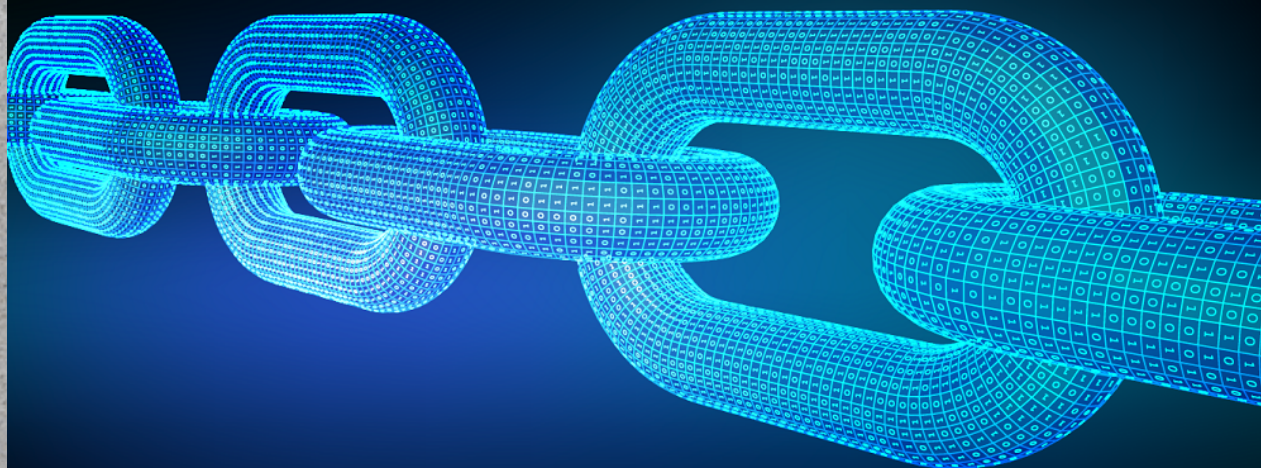


# The SAVINGS Spark



Cost Control Associates helps your organization reduce and better manage your energy, waste removal and telecom expenses. This monthly newsletter shares industry-related news, tips and updates.

May 2022



## Introduction to Blockchain for Business

### It's Coming Soon!

Within 2-3 years, your vendors may implement blockchain distributed-ledger technology (DLT) and require you to use it. Blockchain technology is expected to transform entire industries. Global spending on blockchain is forecast to reach nearly \$17.9 billion in 2024, growing at a 5-year compound annual growth rate of 46.4%.

[Learn why it is important to know what blockchain is and how it might affect your business.](#)

### What You Need to Know About Blockchain

## Energy Procurement Report: May 2022

### Electricity

As the economy bounces back from the pandemic, the [EIA](#) expects total U.S. retail sales of electricity to be 0.4% higher this summer as commercial and industrial sectors increase consumption. If GDP grows by 3.1% in 2022 as predicted, the industrial production index for electricity-intensive businesses should grow 4.5% this year, 2.8% higher than last summer.

U.S. electricity generation from renewable energy sources is expected to rise from 20% in 2021 to 22% in 2022 and 23% in 2023 due to continuing increases in solar and wind generating capacity. Electricity generated by natural gas should stay steady at around 36-37% through 2023. Despite rising prices for natural gas this year, we do not expect coal generation to increase.

Nuclear generation is expected to remain relatively constant in the U.S. with the forecasted average share between 19% and 20%. One nuclear reactor will be retired this year. Two reactors will come online in 2023, the first new nuclear units to open since 2016.

## LNG

U.S. LNG (liquefied natural gas) exports averaged 11.6 Bcf/d (billion cubic feet per day) in April, slightly below an all-time peak of almost 12.0 Bcf/d set in March. American LNG exports will likely remain high during the summer, averaging 12.1 Bcf/d from May through August. The forecasted average of 12.0 Bcf/d for the year shows a 23% increase over 2021.

Growth in LNG exports has been driven by capacity expansions; however, we do not expect any new export facilities to come online in the near future. As a result, forecast growth in LNG exports should slow to 5% in 2023 with LNG exports averaging 12.6 Bcf/d for the year.

## Natural Gas

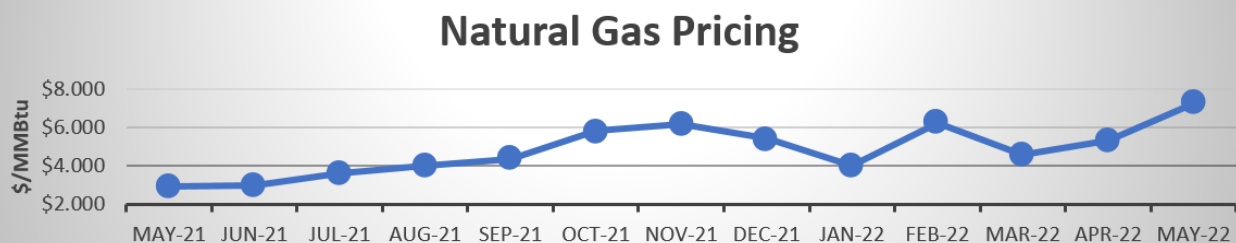
U.S. consumption of natural gas is expected to average 85.7 Bcf/d (billion cubic feet/day) in 2022, up 3% from 2021. The increase in consumption results from colder winter temperatures and increased usage in residential and commercial sectors in 2022. Expanding post-pandemic activity will likely increase consumption in the industrial sector for 2022.

In April, the Henry Hub natural gas spot price averaged \$6.59 per MMBtu (million British thermal units), up from the March average of \$4.90/MMBtu. Analysts expect the Henry Hub price to average \$7.83/MMBtu in 2Q22 and \$8.59/MMBtu in 2H22. Higher natural gas prices reflect our expectation that natural gas storage levels will remain less than the five-year (2017–2021) average this summer.

Forecasters expect natural gas inventories to increase by 418 Bcf (billion cubic feet) in May, ending the month at 2.0 Tcf (trillion cubic feet). That is 14% below the five-year average for this time of year. Forecasts indicate that natural gas inventories will end the 2022 injection season (April 1 through October 31) at almost 3.4 Tcf, which is 9% below the five-year average. Summer temperatures will be key to storage, because a hotter-than-normal summer will increase electricity demand and decrease inventory forecasts. The graph below shows natural gas pricing over the past year.

## A Word to the Wise

A wide range of potential macroeconomic outcomes could significantly affect energy markets going forward. Major factors driving energy-supply uncertainty include Russia's full-scale invasion of Ukraine, the effect of sanctions on Russia's oil production, OPEC+ production decisions and increased drilling by U.S. oil and natural gas producers.



**If You Missed Last Month's Blog**

## Navigating Electricity Markets

When it comes to purchasing electricity, utility markets are complicated. Electricity markets are regulated in some states; others are unregulated, and some are a bit of both. The more you know, the better off you will be for getting the power you need at





competitive prices. [Learn about today's electricity markets and the history of regulation.](#)



### **Gain the Energy Edge**

Cost Control Associates has the energy industry expertise you need to be on the leading edge of your competition. Our independence from suppliers and installers helps your business pay less and understand more about its utility expenses including energy, water/sewer, waste removal, telecom and [so much more](#). We've been doing it for more than 30 years, and our experience shows. Client satisfaction is our top priority!

For more information on any of our services,  
please get in touch with [Brandon Sisson](#) at 770-307-7413  
or complete the [contact form](#) on our website.

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