Two southern pipelines confirmed this week
Atlantic Coast and Mountain Valley pipelines will tap Marcellus, Utica

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Three bcf/day slated to move south from Marcellus
As described in our research Eastern Gas Basis: Pipeline Pain or Gain, the takeaway capacity from the Marcellus is slated to increase substantially through 2017. These announced greenfield pipelines 2018 will continue to increase demand on depressed basis points in the Marcellus and Utica shale and help support the negative basis prices.

Atlantic Coast’s $5 billion project
The greenfield pipeline would be approximately 550 miles long beginning in Harrison County, West Virginia and ending in Robeson County, North Carolina. This large 36-42 inch pipeline will carry 1.5 bcf/day of natural gas to gas generators and local distribution companies. Once approved by FERC, construction will begin in 2017 and the project will be completed in late 2018. This is by far one of the longest greenfield projects we’ve seen constructed to take advantage of the cheaper Marcellus and Utica shale gas. Dominion, AGL Resources, Duke Energy and Piedmont all cited customer demand growth and lack of access to the Marcellus as reasons for financing the pipeline. We believe this will also encourage Dominion and Duke Energy to develop new combined-cycle generators along the route. Duke Energy Carolinas announced plans today to add 2,328 MW of new natural gas-fired capacity during the next 15 years.

Mountain Valley Pipeline
EQT Corporation and NextEra U.S. Gas Assets announced a joint venture to build another pipeline to bring Marcellus gas south to Virginia. The 330-mile pipeline will connect with the current EQT pipeline system in West Virginia to the Transcontinental Gas Pipeline system Zone 5 in Virginia capable of moving 1.5 bcf/day. Like the Atlantic Coast Pipeline, this project is slated to be completed in the 4th quarter of 2018.
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