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## Weekly Storage Report: Week Ending February 3, 2017

### 152 Bcf withdrawal in line with estimates

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#### Atlantic Sunrise Receives FERC Green Light

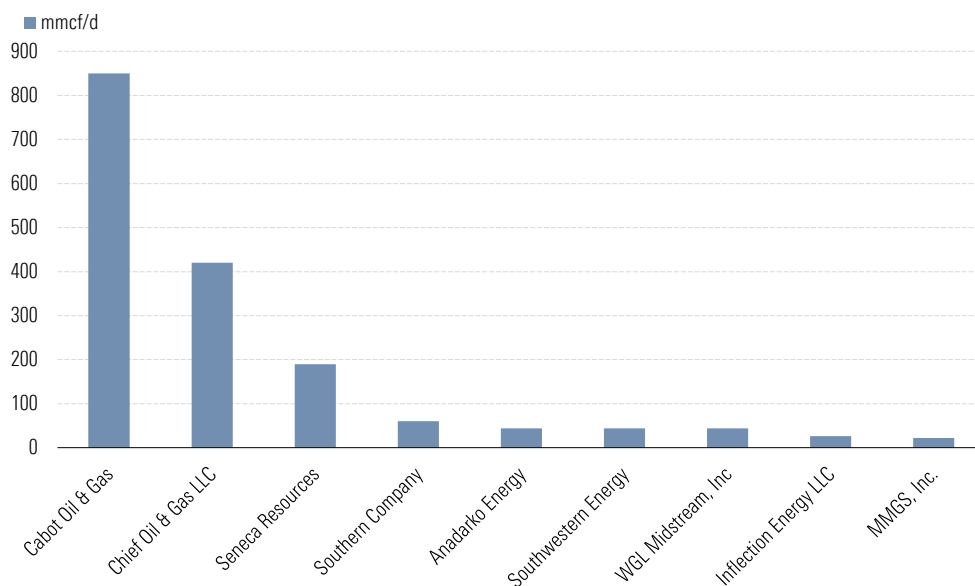
On February 3, FERC approved several items. Among them was Atlantic Sunrise. The Atlantic Sunrise pipeline will have a capacity of 1.7 Bcf/d and flow north to south. The mainline portion of the expansion will add 11 miles of looping segments to the Transco Leidy Line in Pennsylvania and replace 2.5 miles of pipeline on the existing Transco mainline in Virginia. A greenfield pipeline segment referred to as the Central Penn Line will also be added. This will be 185.9 miles and will run from northeastern Pennsylvania south to near station 195 on the Transco mainline. In addition to the pipeline, two new compressor stations will be added and existing compressor stations will be altered to include bi-directional flows.

The project is will be completed in two phases. Mainline construction is expected to start in mid-2017. The project should go into partial service late 2017. Shortly after the partial service has been brought online, the greenfield construction should begin. Construction of the greenfield line is expected to be completed and brought online mid to late 2018.

The construction on the mainline may not have a large impact on prices. The loops and modifications do not allow for more gas beyond major constraint points on Transco-Leidy and therefore should not encourage an increase in production. The loop construction appears to be in support of the later greenfield pipeline segments. Once the greenfield pipeline comes online, these should have more of an impact on points that may have been constrained otherwise.

The greenfield pipeline has the potential to have significant impact on prices. This project is producer funded and expected to be accompanied by an increase in supply as it comes online. The northeastern end of the segment will connect with supply areas in Marcellus and allow gas to escape the local region. Atlantic Sunrise as a whole should not have a significant impact until the greenfield pipeline is put into service connecting additional supply in mid-to-late 2018.

