Natural Gas Prices
Facts and Stats

Market prices
- Natural gas prices are set in an integrated North American marketplace where the price of natural gas is determined based on supply and demand.
- Natural gas supply is influenced by factors such as the number of gas wells that are drilled in North America and the productivity of the wells. Additional gas supply is imported into North America from other countries in liquefied form by tanker. Unconventional gas sources such as coalbed methane are starting to be developed, as well gas from the Arctic.
- Natural gas demand is influenced by factors such as economic growth, weather and substitution with oil products. Through substitution, oil prices have a significant impact on natural gas prices.
- Market prices also determine Alberta natural gas royalties, which fund important core programs, such as health and education. In 2015/16 $493 million in royalties were collected on Alberta gas and its byproducts.
- Natural gas energy content is typically measured in gigajoules (GJ), a metric energy measure. One GJ of natural gas has the same amount of energy as 27 litres of fuel oil, 39 litres of propane, 26 litres of gasoline or 277 kilowatt hours of electricity. The average Alberta household uses about 120 GJs of natural gas a year.

Alberta’s regulated gas rates are verified by the Alberta Utilities Commission (AUC) monthly, based on a flow through of the market price of gas, with no mark-up on the cost of gas itself.
- In Alberta, adjustments for differences between rates and actual costs are made within two months. Other provinces typically review and approve rates less frequently, evening out market price changes over longer time periods.
- Monthly gas rates are more responsive to changes in market prices, so although Alberta gas rates can rise above those in other areas when gas prices are high, they also respond to falling prices faster too.

Options for Albertans
- Most Alberta consumers have purchased natural gas at regulated monthly gas rates and can continue to do so or they can purchase gas from a competitive retailer on a contract. The cost of natural gas consumed during the billing period is typically expressed in dollars per gigajoule ($/GJ).
- Those who prefer regulated rates, but want steady natural gas bills for budgeting purposes, may consider joining their gas provider’s budget billing program.
- Albertans who want long-term price stability can enter into a contract with a competitive retailer. Retailers typically offer a number of standard purchase options for consumers. For example, retailers offer a fixed rate for terms ranging from one to five years, as well as offering customized contracts for specific client needs.
- Regardless of what price option applies, charges for delivering the natural gas are fully regulated.

Regulated consumer prices
- Utilities across Canada use a variety of short- and long-term purchasing options to obtain their natural gas from Alberta at market prices. Most transactions in Alberta are done through the AECO (Alberta Energy Company) Hub, a commercial natural gas storage business comprising two gas storage facilities - one in Suffield and one in Countess.
- Utilities purchase gas for delivery at market prices and then sell it to consumers at regulated gas rates. This process is designed to provide a steady supply of natural gas for household use.

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