

# Pipeline Capacity Discussion

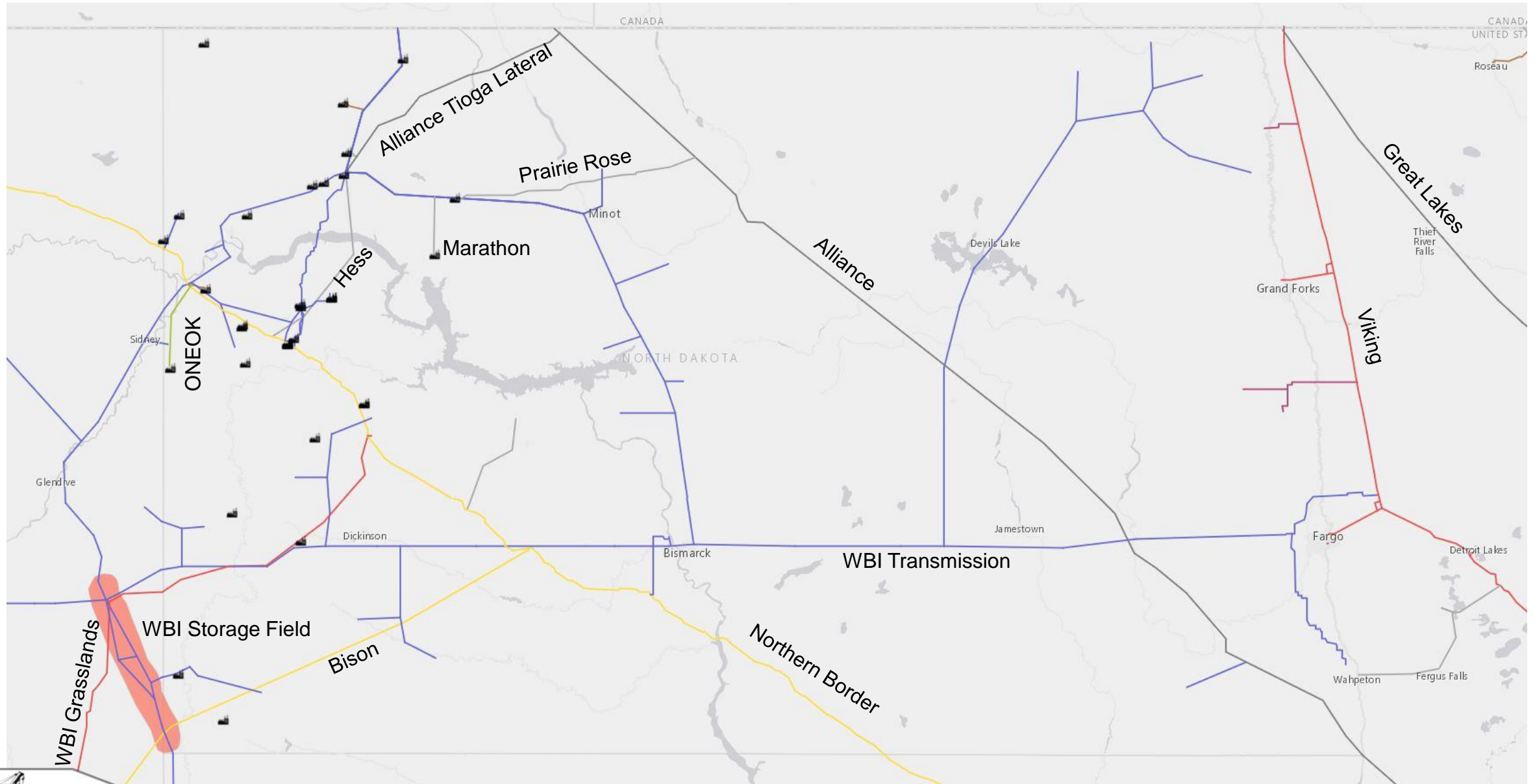


Image: Library of Congress

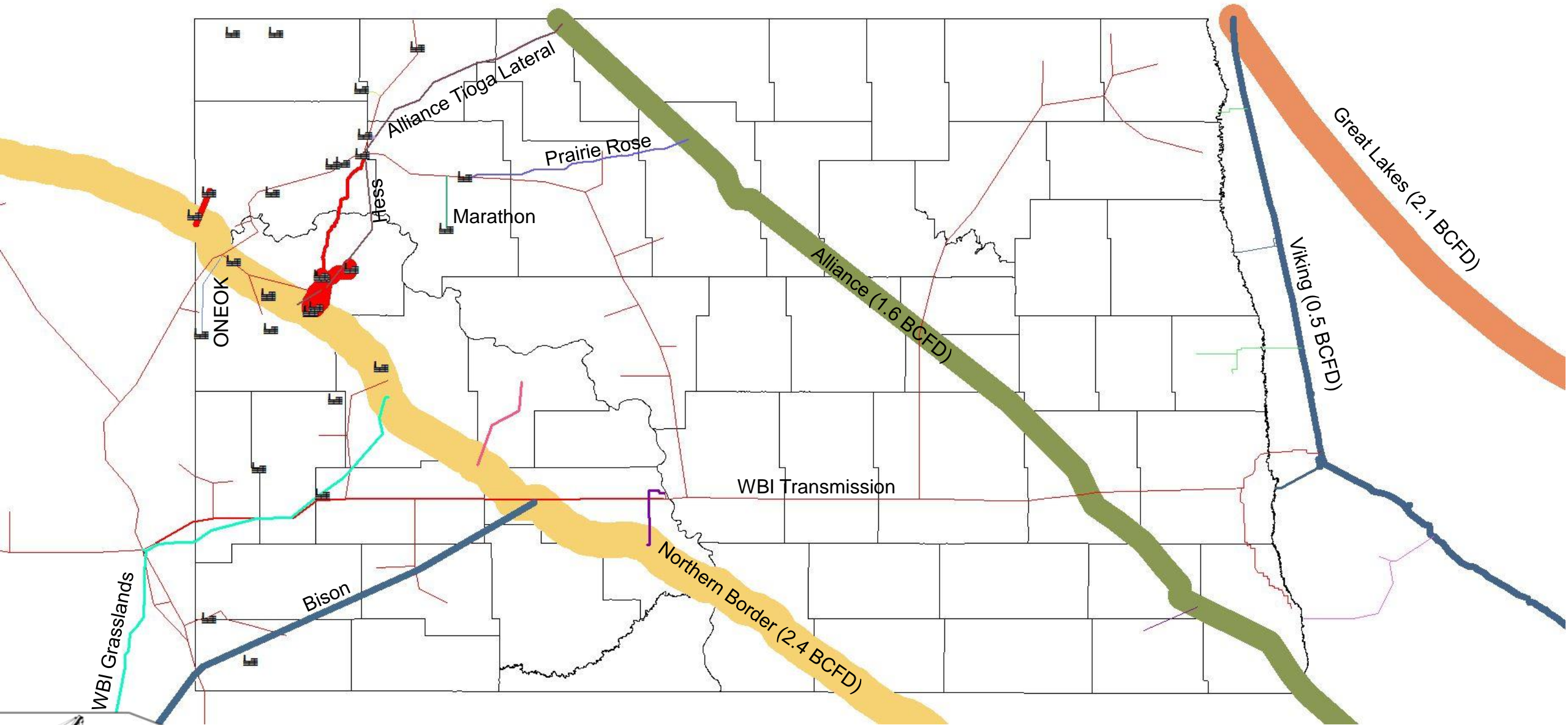
April 24, 2025



# Major Residue Gas Pipeline Infrastructure

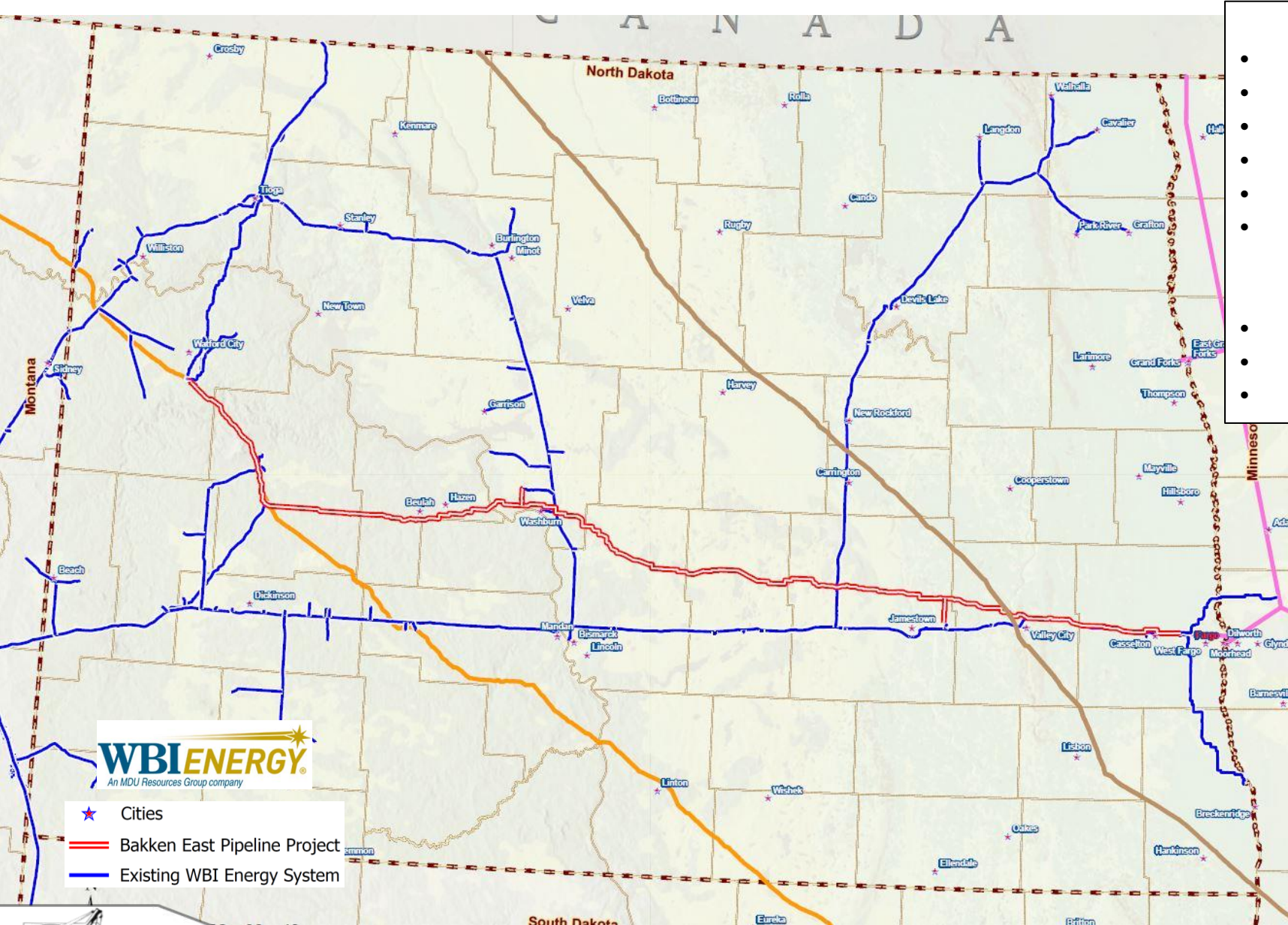


# Residue Gas Pipeline Capacity Visualization





# WBI Energy: Proposed Bakken East