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Energy Sec. Warns of Natural Gas Crunch

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By H. JOSEF HEBERT, Associated Press Writer

WASHINGTON - The impact of natural gas shortages "will touch virtually every American," Energy Secretary Spencer Abraham ([news](#) - [web sites](#)) warned Thursday, but said the administration has no plans to ease air regulations or impose other requirements to force a shift to substitute fuels.

At an industry conference on how to deal with what some participants characterized as a crisis, Abraham said there were few steps that could be taken to increase natural gas supplies over the next year. He urged utilities and other groups to emphasize conservation to help build natural gas stocks for winter.

The Energy Department called together more than 100 industry executives, government officials and consumer advocates to discuss possible short-term actions to counter the most significant gas shortage in a quarter century.

High prices already have had an impact in laid-off workers.

"It is not just a problem for gas intensive businesses and industries. It is a national concern that will touch virtually every American," Abraham said.

If the summer is hotter than normal, followed by an unusually cold winter, gas prices could soar to above \$9 a thousand cubic feet by the end of the year, Guy Caruso, head of the Energy Department's statistical agency, told the conference.

The agency estimates that even if prices remain in the range of \$6 per thousand cubic feet, already double what they were last year, the residential winter heating bill for a typical Midwest consumer would be about \$915, a 19 percent increase over last year.

Amid the gloom, there was a bit of good news. Caruso said the industry has been aggressively pumping more gas into storage with a net inventory increase of 127 billion cubic feet last week. Total storage is now more than 1,564 billion cubic feet.

"Obviously that's good news," Abraham said. But stocks still remain at about half what they will have to be in the fall. If a hot summer drains supplies, there could still be problems.

Some industry leaders, particularly from the petrochemical industry, urged the Bush administration to ease clean air regulations on utilities and industrial plants to make it easier for them to shift from natural gas to coal or oil this summer.

But Abraham, at least for now, dismissed the idea of making such a recommendation to the White House. Changes in air pollution rules would be up to the Environmental Protection Agency ([news](#) - [web sites](#)).



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"At this point (such actions) are not under consideration," he said.

At the end of the daylong summit, Abraham said he had heard some good proposals, but would not say what he would recommend to the president. "We recognize the need to move quickly," he told reporters.

Participants largely agreed that there was little that could be done on the supply side, at least for several years. Consumer representatives and industry officials alike called for a push to persuade gas users — both residential and commercial — to conserve.

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Mark Hopkins, head of the Alliance to Save Energy, a private advocacy group, said the Bush administration hasn't helped matters by cutting funds for the EPA's "Energy Star" program, which fosters efficient energy use.

He said that American industry "has ignored efficiency improvements because of the low cost of natural gas over the years" and that President Bush ([news](#) - [web sites](#)) "needs to focus corporate attention" on the issue.

Daniel Yergin, chairman of Cambridge Energy Research Associates, said today's prices are the result of a mismatch between gas availability and growing demand. He foresees more gas coming from overseas.

"In some ways this is similar to what happened in the early 1970s in the oil market, when the U.S. went from importing a little oil to importing a lot of oil," said Yergin, author of "The Prize," a Pulitzer Prize-winning history of the petroleum industry.

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