Morning Update: The Nov14 natural gas contract is down \$0.07 at \$3.88. The Nov14 crude contract is down \$0.70 at \$88.15.  
 Oct 08, 2014
- 

Daily Market Update - October 7, 2014  
 Early Morning Update: The Nov14 natural gas contract is up \$0.01 at \$3.91. The crude contract is down \$0.30 at \$90.04.  
 Oct 07, 2014
- 

Weekly market video update - October 6, 2014  
 Chris Dubay, Direct Energy Business Advisory Services Like October, November NYMEX debuted above \$4, then slipped back down into the \$3.75-\$4.0  
 Oct 06, 2014
- 

Daily Market Update - October 6, 2014  
 Early Morning Update: The Nov14 natural gas contract is down \$0.12 at \$3.92. The

ctenergy.com/Blog/2014/October/Siemens-Smart-Grid-and-Direct-Energy-Business-Efficiently-Managing-Demand-Response-for-You.aspx

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Siemens Smart Grid and Direct Energy Business: Efficiently Managing Demand Response for You

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Siemens Smart Grid supplies products and solutions for intelligent and flexible electrical network infrastructures. To meet growing energy needs, the networks of today and tomorrow must integrate all forms of power generation and ensure bi-directional energy and communication flows. Intelligent networks help make it possible to generate and use power efficiently and on demand.

Siemens is the only company that offers a complete spectrum of solutions and services for the protection, automation, planning, monitoring, and diagnosis of the grid infrastructure. This post was written by Sachin Gupta, global sales lead for Demand Response at Siemens Smart Grid.

As you may have heard, this past August, Siemens Smart Grid and Direct Energy Business signed a

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**Thank you!**