

Years before Rover, Nexus effect Michigan stocks: RBN

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Houston, 11 September (Argus) — TransCanada's ANR gas storage system in Michigan is unlikely to see an influx of supplies from Energy Transfer Partners' Rover pipeline or Enbridge's Nexus pipeline for a few years, said RBN Energy.

The 3.5 Bcf/d (99mn m³/d) Rover pipeline got a green light from the US Federal Energy Regulatory Commission (FERC) in late August to place its last laterals and compressor stations into service. These last regulatory approvals could allow about 850mn cf/d of additional gas to flow from Ohio and West Virginia to Michigan and on into the Dawn storage hub in Ontario, Canada.

The 1.5 Bcf/d Nexus pipeline is expected to come on line in the third quarter of this year and will deliver gas from Ohio to Michigan and Ontario.

One reason for the delayed impact to Michigan inventories is the market's increasing reliance on flowing supplies over stored gas to meet demand, said Richard Smead, managing director of advisory services at RBN, during a talk at the Mid-Continent LDC Forum in Chicago, Illinois. The ramp-up of infrastructure like Rover and Nexus supports that shift.

As Appalachia gas production continues to grow at record levels, there should be an eventual influx of supplies into Michigan storage over the next few years.

But Dawn storage is filling up faster than Michigan storage. ANR's Michigan stocks increased by just 193mn cf/d the week ended 7 September, the smallest weekly injection since the week ended 27 April. Total stocks in the system stood at 31.2 Bcf last week, or 55pc of design capacity, and were 37pc below year-earlier stocks for the same week.

Michigan represents one of the largest market zones for US natural gas demand in the country. The state is growing its status as a delivery hub for increasing pipeline capacity as more pipelines come into service.

Mich Con Citygates September bid week prices averaged \$2.87/mmBtu, a 4¢/mmBtu, or 2pc, increase from a year earlier.

Nationally, gas inventories were roughly a fifth lower than the five-year average in the week ended 31 August, according to the US Energy Information Administration. Confidence in production growth and the pipeline capacity that will deliver that gas to market has allayed market concerns over supply shortfalls in the winter.