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## New England Summer Outlook

### More Marcellus gas on the way but at a higher cost

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#### Morningstar Commodities Research

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#### Data Sources Used in this Publication

- ▶ ISO-NE
- ▶ EOX Live
- ▶ EPA
- ▶ Pointlogic Energy

To discover more about the data sources used, [Click Here](#)

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#### New England Summer 2017

With AIM construction complete in November 2016, no major outage is expected along the Algonquin pipeline during 2017 peak summer months and increased gas capacity is available for power generation this summer, mostly sourced from the Millennium and TGP-Mahwah interconnects. As a result, northeastern Pennsylvania Marcellus gas plus transport costs will set marginal prices more often in 2017 compared with 2016 when Canadian gas via Iroquois was needed on the margins. But northeastern Pennsylvania gas prices have rallied substantially in 2017, with the TGP Zone 4 summer strip (April-October 2017) now valued at \$1.82 per million British thermal units versus \$1.23 during the same period in 2016. Assuming these prices materialize, that means higher "baseload" gas prices on Algonquin this summer even without AIM construction-related capacity reductions. We discuss the impact of this and other factors on the New England Summer 2017 gas and power markets in this outlook.

In the ISO-NE, bigger capacity changes are underway this year as Brayton Point (1,527 megawatts) retires on May 31, 2017, and Footprint Power (675 MW) combined-cycle is scheduled to be on line in June 2017. Units 1-3 Brayton Point (1,082 MW) run on coal, and unit 4 (445 MW) runs on fuel oil and natural gas. Historically, Brayton Point units 1-3 produced only between 200 and 400 MW during summer months (outside of the August 2016 scarcity event). So once Footprint Power comes on line, the system should realize a net gain to the summer baseload supply stack and net loss for the "super-peak" supply stack (Brayton unit 4) in ISO-NE. Footprint Power is located at the intersection of Algonquin and Maritimes & NE pipeline system, so it will most likely purchase Algonquin gas from the Salem Lateral.

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