Southeast Gas Market: Overview and Focal Points

Southeast Natural Gas Regions

[Map of Southeast Gas Regions with labels for Texas Eastern M-1 (Kosi), Transco Zone 3, Transco Zone 4, Elba Island, Transco Zone 5, Virginia - Carolinas, South, Florida, Gas Supply Area, LNG Terminal, and Gas Trading Points. The map includes states represented with abbreviations: VA, NC, TN, SC, AL, MS, CA, FL, and MS.]

Source: Derived from Platts PowerMap data
Overview:

Market Description

Industrial process requirements and power consumption are the fundamental drivers of the Southeast gas market. Florida is the biggest market for gas and accounts for about 30 percent of overall regional demand; the power sector comprises more than 80 percent of Florida’s total demand. Overall storage capacity is the lowest of any region in the U.S.; regional storage facilities are concentrated in Mississippi. The lack of market area storage means that pipeline companies must issue notices warning customers to seek to closely match their scheduled gas volumes with actual gas usage at times and this can result in higher basis. LNG and pipeline-related infrastructure improvements, however, have augmented regional supply diversification. Principal gas supply sources include: East and South Texas, shallow and deepwater offshore locations, coalbed methane resources in the Black Warrior Basin, as well as various onshore locations, plus imports from the Lake Charles and Elba Island LNG terminals.

Geography

States covered: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

Major Trading Hubs

Florida Gas Zone 3, Texas Eastern M1, Transco Zone3, Transco Zone 4, and Transco Zone 5.
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**Storage**

**State Capacity:** Mississippi contains 88 percent of total Southeast capacity.
- Aquifer Capacity: 0%
- Depleted Field Capacity: 66%
- Salt Cavern: 35%
- Total Capacity: Southeast has 2 percent of total US storage capacity.

**Major Storage Pipelines and Capacity:**
- Southern Natural Gas: 60 Bcf
- Petal Gas Storage Company: 10.75 Bcf

**Demand by Sector (2005):**
- Residential: 16%
- Commercial: 13%
- Industrial: 28%

**State:** Alabama, Florida, Georgia, Mississippi and Virginia make up 77 percent of total Southeast demand and 10 percent of total U.S. demand.

**Southeast Total:** 2.7 Tcf which makes up 12 percent of total U.S. daily demand.

**Consumer Total:** 8.02 million which is approximately 12 percent of total consumers in the U.S.

**Key Consuming States:** Georgia, North Carolina, Tennessee and Virginia make up 67 percent of the total number of consumers in the Southeast and about 8 percent of the total number of consumers in the U.S.

**Residential Consumers:** 91%

**Average Daily Deliveries through Transcontinental Station 60:**
- 2005: 1.7 Bcf/d
- 2006: 1.7 Bcf/d

*Updated May 4, 2007*
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Federal Energy Regulatory Commission • Market Oversight @ FERC.gov

Production

State: Alabama and Virginia make up 90 percent of total Southeast production which only contributes 2 percent to total U.S. production.

Total: Total Southeast production makes up a little over 2 percent of total U.S. production.

Pipeline Flows

Average Daily Deliveries into Florida: 2.1 Bcfd (2005) 2.4 Bcfd (2006)


Average Daily Deliveries on Southern Natural Gas - Segment South of Franklinton

2005: 0.8 Bcfd
2006: 1.0 Bcfd

Average Daily Deliveries through Texas Eastern M1 @ the Kosciusko

2005: 0.9 Bcfd
2006: 0.9 Bcfd

Average Daily Deliveries through Transcontinental Station 65

2005: 0.7 Bcfd
2006: 1.7 Bcfd

Imports and Exports

Average Daily Sendout at the Elba Island LNG terminal:

2005: 0.3 Bcfd
2006: 0.4 Bcfd

Major Importers: BG LNG and Marathon Oil are the principal importers of LNG at Elba Island. Regasified LNG is currently transported into the Southeast via the Southern Natural Gas pipeline.

Updated May 4, 2007
### Annual Average Spot Hub Prices

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<th>2004</th>
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<th>5-Year Avg</th>
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<td><strong>Henry Hub</strong></td>
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Source: Derived from *Platts* data.

Updated January 23, 2009
Southeast Natural Gas Market: Spot Prices and Basis

Southeastern Day-Ahead Hub Spot Prices and Basis

Source: Derived from Platts data.

Updated June 5, 2009
Southeast Natural Gas Market: Average Basis to Henry Hub

Southeastern Monthly Average Basis Value to Henry Hub

Source: Derived from Platt's data.

Updated June 5, 2009
Southeast Natural Gas Market: Trading Volumes at Texas Eastern M-1 Kosi

Published and Traded Daily Spot Volumes at Texas Eastern M-1 Kosi

Source: Derived from Platts and ICE data.

Updated June 5, 2009
Published and Traded Daily Spot Volumes at Transco Zone 3

Volume in Thousands of MMBtu

Source: Derived from Platts and ICE data.

Updated June 5, 2009
Southeast Natural Gas Market: Storage Inventory

Southeast Region Underground Working NG In Storage

Source: Derived from EIA data.

Updated June 5, 2009
Southeast Natural Gas Market: Daily Demand

Daily Southeast Natural Gas Demand
All Sectors

Source: Derived from Bentek data.

Updated June 5, 2009