

News : New England winter natural gas prices top \$40 as global LNG market tightens

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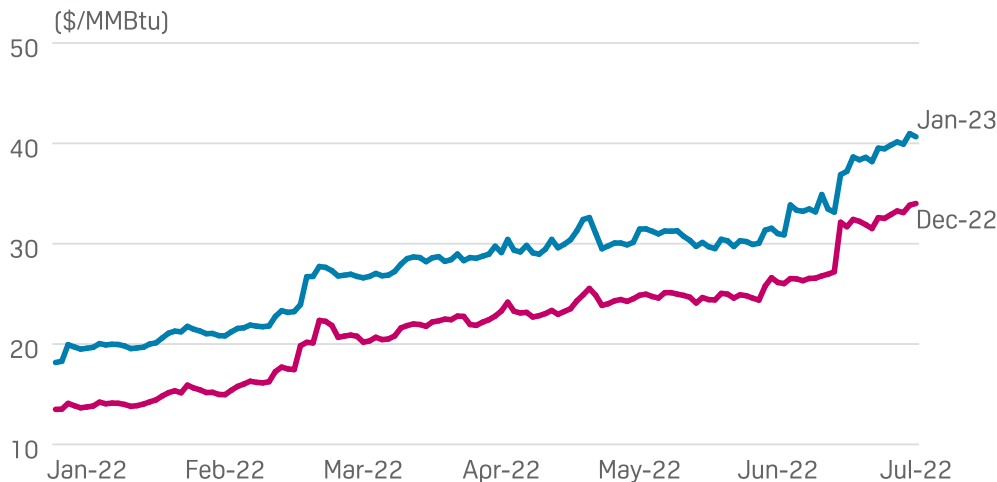
- Prices surge at **Algonquin city-gates** , Iroquois Zone 2
- **TTF** trades near \$50 on strong **European** demand
- **New England** imports 17.8 Bcf of **LNG** , winter 21-22

Winter **gas** prices in **New England** are hitting record highs in recent trading as the import-reliant region prepares to compete for **LNG** cargoes in a global market under pressure from strong demand in **Europe** .

At **Boston** 's Algonquin **Gas** Transmission city-gates hub, peak-winter **gas** prices for the upcoming season have more than doubled since the start of this year. In recent trading, the December 2022 contract settled at a new high of over \$34/MMBtu with the January 2023 contract now priced at a record high of over \$40/MMBtu.

At Iroquois **Gas** Transmission Zone 2 in upstate **New York** —which typically prices up during winter to pull eastern **Canadian gas** into **New England** — the runup has been similar in magnitude with peak-season prices now trading in the \$30-\$40/MMBtu range, data from S&P Global Commodity Insights shows.

ALGONQUIN CITY-GATES, WINTER 2022-23 FORWARD GAS PRICES



Source: S&P Global Commodity Insights

Record winter prices in **New England** 's **gas** market come as the supply-constrained region looks to purchase **LNG** cargoes for the upcoming season. This winter, attracting cargoes in the **Atlantic Basin** market could prove more challenging as jittery buyers in Western **Europe** move aggressively to [fill storage inventories](#) ahead of next winter amid growing uncertainty over **gas** supply from **Russia** .

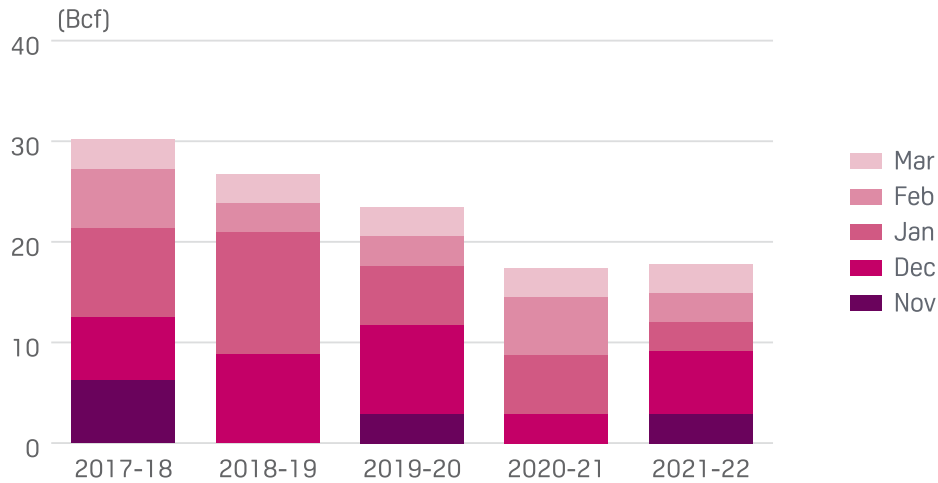
Onshore **gas** prices at **Europe** 's benchmark **TTF** hub are now trading at close to \$50/MMBtu. In the global **LNG** market, winter cargo prices are only slightly lower, trading at around \$41-\$42/MMBtu.

LNG imports

Historically, **New England** 's **gas** market has faced exposure to global **LNG** prices during the peak winter heating season as the region relies on cargo imports to help overcome pipeline constraints and deliverability limitations that make it challenging for piped **gas** to reach end-users. The only difference this winter is that **New England** utilities and other customers will pay top dollar for supply.

Last winter, **New England** imported six **LNG** cargoes from November to March carrying the regasified equivalent of about 17.8 Bcf, Platts Analytics data shows.

NEW ENGLAND LNG IMPORTS BY MONTH, WINTER SEASON



Source: S&P Global Commodity Insights

During winter 2020-2021, the region's two import terminals—**Everett LNG** and Northeast Gateway—imported a similar quantity of about 17.3 Bcf over the same five-month period. But in just the past five years, **New England** at times has imported significantly more—upward of 30 Bcf during a single heating season.

This winter, Platts Analytics is expecting stronger demand from the residential-commercial sector in the **US** Northeast, potentially fueling another uptick in **LNG** imports to **New England**.

While the Northeast includes states beyond **New England** and as far south as **Kentucky** and **Virginia**, some of this season's expected uptick in demand would still likely come from the smaller, six-state sub-region stretching from **Connecticut** to **Maine**.

From November through March, homes and businesses in the Northeast are forecast to consume an average of 14.1 Bcf/d, or about 700 MMcf/d more than the residential-commercial sector did last winter. If accurate, it would make for the region's strongest heating-demand season on record since winter 2018-2019.

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