



U.S. Power Industry's Dash to Gas Shows No Sign of Slowing

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Written by John Egan for Industrial Info Resources (Sugar Land, Texas)--The dash to gas in the U.S. Power Industry is, if anything, accelerating. Industrial Info Resources is tracking 186 gas-fired power projects valued at \$69.52 billion that are scheduled to begin construction over 2016-2018. In addition to those capital projects, 594 maintenance projects are scheduled to begin over that same three-year period.

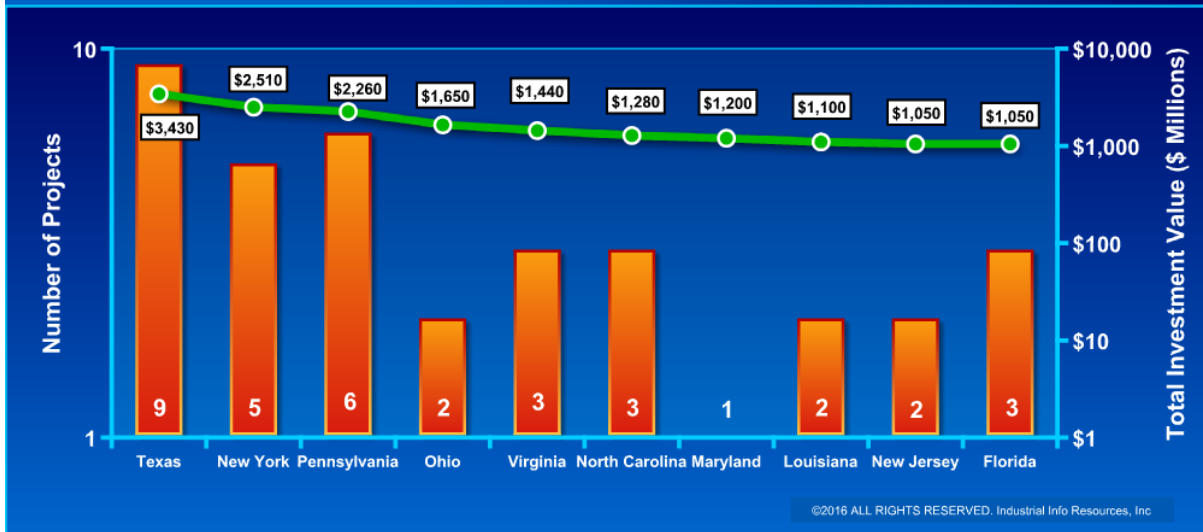
“The gas-fired power business continues to be a robust one, and this strong demand is leading to billions of dollars of equipment orders and service contracts,” commented Britt Burt, Industrial Info's vice president of research for the global Power Industry. “In some markets, developers are building projects to meet new electric demand while other markets are seeing a lot of project activity where gas is replacing coal-fired generating capacity that is being lost to tougher environmental regulation. And markets with the greatest level of renewable power development, such as Texas and California, also are seeing a high level of gas power plant project activity to back up those intermittent resources.”

Industrial Info is tracking 74 capital projects valued at about \$23.09 billion that are scheduled to begin construction this year. The hottest markets for gas-fired power industry capital project activity this year are Texas, New York, Pennsylvania and Ohio, according to Industrial Info's North American Industrial Project Database.

The graphic below shows the states with the largest value of gas-fired capital projects scheduled to begin construction this year.

States With Largest Value Gas-Fired Project Kickoffs for 2016

Based on project information in Industrial Info's North American Project Database

