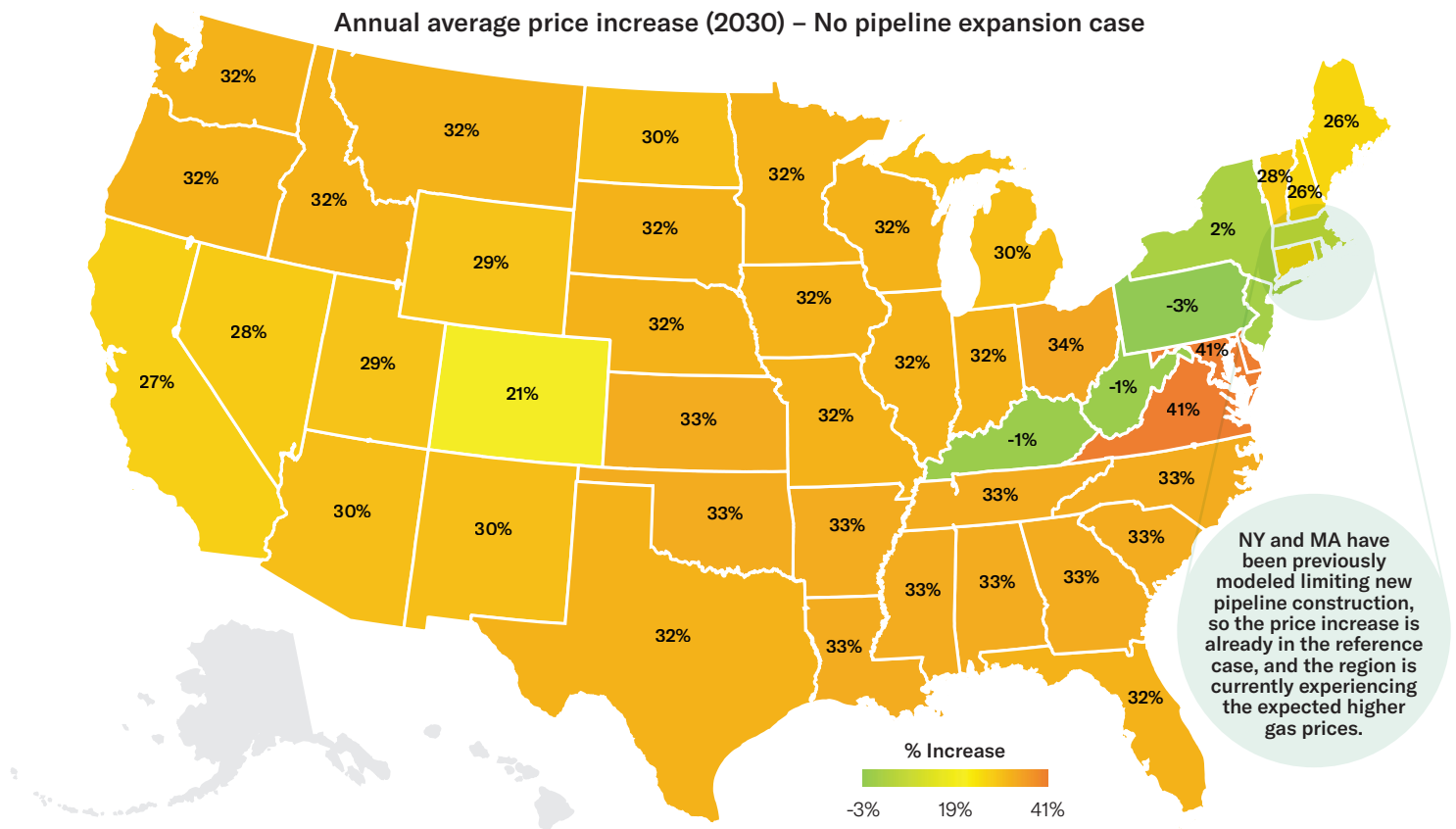


The relationship between energy infrastructure and consumer costs

Over the past several years it has become increasingly difficult to site and permit energy infrastructure. FERC's new proposed pipeline certificate policy has raised concerns that permitting natural gas infrastructure will become much more difficult, if not impossible. The elimination of new pipeline infrastructure could cost natural gas consumers **\$26 Bn annually**. CRA has performed an illustrative, high-level modeling exercise where no new pipes are developed and demand for natural gas remains the same, comparing the market prices with and without capacity enhancements to the US natural gas pipeline grid for the year 2030.



Illustrative findings

- ▶ Most consuming regions would see a **~30% increase** in the wholesale cost of gas on an annual basis. This would translate into **~\$1.00 per Mcf**.
- ▶ The values have not been adjusted for seasonal demand patterns, and therefore would be conservative.
- ▶ Using Energy Information Administration's (EIA) estimate of US natural gas consumption (2030), the increase in natural gas costs would translate into **\$26 Bn annually** for natural gas consumers in this illustrative scenario. Electric consumers could also see an increase of **10-20%** in the energy portion of their electric bills in markets where natural gas generation sets the electric price.
- ▶ Pipeline constraints also impact demand and production, with both **down by 2%** in the "no-pipeline expansion" illustrative scenario.

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