

Natural gas provides no regrets for nation



By [Jim Roth](#) | Aug. 9, 2012

Oklahoma is about self-reliance. We cherish our independence.

The people who built this great state relied on a blue-collar work ethic and lived according to values like self-reliance, loyalty and faith. This is a state where work ethic and innovation are intrinsically linked. Growth hasn't come easy, as the hands of our farmers and rig workers can attest, but we're better, more secure and more prosperous for the hard work invested.

Now, the state's energy bounty and the natural gas renaissance across America have fueled the strengthening of our native energy security, positioning us for a chance to achieve true energy independence. Today's historic low natural gas prices have given us a rare opportunity to lock in the benefits of America's clean energy resource by allowing utilities to sign long-term contracts to buy American natural gas to run their power plants.

[The American Clean Skies Foundation](#) recently published a research report, titled ["Power Switch: A No Regrets Guide to Expanding Natural Gas-Fired Electricity Generation,"](#) which lays out a practical plan to take advantage of the lowest natural gas prices in a decade and save ratepayers tens of billions of dollars.

The study argues that the potential savings are akin to the

large benefits homeowners and businesses are realizing by refinancing mortgages and long-term debt at today's historically low interest rates.

A sharp decline in natural gas prices stemming from the unprecedented growth of shale gas production has spurred an increase in gas-fired power generation. Combined cycle gas turbine plants are now cheaper to operate than coal-fired power plants and better for the environment. However, without key changes to commercial and regulatory frameworks at the state level, the current economic and environmental benefits may only be temporary.

We can sustain the benefits of low natural gas prices into the next decade by allowing utilities to enter into long-term natural gas fuel supply contracts, as is common today with coal-fired power and power purchase agreements for renewables. The agreements can be equipped with logical protection provisions, such as associated hedging agreements, to share some of the risk of any future price changes. As the report notes, Oklahoma is leading the way.

Oklahoma lawmakers and regulators recently authorized longer-term agreements for buying natural gas. The Oklahoma Corporation Commission updated its rules, thereby allowing the best option to win the day. I commend the commission for its foresighted action.

As the report summarizes, the U.S. electric power industry has a historic opportunity to deliver cleaner and cheaper gas-fired generated power to America for decades. The opportunity won't be realized unless more lawmakers and regulators follow Oklahoma's lead to put into place the framework to support the wider use of longer-term gas supply contracts. Now is the time.

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