



# IECA DISCUSSION

## THE IMPACTS OF MOUNTAIN VALLEY PIPELINE

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# WHO WE ARE

- Natural gas marketing company based in Norfolk, VA
- Exclusively work with industrial and large commercial clients on their natural gas supply, pipeline capacity requirements, and any associated arbitrage opportunities
- Mid-Atlantic company, whose service territory includes Virginia, Maryland, DC, Delaware, North Carolina, South Carolina, West Virginia, and Pennsylvania
- Small but mighty, Enspire is a women-owned small business, but we are big on experience, with over 70+ years of combined experience in natural gas supply and deliveries in the Mid-Atlantic, managing natural gas requirements of 60 Bcf+ per year for over 450+ transportation clients





# SUMMARY OF PIPELINE RESTRICTIONS

OFO/ Critical Days	Winter 2021/2022	Summer 2022	Winter 2022/2023	Summer 2023	Winter 2023/2024	Summer 2024 (so far)
Transco Zone 5	59	96	65	88	114	57
TCO Op 1, 4, or 10	62	0	42	0	39	0
Eastern PL1 Line	80	46	33	47	26	45

**The Pipeline Systems in the Mid-Atlantic are operating at maximum capacity levels for a greater portion of the year:**

**TCO is completely maxed into Op 4, Op 10, and Op 1**

**PL1 Line on DTI is completely maxed with no way to add additional volume**

**Limited flexibility on Transco results in almost daily restrictions, and at times even bi-directional restrictions, limiting both underages and overages**



# MOUNTAIN VALLEY PIPELINE

**Operational June 14, 2024, long-term firm capacity obligations started July 1, 2024**

Original In-Service Date was expected to be November 2018, entire project spanned almost 10 years

Pipeline runs 303 miles across West Virginia and Virginia

42" diameter pipeline with initial volumes of 1.5 Bcf/day with the ability to expand up to 2 Bcf/day

Pulls supply from the Marcellus and Utica Shales with a current termination point of Station 165 near Chatham, Virginia

MVP Southgate Project includes a 30" diameter pipe that will run about 31 miles to Rockingham County, NC

- PSNC Energy and Duke Energy have signed long-term contracts for the full capacity of this project
- Current targeted in-service date is 2028

Flows on Mountain Valley have been as follows:

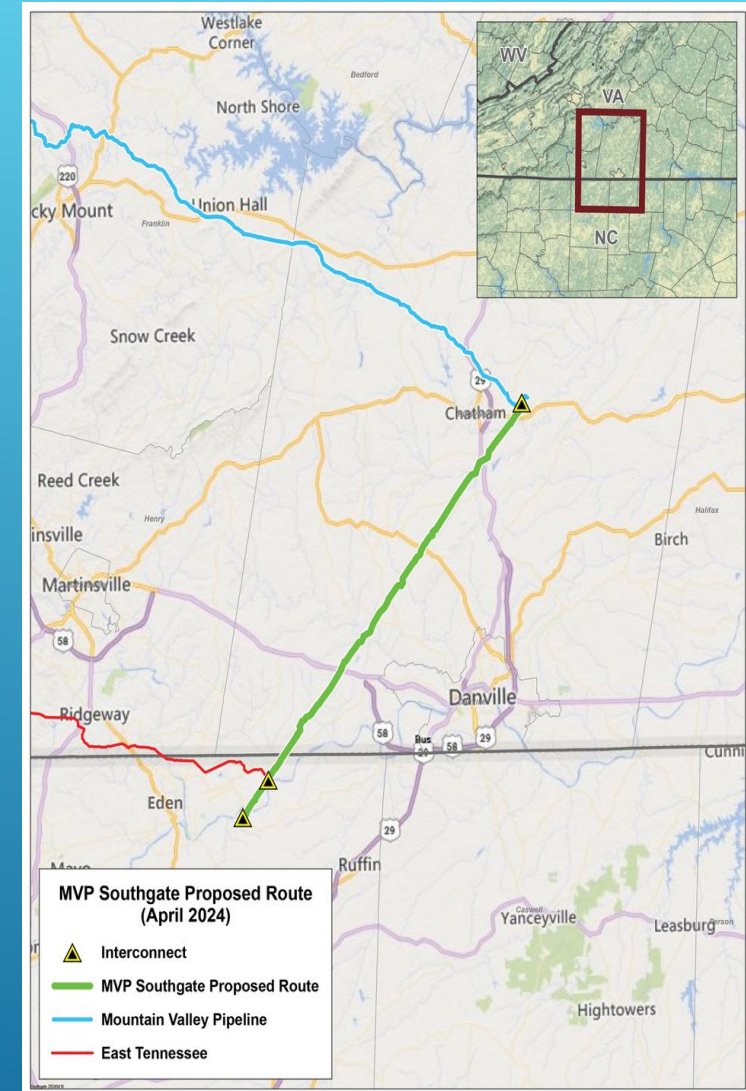
**June 2024: 680,000 Dth/day**

**July 2024: 1,075,000 Dth/day**

**August 2024: 1,175,000 Dth/day**

**September 2024: 965,000 Dth/day**

Primary delivery points have been Station 165, with a tiny volume (500 Dth/day) going to Roanoke Gas