### Atlantic Sunrise Subscriptions



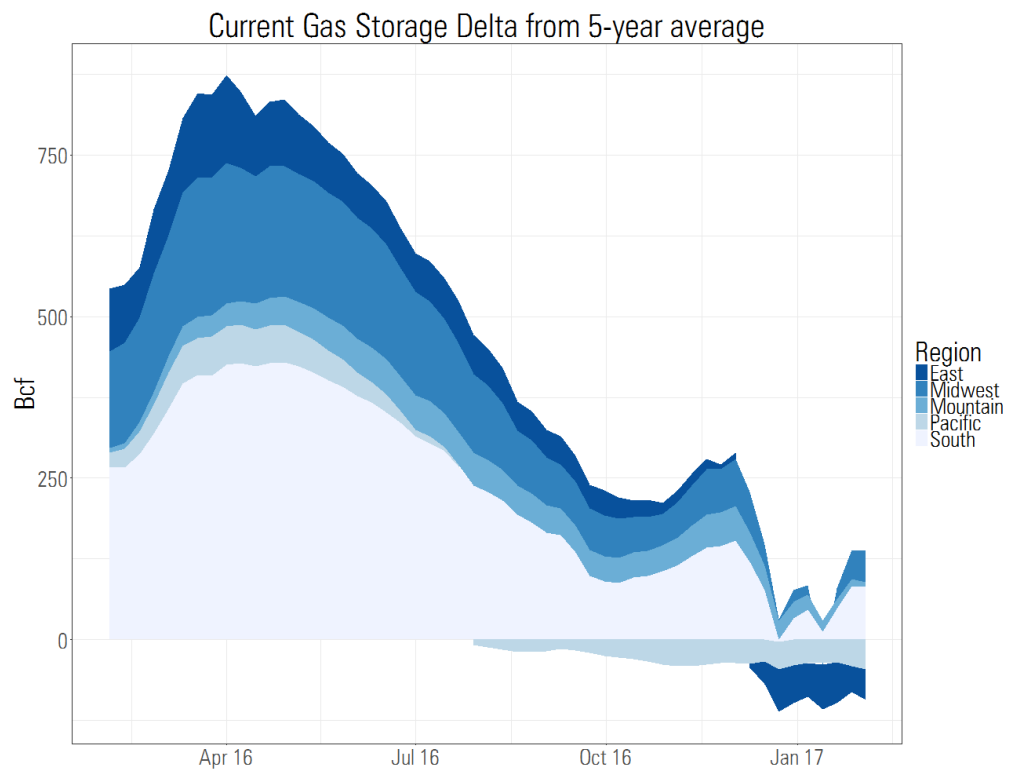
Source: Morningstar Commodity, Pointlogic Energy

