

## News : Strong production and storage cushion Northeast natural gas markets from surging power demand

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Published on - Wed, 10 Jul 2024 17:11:47 EST

- Power demand near record highs in US Northeast
- Cash market resists spikes; forward prices in retreat

Power sector natural gas demand in the US Northeast came close to record highs June 10 as a heatwave continued, but rising production and above-average storage levels in the region have helped to keep a lid on gas prices.

Demand from the power sector reached almost 14.9 Bcf/d July 10, just short of the record of 15 Bcf/d on July 27, 2023, S&P Global Commodity Insights data showed. A heatwave continued in the region, with highs over 90F in major cities like New York, Philadelphia, Boston, and Washington DC, according to Accuweather forecasts.

The recent demand spike continues a trend of rising power sector gas demand in the region. It averaged over 11 Bcf/d in June 2024, a record for that month, up from the previous high of 9.8 Bcf/d in June 2023, Commodity Insights data showed. During July 1-10, it has averaged 13 Bcf/d, around 1 Bcf/d higher than the same period of July 2023.

### Northeast power sector gas demand



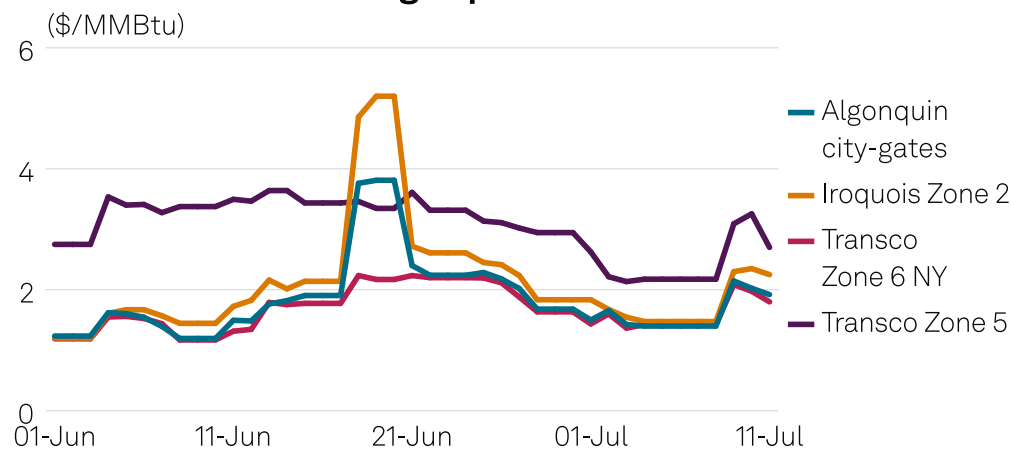
Source: S&P Global Commodity Insights

The strong power demand has supported gas prices, but without any major price spikes.

The Algonquin city-gates cash price was only just above \$2/MMBtu for July 10 flows, while Transco Zone 5 prices rose just above the \$3/MMBtu mark for July 9 and 10 flows, Platts data showed. Platts is part of Commodity Insights.

Cash prices for July 11 flows eased in the region as power demand is forecast to drop below 14 Bcf/d, Commodity Insights data showed.

### Platts Northeast cash gas prices



Source: S&P Global Commodity Insights

[High gas storage inventories](#) are helping to prevent price spikes in the Northeast, although the regional surplus has fallen in recent weeks. Underground storage capacity in the US Energy Information Administration's East region was more than two-thirds full as of June 28, with stocks of 660 Bcf, EIA reported July 3. Stocks were around 18% higher than the five-year average but just 3% higher than the same week of 2023. The data for the week to July 5 will be released July 11.

The relatively subdued run of cash prices may be weighing on the forwards market in the region, where contracts have dropped significantly in recent weeks.

The August contract for Iroquois Zone 2 dropped to \$2.20/MMBtu July 9, down from \$3.07/MMBtu on June 24, Platts M2MS data showed. It outpaced losses on the equivalent Henry Hub contract to switch to a 14-cent basis discount, from a 12-cent premium June 24. The Algonquin city-gates August contract similarly slid around 65 cents in the same timeframe to drop below \$2/MMBtu.

## Production

Production in the region has picked up noticeably this month to an average 35.4 Bcf/d, around 100 MMcf/d higher than the same period of 2023 and up from 34.7 Bcf/d during June. It has generally been lower year over year since March after producers scaled back activity in response to weak prices, but there are signs that some of this curtailed production [is returning](#), including from major producer EQT.

The startup of long-term contracts on the Mountain Valley Pipeline in Appalachia may also be helping to support production in the region. It has delivered an average 1 Bcf/d into the Cherrystone point on Transco July 1-10, Commodity Insights data showed.

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