Storage faces obstacles beyond red tape: Panelists

12 Aug 2026 15:23 (-06:00 GMT)

San Diego, 12 August (Argus) — The buildout of natural gas storage is proving to be a major infrastructure bottleneck, despite speedier response times from federal regulators, according to a panel of midstream company representatives at the Energy Innovations: LDC Gas Forum Rockies & West conference in San Diego, California, yesterday.

The panel echoed US Energy Information Administration data showing that US gas storage had grown by only 4pc since 2013, while total gas demand had grown by 55pc and gas transport infrastructure, including pipelines, had grown by 27pc.

Despite the lagging storage buildout there has only been a "small uptick in FIDs for new storage projects, Ken Diel, director of US west wholesale origination at NRG, said.

The panelists attributed that mismatch in storage compared to demand and broader infrastructure growth to a combination of differences in end-user needs, geological limitations and regulatory hurdles.

Despite strong demand, investors have been wary of committing capital to storage projects in part because "every customer uses storage differently," Joseph Hulse, vice president of western interstates commercial at Williams said. "If you're a marketer looking at the forward curve right now, it's flat," suggesting low future demand for gas held in storage, Hulse added.

By contrast, local gas distribution companies or power generators may retain strong demand for gas storage to offset periods of higher demand, such as because of severe weather.

That demand for offsetting volatility, meanwhile, is "served by storage only if it's able to cycle in and out on a high turn kind of basis," which is primarily served by salt dome storage that is rare in the geology of the western US, Daniel Tygret, director of commercial for Kinder Morgan said.

These factors limiting the ease and attractiveness of building new storage, along with the constraints posed by needing to keep storage close to existing infrastructure and demand centers, may privilege brownfield expansions of existing storage facilities, Scott Smith, chief executive at Bear River Midstream, a storage company with assets in Wyoming and Oklahoma, said. Brownfield expansions can also be completed on shorter timelines to meet urgent demand.

Nevertheless, Bear River's recent expansion of its Wyoming facility took five years, Smith said. "And a lot of that is just driven by supply chain issues, getting access to materials, getting access to compression, etcetera."

"For example, we're replacing coolers for our engines in our facility in Oklahoma, and now we're seeing almost two year wait times to get access to these replacement coolers, whereas before it was a three or four month replacement cycle," Smith added.

By Behbod Negahban