

Enbridge to add 14 Bcf of Ontario gas storage: Update

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Adds weekly Dawn storage injection amount from Union Gas.

Houston, 10 September (Argus) — Enbridge subsidiary Union Gas plans to add 14 Bcf (397mn m³) of natural gas storage capacity to the Dawn storage hub in Ontario, Canada, over the next eight years, the company said today.

The 280 Bcf storage facility is a key interconnect for the pipelines serving Canada and the US Great Lakes states.

Enbridge cited the build-out of pipeline capacity to and from Dawn for the expansion in a presentation today at the Midcontinent LDC Forum in Chicago.

The \$1.3bn, 1.5 Bcf/d Nexus pipeline is scheduled to begin service late in the third quarter of 2018. The pipeline will funnel supplies from the Marcellus and Utica shales through Ohio and Michigan to Dawn.

In November 2017, Union Gas brought into service an additional 400mn cf/d of capacity with the Dawn-Parkway expansion project. The additional capacity will allow more gas to be moved from Dawn to markets in Ontario and farther east.

Union Gas launched an open season for firm transportation service on the newly expanded system on 28 August, offering up to 333mn cf/d beginning in 2021 and 238mn cf/d beginning in 2022. The pathway starts at the Dawn hub and extends to receipt and delivery points at Kirkwall and Parkway in Ontario.

The demand for additional storage coincides with Dawn rapidly closing its inventory gap in recent months, despite having started the year with inventories 50pc below year-earlier levels.

Union Gas expects Dawn storage to be completely full by the end of this year, said Jim Redford, vice president of business development, storage and transmission at the company.

Dawn inventories have increased by nearly 8 Bcf over the past week, Redford said. Analysts at Tudor Pickering Holt estimated the injection narrowed the deficit between this year's stocks and the five-year-average stocks to 1pc. The recent stock-growth picture at the Canadian hub have allowed corresponding prices to fall.

Dawn gas prices fell by 10¢/mmBtu from 31 August to \$2.88/mmBtu on 7 September, putting prices 6¢/mmBtu, or 2pc, below year-earlier prices. Dawn's premium to the Henry Hub stood at 5¢/mmBtu on 7 September, narrower than its 6¢/mmBtu discount a year ago.