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## Big projects needed to meet natural gas demand, Williams CEO says

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Citing forecasts that Marcellus Shale production could hit 18 billion cubic feet per day by 2020, the CEO of infrastructure giant Williams Cos. Inc. said Wednesday the region is going to need large-scale projects to create the pipeline capacity that will take natural gas to demand centers.

"The next big wave of infrastructure has to get built out," CEO [Alan Armstrong](#) said during the opening keynote address at Hart Energy's annual Marcellus-Utica Midstream Conference & Exhibition at the David L. Lawrence Convention Center, downtown. "Not just the incremental capacity projects. We have to keep the basin healthy by looking ahead."

Williams itself plans to expand its Transco pipeline, which spans the eastern U.S. from New York to the Gulf Coast. Through 2017, the company plans to spend about \$5 billion to add mainline capacity, not just lateral expansions. That will add about 9 percent capacity a year, according to Armstrong.

"That 9 percent doesn't sound all that impressive, but that nearly doubles capacity from 8 billion cubic feet per day to 15 Bcf/d in 2017," Armstrong said.

And the demand for that capacity is shifting. In the last 10 years, those seeking more room on pipelines have tended to be the ones supplying the gas. "We're finally seeing the demand-side buying capacity," Armstrong said.

This year's conference is certainly timely.

President Obama, who is visiting [United States Steel Corp.'s](#) Irvin Plant in West Mifflin on Wednesday to tout the region's manufacturing sector, gave a nod to shale production in Tuesday night's State of the Union address.

Meanwhile, the Pittsburgh area has been plunged into a bone-chilling cold snap, driving up natural gas usage.

Early in this heating season, Transco reached a peak on Jan. 7 — the first visit from the infamous polar vortex — that spiked system demand. That spike coincided with incremental demand from natural gas users, including power generation and fertilizer plants, Armstrong said.

"We saw peak day volume up nearly 30 percent during this period," Armstrong said. "What's really impressive is the heating degree days alone would have only increased it by 20 percent. So there's a multitude of small increases happening as people take advantage of low-cost natural gas."

Still, growing supply plus growing demand don't automatically equal smooth sailing for the energy market.

"It's not a slam dunk," Armstrong said. "It's going to take a big commitment to large-scale infrastructure. Without new pipeline infrastructure, you're going to see delays on the demand side and price spikes. Then you'll see the demand side say, 'We told you we couldn't count on this.'"

"This isn't a one-year proposition. It's not simply connecting to the market. If we think of it that way, we'll marginalize the basin as it competes with other plays," Armstrong said. "We need all infrastructure — pipeline, rail and maritime. Each has to play a role in this interconnected system."