

Published: Tuesday, September 26, 2017

NATURAL GAS

Appalachian pipeline capacity to outpace demand — report

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Appalachia gas pipeline capacity will outpace demand in the coming years, according to Goldman Sachs Group Inc., even as the U.S. energy market and overseas buyers consume more gas produced in the Northeast.

In the short term, electric power plants will balance the market as they continue switching from coal to natural gas.

But in Goldman's analysis, researchers predict that rising gas demand simply as a function of fuel-switching tails off in time, as efficient combined-cycle power plants, wind power, solar panels and a declining number of coal retirements cut into the rise in gas demand.

Goldman lowered its Henry Hub gas price forecast to \$2.75 per million British thermal units for the third quarter of 2018 and into 2019. Analysts there expect new Appalachia region pipeline additions to accelerate through 2018 and ahead of large increases in demand slated for 2019. That year, Sempra Energy's Cameron liquefied natural gas export project, more chemical production and a power plant buildout in Mexico are all expected to lift demand.

"Beyond rising gas burn, we believe that balancing the U.S. gas market in 2018-20 will require that new Appalachia pipelines remain only partially filled as they come online," Goldman analysts wrote.

The research note comes as several pipelines planned for the Northeast face unusual legal challenges that, while considered long shots by law experts, could prove transformative if they prevail.

One front, led by environmental groups, takes root from a federal appellate court ruling that the Federal Energy Regulatory Commission didn't adequately consider downstream emissions in its review of Florida's Sabal Trail pipeline.

The groups are pressing FERC to incorporate the ruling in its environmental analyses of at least three other pipeline projects in the region — the Atlantic Coast, Atlantic Sunrise and Nexus projects ([Energywire](#), Sept. 25).

Atlantic Coast and Nexus, along with the proposed Mountain Valley pipeline, have also been the target of lawsuits filed by landowners, who contest FERC's use of eminent domain authority ([Energywire](#), Sept. 13).

In a statement, Marcellus Shale Coalition President David Spigelmyer called the buildout and modernization of natural gas infrastructure "absolutely mission critical" to downstream opportunities and regional competitiveness.

"With the right policies, the Appalachian Basin will continue to play a leading and growing role — both nationally and globally — in providing the energy we need to grow our economy," he said.