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Williams backs gas strategy with Tesla batteries

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Boston, 10 June (Argus) — Williams is expanding into battery storage, including systems sourced from Tesla's Megapack line, as part of a broader strategy to manage surging power demand tied to data center growth, the company's chief operating officer Larry Larsen said.

Larsen told the LDC Gas Forum in Boston, Massachusetts, on Tuesday that the company is "one of Tesla's largest buyers of Megapacks now," deploying batteries alongside gas-fired power facilities to manage highly variable demand from data centers. These battery systems are being installed behind the meter and paired with gas supply to smooth load swings and maintain reliability (https://direct.argusmedia.com/article/2837357).

The move comes as the Northeast US faces mounting energy constraints despite its proximity to the prolific Appalachian basin, which supplies roughly one third of US gas. Demand in the broader Northeast is expected to grow significantly, with about 2 Bcf/d (57mn m^3/d) of incremental demand projected in the region as part of a wider nationwide increase through the next decade, Larsen said.

Infrastructure limitations continue to restrict the region's ability to fully access low-cost supply. Pipeline constraints have led to acute winter price spikes, with gas in the producing Pennsylvania region trading near $3/mmBtu or lower, while consuming markets in New England can see prices rise five to 17 times higher that level during peak demand events.

These constraints also drive fuel switching, with as much as 34pc of regional power generation relying on oil during extreme periods, the executive said.

Battery storage is one tool Williams is using to help mitigate those stresses, particularly as data center demand introduces sharp load variability.

"We've had to go though and figure out the technical ways we're going to be able to follow load cycles of the data centers," Larsen said.

But the company emphasized that storage alone cannot resolve the region's structural challenges. Williams is advancing pipeline projects such as the Northeast Supply Enhancement project and the proposed Constitution pipeline. The latter is expected to add up to 650mn cf/d of capacity, enough to serve 3.7mn homes or support up to 3.6GW of power generation, according to the presentation.

Without expanded pipeline infrastructure, the Northeast risks continued high price volatility and rising electricity costs, which have already increased about 35pc over the past five years, Larsen said.

Williams has been a prominent advocate for permitting legislation in the past, helping to form new industry coalitions to lobby for legislation that make permits more streamlined and durable against lawsuits that typically delay projects.

Oklahoma governor Kevin Stitt (R) appointed Alan Armstrong, who served as the company's chief executive for 15 years, to a vacant seat in the US Senate in March. Armstrong's "primary focus" in the Senate would consist of passing a permitting reform bill over which bipartisan talks were held earlier this year.

By Angelica Ruzanova

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