Recent Developments in the U.S. Natural Gas Industry and The Economic Impact for Cavern Gas Storage Facilities

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ABSTRACT

Throughout the U.S., utility commission driven "unbundling" programs are forcing LDC's to re-examine their upstream pipeline capacity contracts and adjust their capacity portfolios to better configure their past natural gas purchasing practices to those of the marketers offering gas supply services to LDC's customers. In addition, unbundling often requires the LDC to be a "provider of last resort" or obligated to provide emergency service, balancing, and distribution service. These issues, including the expansion of gas pipeline capacity from Canada to the Midwest and Northeast U.S., and the projected increase in electrical generation demand across the U.S. are providing a new and unique economic role for cavern gas storage facilities. The presentation will describe how these changes impact the development of cavern gas storage facilities.

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