

Resolution on State Commission Responses to the Natural Gas Supply Situation

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**WHEREAS**, The gas and electricity markets in the U.S. are increasingly interdependent; and

**WHEREAS**, The nation is facing higher gas prices and increasing volatility of gas prices; and

**WHEREAS**, The growth in demand for gas is increasingly being driven by the demand for gas-fueled electric generating units; and

**WHEREAS**, The demand for natural gas is expected to increase by approximately 50% over the next two decades, and, as demand increases, gas prices are likely to stay high at least in the short-run; and

**WHEREAS**, Higher gas prices are likely to lead to higher electricity prices, especially in those areas where gas-fired units set the marginal wholesale price of electricity; and

**WHEREAS**, These economic fundamentals are likely to lead to higher supply costs for electricity and gas purchased by consumers; and

**WHEREAS**, In a letter dated July 2003, U.S. Energy Secretary Spencer Abraham noted that there are only limited opportunities to increase gas supplies over the next 12 to 18 months; therefore, the emphasis must be on cost-effective conservation, energy efficiency, and fuel switching; now therefore be it

**RESOLVED**, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened in its July 2003 Summer Meetings in Denver, Colorado supports the July 2003, call of the Department of Energy which encourages State and Federal Regulatory Commissions to revisit the level of support and incentives for existing gas and electric utility programs designed to promote and aggressively implement cost-effective conservation, energy efficiency, weatherization, and demand response in both gas and electricity markets.

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Sponsored by the Committee on Energy Resources and the Environment

Adopted by the NARUC Board of Directors July 30, 2003