

Higher Heating Costs Expected This Winter

Natural gas pricing has jumped considerably and is expected to continue to do so, causing your residents' home winter heating bills to soar. Crain's Chicago estimates that costs to heat a Chicago area home with natural gas are expected to rise 35% to \$938. (In 2020, natural gas pricing was at multi-year lows.) See nearby chart.

Natural gas pricing has currently climbed to its highest price since 2014's polar vortex. It has already risen 90% this year alone and could head much higher if the winter is colder than normal.

Since the depths of COVID in 2020, demand for natural gas has risen precipitously as the economy has roared back to life. But US production has yet to return to pre-COVID levels. Therefore, natural gas storage levels are lower than the 5 year historic levels, putting upward pressure on pricing.

Worse yet, Europe's gas prices have jumped 350%. Europe has shuttered coal and natural gas production in its efforts to move to renewables. European steel and fertilizer production has been shut down recently, due to spiraling energy costs.

Natural gas can be super-cooled and shipped overseas. The US exports 10% of its natural gas production. Therefore, Europe is driving up the cost of US gas.



And if the US winter is just 10% colder, costs are expected to jump 50%. Pricing will largely be dictated by the amount of gas we can place into storage over the fall and early winter. If winter arrives early, pricing could spike. Fortunately, the fall

has seen warm temperatures, allowing storage levels to build.

Nicor charges your residential customers on a floating rate, so they are exposed to these rising prices. (Should you have any municipal facilities that are on floating rate pricing with Nicor, contact us to lock in fixed rate pricing.)

Electric pricing is highly correlated to natural gas pricing, so it too is rising. But your residents are not subject to these price fluctuations as ComEd's residential rates are mostly fixed through next May.

You may want to direct those in need to various assistance programs. Nicor is partnering with the Salvation Army with their Nicor Gas Sharing Program to offer assistance to residents in need. Additionally, Illinois offers financial assistance through its Low Income Heat Energy Assistance Program, known as LIHEAP.