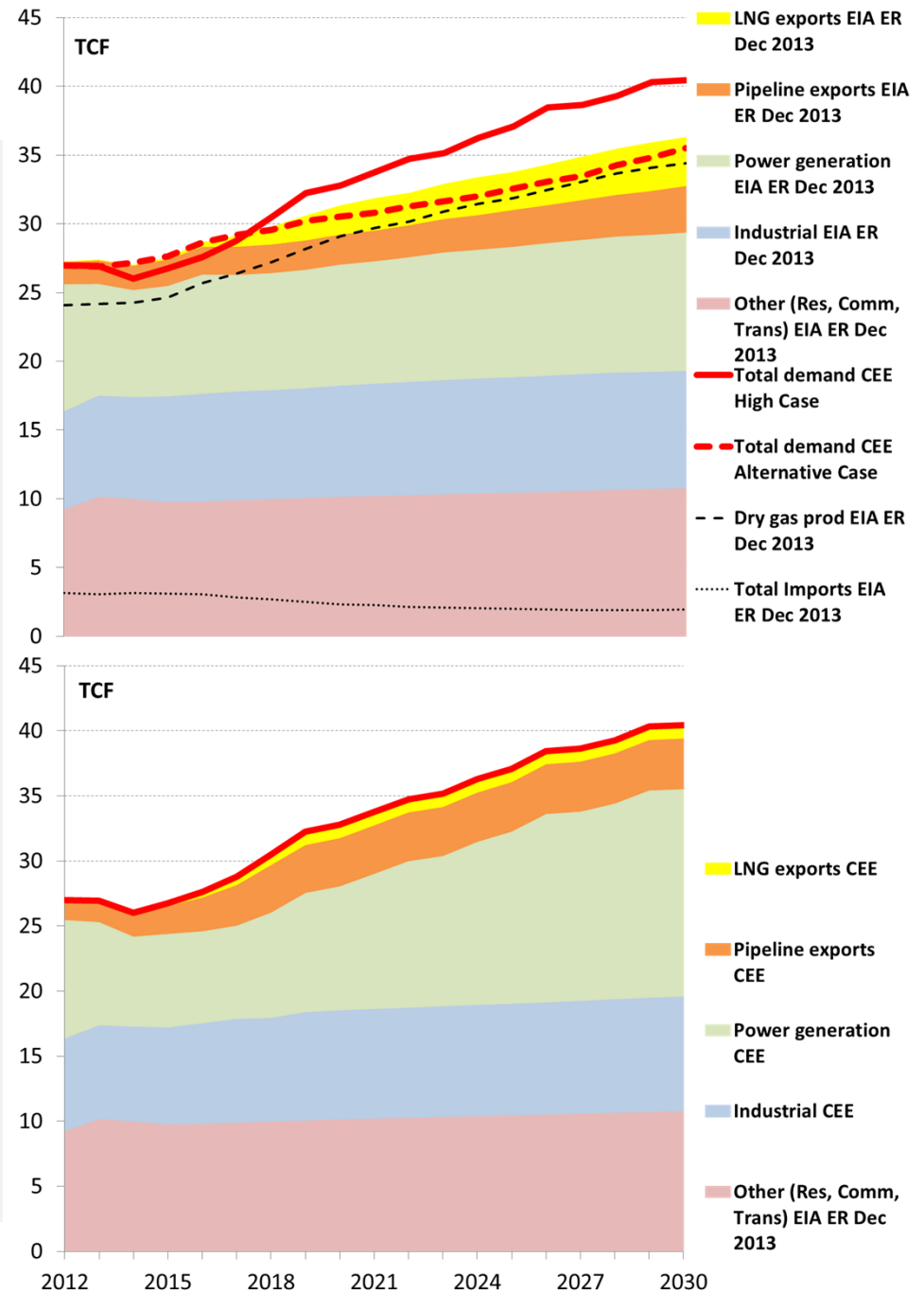


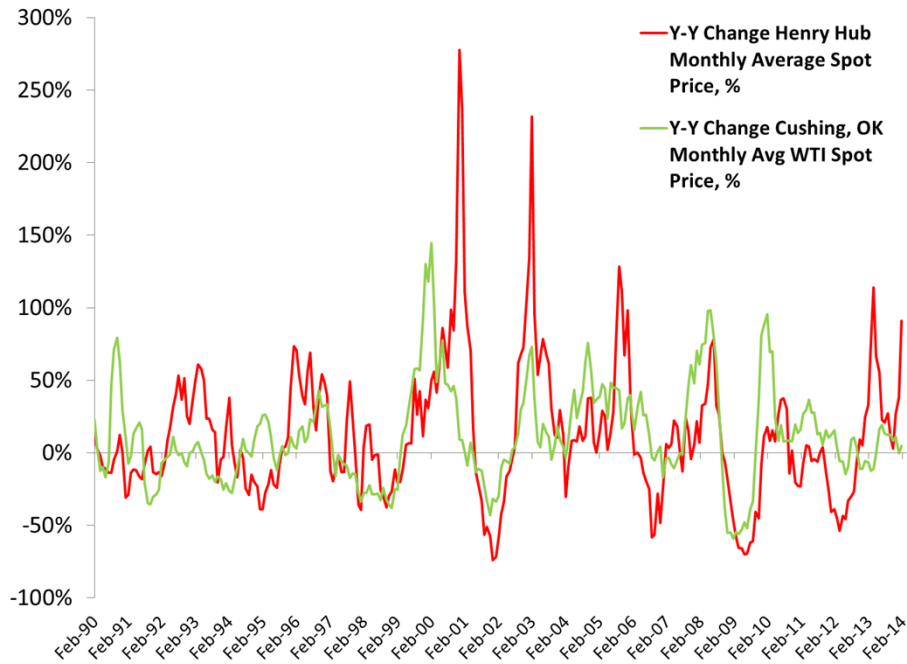
# A 40 TCF Market?

CEE developed a High Case gas demand scenario to compare with EIA as well as other analyses and outlooks.

- TOP RIGHT shows EIA’s “demand stack” to 2030 with dry gas production and imports. CEE High Case and slightly lower Alternative Case exceed EIA gas production projection
- BOTTOM RIGHT details CEE “demand stack”. Key observations natural gas utilization:
  - We incorporate EIA’s “other” category. However, seasonal residential and commercial gas demand could grow (and/or seasonal gas-fired power demand could grow).
  - We include potential gas demand associated with CEE’s industrial inventory (8.8 TCF vs EIA ER 8.5).
  - We include possible EPA actions for power emissions and associated consequences (15.9 TCF vs EIA ER 10.1), a strong scenario.
  - We indicate stronger pipeline exports to Canada and Mexico (3.9 TCF vs EIA ER 3.4), a trend already underway, subject to supply developments in those countries.
  - We indicate weaker LNG exports (1.0 TCF vs EIA ER 3.5), one financed export location in Lower 48.
- Implication: if supply cannot meet demand then higher, more volatile prices likely will curtail demand growth and possibly attract imports.
  - Page 2!



# Sharp Cycles Ahead\*



**Small changes in supply-demand balance exert large changes in price volatility. Natural gas (red line) has tended to demonstrate greater price volatility than oil (green line), evident in statistical deviation of log series.**

\* See "Forward Curves" and "Sharp Cycles Ahead" in *Oil and Gas Investor*, Aug & Sep 2013, or [contact CEE](#).

