## PNGTS expansion would lift New England supply

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| Portland **Natural Gas** Transmission System is finalizing shippers for an expansion project at a time when pipeline-constrained New **England** is eager for additional **gas** supply options, an executive said Tuesday. |  |
| Despite its proximity to abundant **shale** supplies in the prolific Marcellus and Utica **shale** plays that include parts of **Ohio** , **Pennsylvania** and **West Virginia** , the six-state New **England** region has insufficient pipeline infrastructure to bring in enough Appalachian **gas** to meet its needs, particularly on peak winter demand days. As a result, New **England** imports some of its supplies from **Canada** and from other countries in the form of **LNG** . |  |
| TransCanada-operated PNGTS is a relatively small but important conduit for **gas** into New **England** , with firm capacity of 210 MMcf/d. The planned Portland XPress expansion project potentially could expand the system by 200 MMcf/d, with additions built in phases and some existing capacity turned back by existing shippers for the project, Cynthia Armstrong, PNGTS’ director of marketing and business development, said at the LDC **Gas** Forums Northeast conference in **Boston** . Armstrong said the targeted in-service date for the project is November 2020. |  |
| “The Portland pipeline is full,” she said. “The Portland pipeline needs to expand. **We** ’re working on that right now.” |  |
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| PNGTS is one of only a handful of pipelines that deliver into the New **England** region, where markets have been historically volatile due to large fluctuations in regional demand and only limited options for upstream supply. An expansion of the Portland system would open up supply options, potentially reducing the severity of wintertime price spikes for which the region is well known. |  |
| Despite its potential to smooth out scarcity-driven price spikes, the expansion may not result in lower direct costs downstream, as **gas** sourced from **Canada** typically carries a higher cost and pipeline transportation rates flowing into East **Canada** are typically higher than on **US** pipelines bringing **gas** from the Appalachian Basin. The estimated toll to flow **gas** from the Dawn Hub in **Ontario** to the Portland-Tennessee interconnect in **Dracut, Massachusetts** , is about $1.70/MMBtu, including variable and reservation charges. |  |
| Expanding access to Canadian supplies would likely do more to limit the upside on prices in New **England** , rather than to lower the downside. |  |
| The price of **gas** upstream, however, may see downward pressure as high-capacity pipeline expansion projects bring more **US shale gas** into **Ontario** . Two major expansions are planned to enter service over the next 18 months, including the 3.25-Bcf/d Rover Pipeline project and the 497-MMcf/d Northern Access project on National Fuel. Rover is planning to bring Phase 2 of its project into service in late 2017, which would deliver up to 950 MMcf/d of Northeast **shale gas** into **Michigan** and the Dawn Hub in **Ontario** . The Nexus project, which has yet not been approved by the Federal Energy Regulatory Commission, would further boost Midwest and **Ontario** supply options. |  |
| There also are several other planned and proposed expansions designed to increase supply options for New **England** . |  |
| PNGTS in December last year filed its Continent to Coast project with the **US** Federal Energy Regulatory Commission, which would expand the certificated import capacity of the pipeline from 178 MMcf/d to 210 MMcf/d. From the south, projects on Algonquin **Gas** Transmission, including the under-construction Atlantic Bridge project and the proposed Access Northeast expansion, are designed to increase access to lower-cost **shale** supplies. |  |
| The challenge with accessing **shale gas** , however, is that expansions on Algonquin’s system are costly, and face heightened backlash from local residents and environmentalists along the pipeline’s densely populated path. |  |
| **Other options for regional gas supply include LNG** |  |
| Besides pipeline **gas** , **LNG** continues to be a good source of supply to the region. Gaz Metro the main distributor of **natural gas** in **Quebec** , has tripled the annual capacity at a Montreal **LNG** facility to more than 9 Bcf. Some of the output will go into storage to be used during the peak winter demand period in New **England** . Gaz Metro also has links to PNGTS via PNGTS' interconnect with TransQuebec and Maritimes Pipeline. |  |
| At the **Boston** conference, Guillaume Brossard, director of **LNG** market development for Gaz Metro, said his company sees its **LNG** as part of the solution for meeting New **England** ’s **gas** needs. |  |
| “The purpose of the project is not to export **LNG** overseas,” he said. “The purpose is really to support the regional markets in **Quebec** and the Northeast region.” |  |
| **Filing with regulators to be made in summer** |  |
| Armstrong said the Portland XPress expansion, which will be filed with regulators later in the summer, is especially important because it represents PNGTS’ last opportunity for “cheap build capacity.” Once it gets past the new volume, it would need to potentially add a greenfield compressor, which would cost more and take longer, Armstrong said. |  |
| The scope of the project includes compression additions at existing stations, according to a slide presentation Armstrong released. It will be phased in over a three-year period. The expanded system will include 100 MMcf/d of expiring contracts and a net build of 100 MMcf/d, bringing total capacity on the system to about 300 MMcf/d, Armstrong said. |  |
| “It’s not too late to be in the project,” Armstrong told the conference. | |