Project



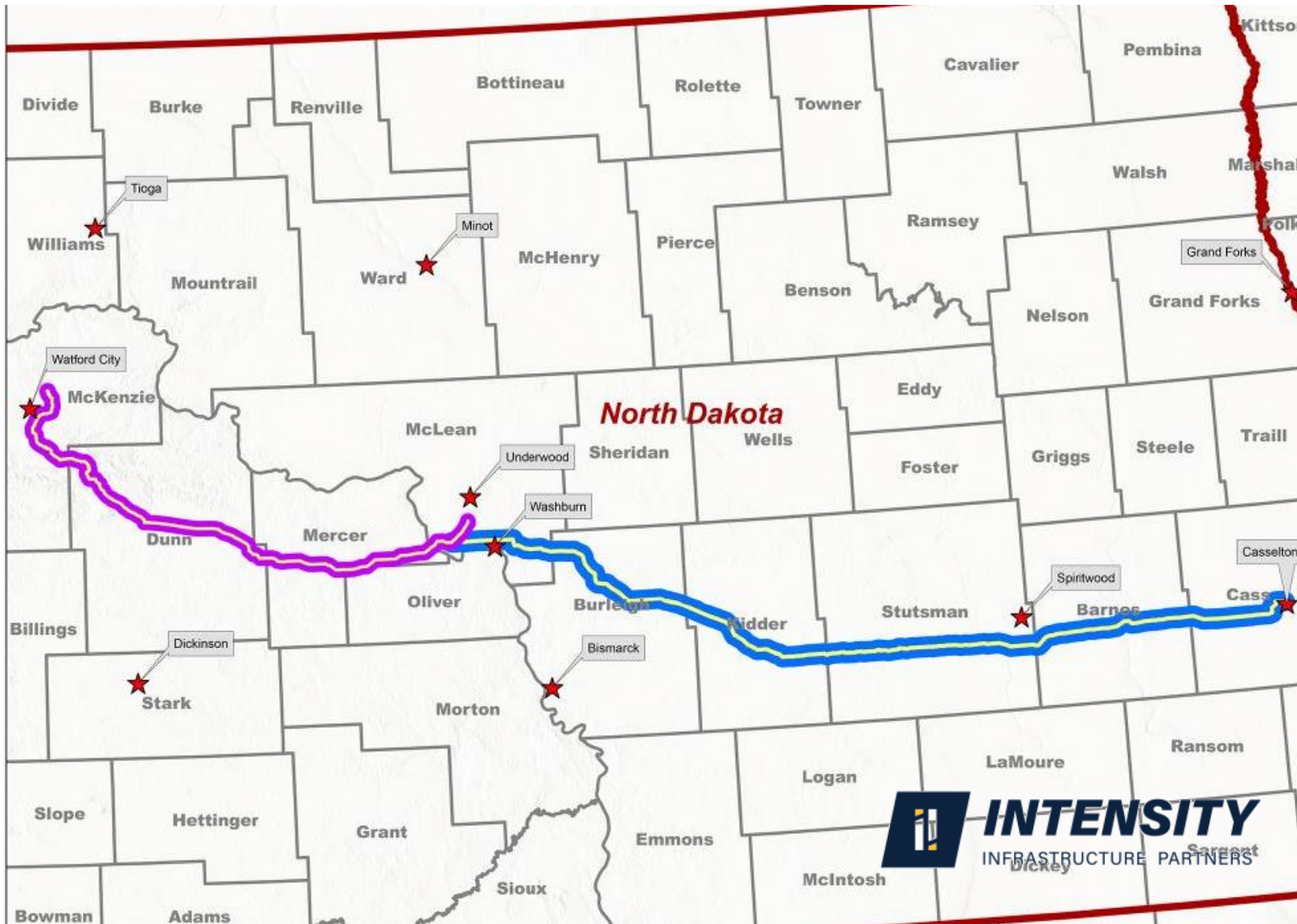
## Natural Gas Pipeline Project Highlights

- Non-binding open season Dec 16 – Jan 31, 2025
- 375 Miles: 30" & 24" Pipe
- Proposed Capacity 760,000 Dth/Day
- Phase 1 (West) : Nov 2028 targeted in-service
- Phase 2 (East) : Nov 2029 targeted in-service
- Seeking commitments 20yrs or Longer

## Estimated Rates

- \$0.85 to \$0.90/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

# Intensity Infrastructure Partners Proposed Pipeline



## Phase 1 Project Highlights

- Non-binding open season Feb 3 – Mar 7, 2025
- 136 Miles: 42" Pipe
- Proposed Capacity 1,500,000 Dth/Day
- January 2028 targeted in-service
- Seeking commitments 10yrs or Longer

## Phase 1 Estimated Rates

- \$0.50/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

## Phase 2 Project Highlights

- Non-binding open season Apr 17 – May 23, 2025
- 208 Miles: 30" Pipe
- Proposed Capacity 430,000 Dth/Day
- January 2030 targeted in-service
- Seeking commitments 10yrs or Longer

