

Mike Reuter

I am the mayor of Kalama, but speaking here as an individual.

Storage redelivery discount and the benefits of gas storage

During the wintertime, there is excess gas capacity on the pipeline that supplies the NW due to not having to heat homes and businesses. That lower-priced gas is bought by utility companies and injected into the underground storage facilities- Jackson Prairie Natural Gas Storage Facility and the Mist Underground Natural Gas Storage Facility. This natural gas is purchased at a substantial discount due to not having competitors to bid for large amounts of natural gas because of the fact that North America is Canada's only customer.

If this methanol refinery goes in, China now having a natural gas export terminal will now be able to compete with American utilities at Trading Point 2 located in Canada for long term gas capacity contracts. The remaining gas will make it challenging to fill the storage tanks, and the gas purchased will be at a much higher rate, thereby causing higher prices for businesses and consumers. The law of supply and demand goes into effect.

Example of just one utility discount:

Cascade's IRP appendix a

The storage redelivery discount saves Cascade ~\$750,000 annually compared to year-round max rate capacity.

According to Factsheet: Jackson Prairie Natural Gas Storage Facility:

Benefits of storage- Natural gas held in storage supplements the interstate pipeline system to help meet the region's energy requirements during the coldest days and weeks of winter when consumer demand spikes significantly. Jackson Prairie's storage ensures that natural gas supplies are available during the year to meet the public's needs. In addition, Jackson Prairie helps to stabilize utility customers' energy costs and soften the impacts of price volatility in the wholesale natural gas market. Jackson Prairie allows PSE and other utilities to buy and store significant amounts of natural gas during the lower-priced summer months, and then tap the reserves in winter when customers' natural gas requirements—and wholesale natural gas prices—are highest.