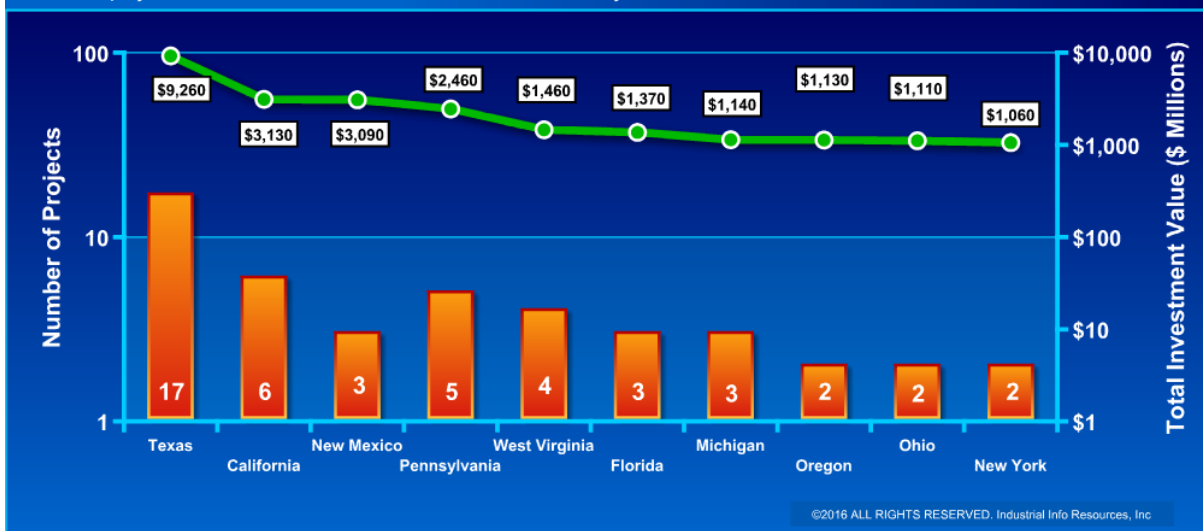


Next year, developers have scheduled construction starts for an additional 74 capital projects valued at about \$30.48 billion. The most active state markets for gas-fired capital project activity are expected to be Texas, California, New Mexico and Pennsylvania.

The graphic below shows the states with the largest value of gas-fired capital projects scheduled to begin construction in 2017.

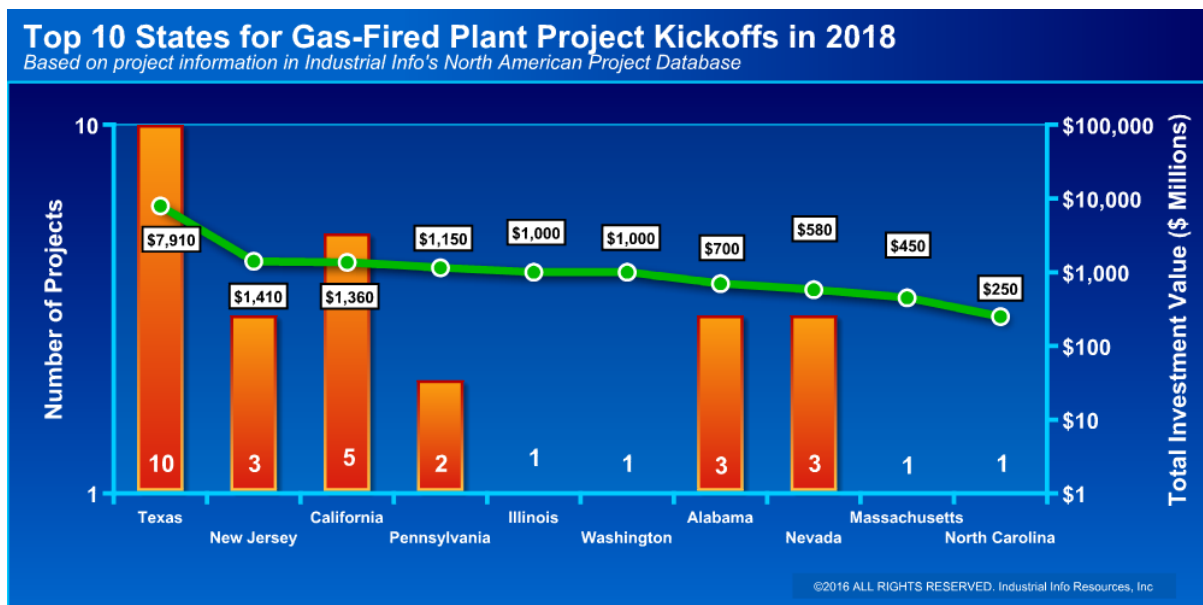
Gas-Fired Plant Project Kickoffs for 2017, by State

Based on project information in Industrial Info's North American Project Database



In 2018, construction is slated to begin on 40 gas-fired power projects valued at about \$15.96 billion. That year's hottest markets for gas-fired power development are expected to be Texas, New Jersey, California and Pennsylvania, according to Industrial Info's project data.

The graphic below shows the states with the largest value of gas-fired capital projects scheduled to begin construction in 2018.



Industrial Info does not expect all of these projects to kick off according to their current schedule. We expect some will have trouble lining up financing. Others may be deferred due to lowered electric load growth resulting from state and federal energy efficiency measures. Based on historic data for gas-fired power plant development, we expect about half of these projects will begin construction on schedule.

Low fuel costs and higher generating efficiencies have made natural gas the preferred fossil fuel for new electric generation. Some of this new demand results from tougher environmental regulation, including the Mercury and Air Toxics Standards (MATS) and the Clean Power Plan, both of which have caused utilities to close many older, smaller and less-efficient coal-fired generators.

On the other end of the spectrum, the states with the least amount of gas power capital project activity in the next few years are:

- For 2016: Delaware, Kansas, Alabama, Arkansas and Arizona
- For 2017: Colorado, Kansas, Missouri, Nebraska and Arkansas
- For 2018: Iowa, Wyoming, Delaware, New York and Maryland

Gas power capital project activity--building new power plants, switching fuel, installing pollution-control equipment or demolishing old gas power plants--typically takes place in about 30 states each year, meaning on any given year about 20 states will have no project activity at all.

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