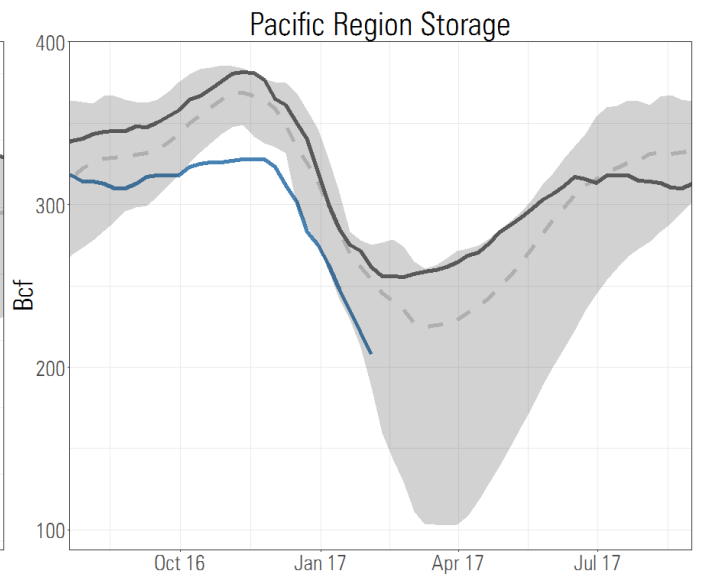
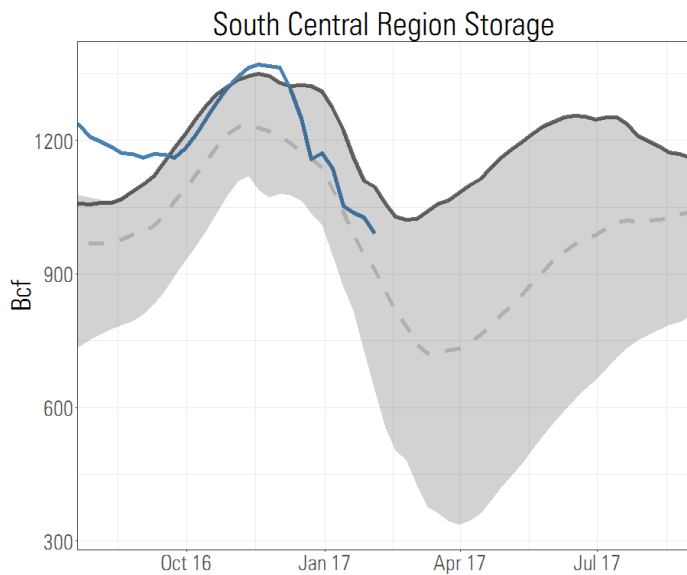
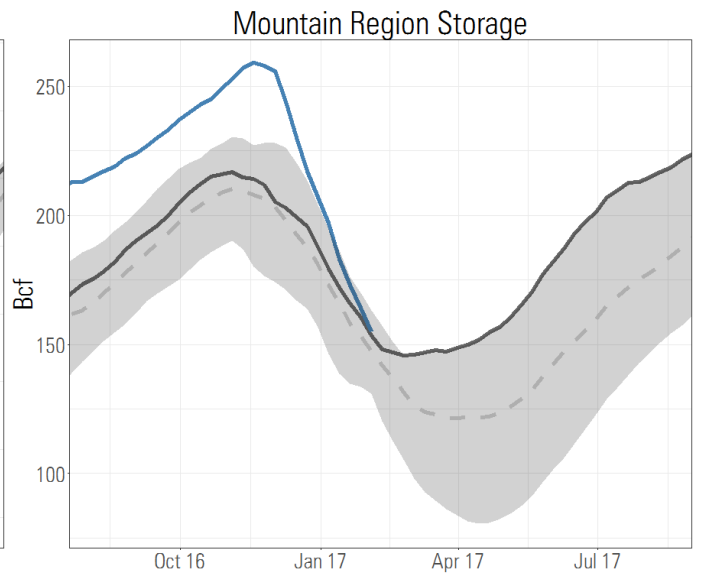
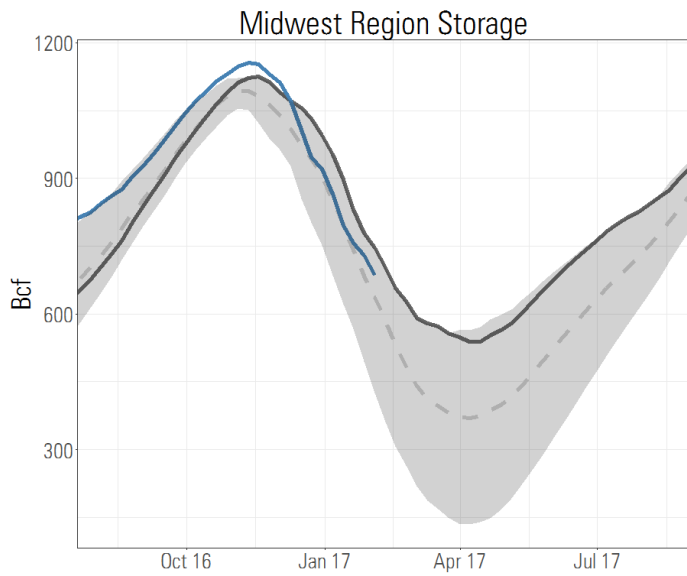
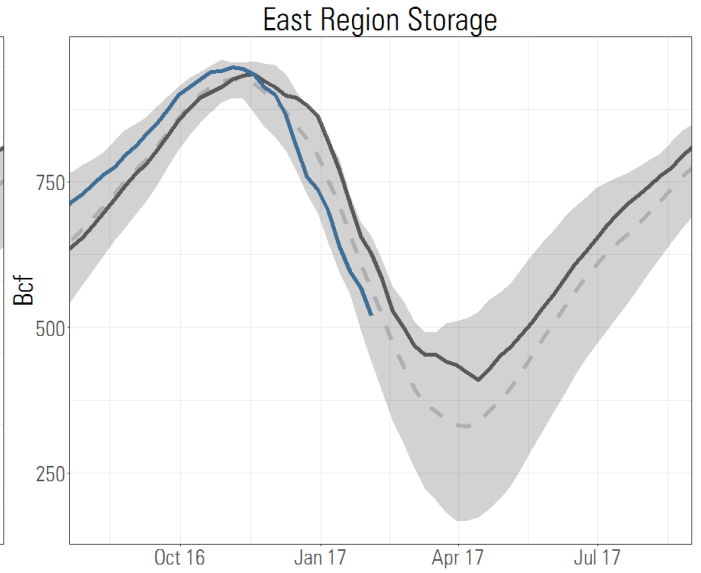
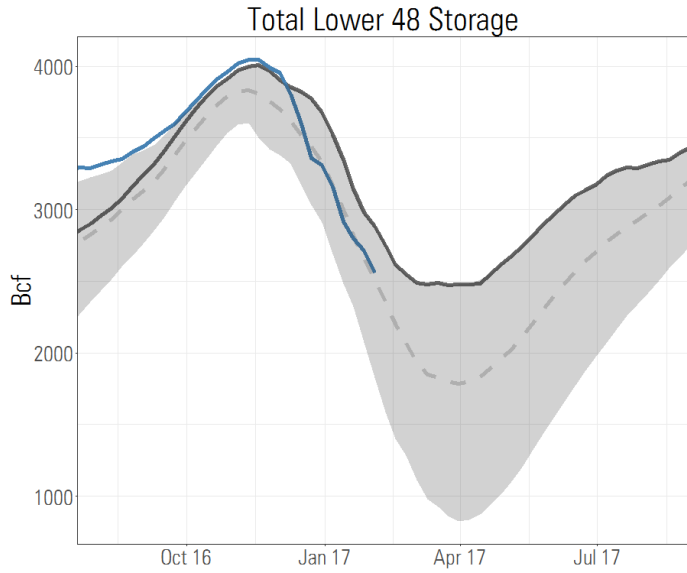
This pipeline is fully subscribed by producers in the region. Much of this gas will travel south towards the Gulf on the Transco mainline. 850 mmcf/d of firm transportation has been committed from Transco’s Leidy Line to as far as Station 85 on the Transco mainline in Alabama. Cabot Oil & Gas has committed to 850 mmcf/d of firm transportation from the new interconnection in northeastern end of the line. 500 mmcf/d of this will be delivered to the Transco mainline in Lancaster County, Pennsylvania, and the remaining 350 mmcf/d will be delivered at the Dominion Pipeline interconnection in Fairfax County, Virginia. Firm capacity on this line was offered at a negotiated daily reservation rate of \$0.73 dt/day.

The completion of the greenfield project could be bearish Transco gas prices. Half of this will be flowing south towards the Gulf which will pressure Transco Zone 4 and 5 prices. Although it is unlikely that the gas makes it all the way to the Gulf without further mainline modifications, there should be bearish pressures on Gulf gas as the Transco Zone 4 outlet is now competing with Marcellus. The remaining gas that is delivered to the mainline may have bearish pressures on Zones 6 NY, Z6 Non-NY and Zone 5.

**152 Bcf withdrawal for Week Ending February 3, 2017**

The EIA reported a 152 Bcf storage withdrawal for the week ending February 3, in line with the 153 Bcf withdrawal market estimate. This number was adjusted after a revision in the west from the original estimate of an 147 Bcf withdrawal. Front-month Henry Hub was up \$0.03 after the number was released to \$3.17/mmbtu and calendar 2018 Henry Hub was unchanged at \$3.11/mmbtu. Working gas in storage now sits at 2,559 Bcf and is now 325 Bcf lower than last year at this time and 45 Bcf above the 5-year average. Use Markets symbol EIA.TOTAL.US for historic storage numbers.





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