# PRICING IMPACTS OF MOUNTAIN VALLEY

Key dates impacting the market's buy-in that MVP would be completed:

June 1, 2023: Passage of the bi-partisan debt ceiling agreement that included support to allow the completion of the pipeline

July 27, 2023: US Supreme Court Order issued to allow construction to proceed

June 14, 2024: Pipeline in-service date

Date	Z-5 South Winter 2024-25 Basis	Z-5 Winter 2024-25 Basis	Z-6 Non NY Winter 2024-25 Basis	Columbia Appalachia 2025 Basis Strip	Eastern South Pool 2025 Basis Strip
1/3/23	\$4.150	\$4.117	\$2.190	-\$0.765	-\$1.045
2/1/23	\$3.680	\$3.650	\$1.727	-\$0.770	-\$1.100
3/1/23	\$3.430	\$3.426	\$1.555	-\$0.820	-\$0.996
4/3/23	\$3.045	\$2.957	\$1.301	-\$0.753	-\$0.940
5/1/23	\$3.430	\$3.437	\$1.563	-\$0.793	-\$0.972
6/1/23	\$2.295	\$2.282	\$0.583	-\$0.760	-\$0.944
7/1/23	\$1.990	\$1.880	\$0.567	-\$0.755	-\$0.990
8/1/23	\$1.787	\$1.680	\$0.476	-\$0.774	-\$1.020
9/1/23	\$1.275	\$1.210	\$0.600	-\$0.820	-\$1.080
10/2/23	\$1.470	\$1.330	\$0.655	-\$0.784	-\$1.018
11/1/23	\$1.390	\$1.203	\$0.527	-\$0.814	-\$1.066
12/1/23	\$1.230	\$1.065	\$0.390	-\$0.840	-\$1.098
1/2/24	\$1.260	\$0.724	\$0.040	-\$0.850	-\$1.074
2/1/24	\$1.320	\$0.968	-\$0.090	-\$0.834	-\$1.047
3/1/24	\$1.285	\$1.059	\$0.000	-\$0.782	-\$1.000
4/1/24	\$1.621	\$1.055	\$0.190	-\$0.746	-\$0.954
5/1/24	\$1.600	\$1.051	\$0.160	-\$0.748	-\$0.960
6/3/24	\$1.381	\$1.020	\$0.010	-\$0.775	-\$0.986
7/1/24	\$1.250	\$0.813	\$0.020	-\$0.778	-\$0.976
8/1/24	\$1.430	\$0.773	\$0.185	-\$0.725	-\$0.938
9/3/24	\$1.265	\$0.540	\$0.235	-\$0.702	-\$0.90
10/1/24	\$1.265	\$0.660	\$0.095	-\$0.665	-\$0.87



## MOUNTAIN VALLEY, STATION 165 INDEX

**Starting July 1, 20204, Gas Daily debuted a Transco Station 165 index point, which is the current end point for Mountain Valley Pipeline. While we only have a few months of pricing data, Station 165 is trading under the Transco Z-5 delivery points but not as low as Transco Z-6 NON NY, and has pushed Transco Z-5 North prices lower when compared to Transco Z-5 South.**

**Original prediction was that Station 165 would trade around Transco Z-6 Non NY + \$.20 to \$.30**

Month	Z-5 South Gas Daily Average	Z-5 North Gas Daily Average	Z-5 Gas Daily Average	Transco Z-6 NON NY Gas Daily Average	Station 165 Gas Daily Average	Z-5 South vs. Zone 5 North Difference
January-24	\$7.529	\$7.219	\$7.532	\$5.387		\$0.310
February-24	\$1.924	\$1.942	\$1.926	\$1.599		-\$0.018
March-24	\$1.498	\$1.525	\$1.499	\$1.383		-\$0.027
April-24	\$1.575	\$1.602	\$1.583	\$1.385		-\$0.027
May-24	\$2.772	\$2.478	\$2.736	\$1.503		\$0.294
June-24	\$3.316	\$2.777	\$3.278	\$1.625		\$0.539
July-24	\$2.529	\$1.882	\$2.271	\$1.480	\$1.866	\$0.647
August-24	\$2.271	\$1.837	\$2.138	\$1.467	\$1.720	\$0.434
September-24	\$2.627	\$1.596	\$2.254	\$1.453	\$1.480	\$1.031



# MOUNTAIN VALLEY TAKEAWAYS

- Still very early to determine the overall impact of the pipeline to pricing and utility OFOs in the region.
- Shippers have not had pricing incentives as of this summer/ fall to bring Mountain Valley Supply in to interconnects with other pipelines
- Too early to gauge whether we will see constraints once these interconnects begin to be utilized
- Definitely have seen an impact on the winter basis market pricing once the pipeline was seen as having a path to completion and once operational
- Expect to see further widening of spreads between Transco Z-5 South and Transco Z-5 North until expansion projects can be completed
- Also have noted a significant drop in TCO gated prices for this winter to Virginia, especially in Market Areas #30 and #31
- Station 165 index is trading approximately where market participants expected once the pipeline became operational
- MVP is not being fully utilized at this point, so a significant volume of capacity is not being flowed by founding shippers
- This winter will provide better insight into how shippers are moving volumes from MVP to other delivery points/ interconnects, and whether this impacts basis pricing in the region further

