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One train US LNG export terminal has 800 MMcf/d capacity US LNG feedgas demand climbs to highest level since April

The Cove Point LNG terminal in Maryland resumed production Oct. 12 after completing scheduled maintenance that lasted about three weeks, boosting Northeast demand and potentially prices in the region after recent lows.

Feedgas deliveries to the facility totaled about 709 MMcf/d Oct. 12, compared with deliveries near zero the prior day and over the course of the maintenance period, according to nominations for the morning cycle, S&P Global Commodity Insights data showed. The annual turnaround at the one-train, 800 MMcf/d-capacity export facility, which has typically lasted roughly three weeks, began Sept. 20.

Cove Point operator Berkshire Hathaway confirmed the completion of maintenance effective Oct. 12 in a notice to customers. The return of the facility helped drive total US LNG feedgas deliveries Oct. 12 to about 13.9 Bcf/d – the highest level since April, which was before seasonal maintenance began in earnest. US feedgas flows in April averaged about 14 Bcf/d.



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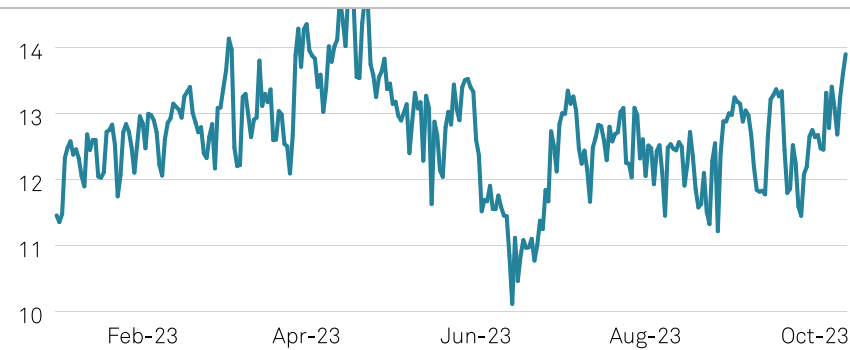
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Source: S&P Global Commodity Insights

For the global LNG market, the return of Cove Point offers additional supply headed into the peak winter demand season. Cove Point has long-term agreements to supply LNG to India's Gail and a joint venture of Japan's Sumitomo and Tokyo Gas.

Platts, part of S&P Global, assessed the Gulf Coast Marker for US FOB cargoes loading 30-60 days forward at 13.918/MMBtu Oct. 12, up \$2.038 on the day and an eight-month high.

For the Northeast gas market, the restart stands to tighten market fundamentals in the region ahead of demand rising with colder weather.

Regional impacts

Recent demand weakness across the Northeast has pushed gas prices in the region to the lowest level since fall 2022. At Transco Zone 6 New York, cash prices have averaged nearly \$1.09/MMBtu since the official start of autumn. Prices there fell as low as about 74 cents in the final days of September.

At the Boston-area Algonquin city-gates hub, spot prices are averaging nearly \$1.23/MMBtu so far this fall, having hit as low as about 93 cents as recently as Oct. 9. On Oct. 12, prices at Transco Zone 6 New York were trading at about \$1.15/MMBtu, while prices at the Algonquin city-gates hub were trading at about \$1.23/MMBtu, data from Intercontinental Exchange showed.



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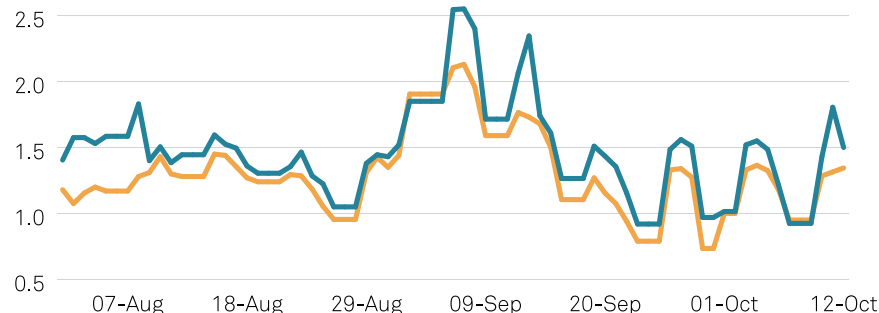
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At the same time, the feedgas supply used for liquefaction at Cove Point has shifted because of restrictions attributed to unplanned maintenance at the Pleasant Valley interconnect with Transcontinental Gas Pipe Line. Cove Point has been able to supplement feedgas for the LNG terminal with additional supply from the Loudoun interconnect with the Columbia Gas Transmission pipeline, but there were potential price implications for the regional gas market, S&P Global natural gas market analyst Luke Larsen said. Only about a third of the feedgas supply estimated for Oct. 12 was sourced from the affected Transco interconnect, compared to Pleasant Valley deliveries into Cove Point that had been averaging about 450 MMcf/d prior to the maintenance period, Larsen said.

"We can expect that regional prices should begin to reveal this compromised operating preference such that Columbia Gas Transmission should begin to see more a premium relative to regional indices while the molecules that were previously able to access the Cove Point network via Pleasant Valley might become more of a stranded variety," Larsen said.

US LNG maintenance

Completion of maintenance at the Cove Point terminal should conclude what has been a heavy maintenance season for US LNG facilities beginning around May, ConocoPhillips senior market analyst Matthew Henderson said during a presentation at the recent LDC Gas Forums' [Gulf Coast Energy Forum](#) in New Orleans. The heavy maintenance period was led by major maintenance activities this summer at Cheniere's Sabine Pass in Louisiana as part of a six-year maintenance cycle at the facility, which is the country's biggest US LNG export terminal.

Overall, the magnitude of maintenance activity at US LNG terminals resulted in the market having to absorb more than 60 Bcf of additional gas, meaning the sector offered limited help in narrowing the country's gas storage surplus, Henderson told conference attendees. The surplus as of the week ended Oct 6 has narrowed to about 163 Bcf, or about 5% above the five-year average of 3.366 Tcf, the US Energy Information Administration reported Oct. 12. The surplus was about 20% above the five-year average in late April.

"The good news from the LNG perspective is that once Cove Point comes back online . . . we will be through maintenance season," Henderson said Oct. 10. "These facilities will be able to actually increase their feedgas intake and we should be coming back to around that 14 Bcf/d level."

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