# Rockies utilities brace for egress-related volatility

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Calgary, 14 August (Argus) — Rising competition for natural gas supplies from the US Rocky Mountains may increase price volatility for local consumers, according to representatives of two Rockies utilities speaking at the Energy Innovations: LDC Gas Forum Rockies & West conference in San Diego, California.

Competition has increased as greater interconnections between regional pipeline systems have expanded outside markets' access to Rockies supplies, Steve Wall, manager of gas supply at Enbridge Gas in Salt Like City said in an email after the conference. That access has made Rockies prices more sensitive to potential surges in demand elsewhere, such as from power generation and LNG export terminals on the US Gulf coast, he said.

Though surplus gas has historically insulated the Rockies from demand spikes elsewhere, greater interconnection has required regional utilities to "buy [Rockies gas] back from where it's going" outside the region to serve local customers during demand spikes, Alex Baird, general manager of fuels and purchase power at Colorado Springs Utilities said during an 11 August panel.

"When I started, you just needed to pay attention really to the Rockies, and maybe California," he added. But maintaining price stability now requires "having a more global perspective and pulling in information" from outside.

The panelists agreed that drought conditions in the Rockies and US west coast could drain hydro power and further raise demand for natural gas. They also said their companies hope that long-term fixed-price agreements and additional storage, along with new production, will mitigate future volatility.

But Baird cautioned that peaks and valleys could persist regardless.

"If prices go up, then is there going to be a producer push, you know, to get prices to the right level and balance everything out?" Baird said. That process "won't be smooth. It'll be rocky," he said.

### More build-out, more volatility?

Rockies prices' sensitivity to demand from outside regions could increase as new pipeline infrastructure increases egress yet further.

Midstream operator Williams has around 800mn cf/d of new capacity planned on its Northwest and MountainWest pipeline systems, around 550mn cf/d of which would directly increase flows of Rockies supplies to Oregon and Washington, Williams vice president of western interstates commercial Joseph Hulse said during another 11 August panel at the conference.

Williams is also considering four other expansions that would add an additional 799mn-1,039mn cf/d of capacity facilitating egress of Rockies supplies, Hulse said.

That increased capacity is intended, in part, to address anticipated lower supply at the Northwest Sumas hub, where Canadian gas enters the US, because of LNG export terminals planned for the coast of British Columbia, he said.

*By Behbod Negahban*