

Residential Natural Gas Market Survey



**January 2010
(2008 Data)**



RESIDENTIAL NATURAL GAS MARKET SURVEY

2008 DATA

61st Annual Survey of the
U.S. Natural Gas Utility Industry

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Introduction

This year's report is the 61st annual *Residential Natural Gas Market Survey* conducted by the American Gas Association (AGA). The data collected for 2008 provide a unique and comprehensive portrait of the residential natural gas market. Detailed information is presented by state and region, including customers, market share, inventory additions from new homes, and conversions from alternative fuels. Company-specific data are reported in Appendices A, B and C. Appendix D presents natural gas market shares data for the metropolitan statistical areas.

A total of 64 natural gas utility companies responded to this year's survey. This is an increase from the 57 utilities that responded to last year's survey. Company-specific data were derived from the Energy Information Administration's Form 176 database.

Incorporated in the survey results are data regarding new private housing completions as well as existing homes from the U.S. Bureau of the Census. The source of these data is different from the statistics compiled from the survey respondents and should be evaluated separately.

Our thanks go to those companies participating in this *Residential Natural Gas Market Survey* information-gathering effort. Their cooperation and support are essential to making this publication a primary source of natural gas utility industry data and an important industry reference.

Executive Summary

In the United States, 61 percent of households, or 68 million customers, have natural gas service. Eighty-four percent of these natural gas customers used natural gas for house heating.

- Natural gas remained the United States' most popular energy source for home heating, with a 51 percent residential market share. Put another way, natural gas heated more homes in this country than all other energy sources combined – electricity was 34 percent, heating oil seven percent, propane five percent and “other” three percent.
- In 2008, the majority of newly built single-family homes (59 percent) featured gas heat, down a percentage point from the 60 percent gas-heat share in 2007. The gas space-heating share of new single-family housing completions exceeded the electric share in all but one region of the country. New gas single-family home completions have exceeded all other energy sources for at least eleven years (see Figure 1).
- In the new multi-family housing arena, gas market share for space heating fell to 37 percent in 2008 from 41 percent in 2007. When both single- and multi-family units are considered, the gas heating share of new housing completions fell to 53 percent, compared to 56 percent the previous year. The overall electric share increased by three percentage points to 45 percent in 2008.
- Net additions to the number of residential natural gas customers totaled 327,000 in 2008. This represents a 0.5 percent increase in total customers compared to 2007.
- The 2008 survey results show that roughly 14 percent of all new natural gas customers came from homes converted from another energy source. The respondents were asked to provide a breakdown of conversions by fuel type. Based on these data, fuel oil conversions to natural gas accounted for 33 percent of all conversions. Approximately 29 percent of conversion customers had previously heated with electricity. The respondents were unable to identify the previous heating fuel for 38 percent of the homes.
- Natural gas water heaters have a 51 percent market share, while shares for gas cooking and clothes drying maintained their market shares of 35 percent and 21 percent, respectively.
- During 2007, almost \$5.8 billion went to assist low-income households pay their energy bills or weatherize their homes. Most of the funding came from the federal Low-Income Home Energy Assistance Program (LIHEAP), with \$2.2 billion in normal appropriations and emergency funds. Utilities, both electric and natural gas, accounted for 39 percent (\$2.3 billion) of the total in the form of discounts, waivers, forgiveness of arrearages, and weatherization programs. In 2008, LIHEAP funding increased to \$2.7 billion.