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Northeast US gas demand drives 'connectors': Novi Labs

08 Jun 26, 23:00 - Natural gas, Fundamentals, Demand

Boston, 8 June (Argus) — Northeast US natural gas markets are entering a phase where rising power-sector demand is driving infrastructure expansion, with smaller "connector" pipelines linking supply to new consumption centers, an analyst at the LDC Gas Forum in Boston, Massachusetts, said today.

Connectivity projects may emerge more frequently as existing pipeline networks remain constrained and increasingly misaligned with where demand is emerging, particularly within the Appalachian basin and downstream northeast US markets. Much of that demand growth is tied to gas-fired power generation supporting data centers.

"Now you're talking about more demand pull," said David Braziel, vice president of North American energy markets at Novi Labs, previously RBN Energy.

The region's prior buildout cycle was driven by producers securing large volumes of takeaway capacity, while the current cycle favors smaller, incremental expansions over large greenfield projects, Braziel said.

US northeast output surged during the shale boom of the mid-2010s, turning Appalachia into the largest US gas-producing region and supporting significant increases in flows out of the basin, according to the US Energy Information Administration. But major pipeline buildouts have slowed in recent years amid regulatory challenges and opposition to new long-haul infrastructure, leaving supply well in excess of demand during seasonal demand lulls, while winter consumption regularly exceeds 30 Bcf/d (850mn m^3/d), Braziel said.

Gas-fired generation tied to data centers and broader electrification trends are expected to account for a growing share of new load, with power burn in the northeast forecast to increase by about 1 Bcf/d by 2028 and up to 2 Bcf/d by 2030, Braziel said.

Outbound capacity from the northeast currently sits near 19 Bcf/d, with more than 2 Bcf/d expected to be unlocked over the next several years through expansions such as the Transco Southeast Supply Enhancement Project and Mountain Valley Pipeline Southgate.

But operational constraints at key interconnection points, such as Transco's Station 165 on the Pennsylvania-Maryland border, may limit how much of that capacity can be fully utilized year-round.

Producers in the near-term are managing supply by "feathering" output to avoid oversupply, said LSEG Research Lead Jay Sirigiri, as weather-driven demand is unlikely to materially tighten storage balances.

By Angelica Ruzanova

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