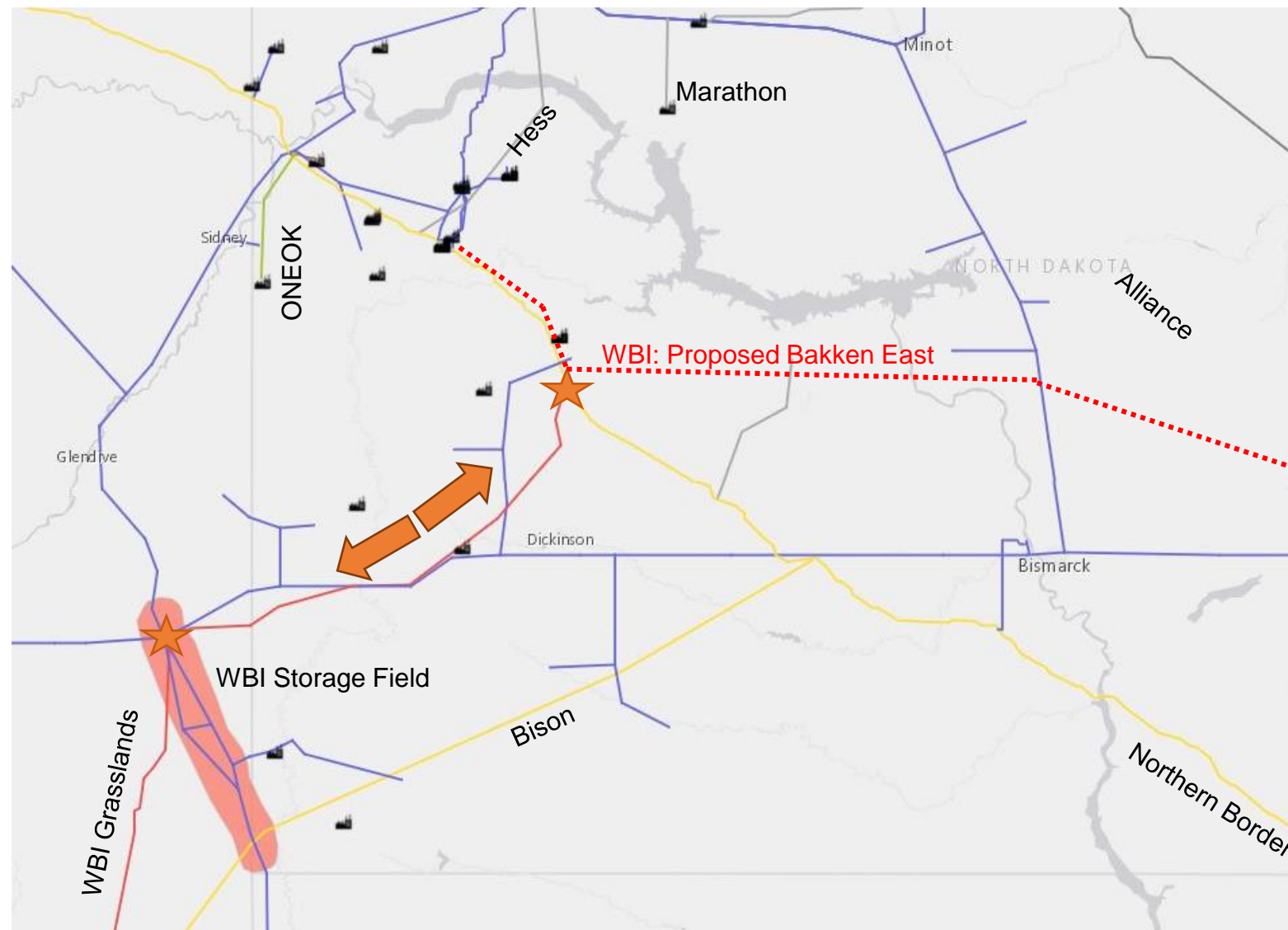
## Phase 2 Estimated Rates

- \$0.80/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day





# WBI Energy Open Season: Storage/Pipe Enhancement



## Firm Transportation Project Highlights

- Non-binding open season Apr 21 – May 20, 2025
- Pipeline expansion: 72,000 Dth/Day
- Oct 2029 targeted in-service
- Seeking commitments 15yrs or longer
- Pipe looping and new/upgraded compression

## Estimated Rates (+Fuel/Elec/Commodity)

- Capacity reservation: \$0.58156/Dth

## Storage Project Highlights

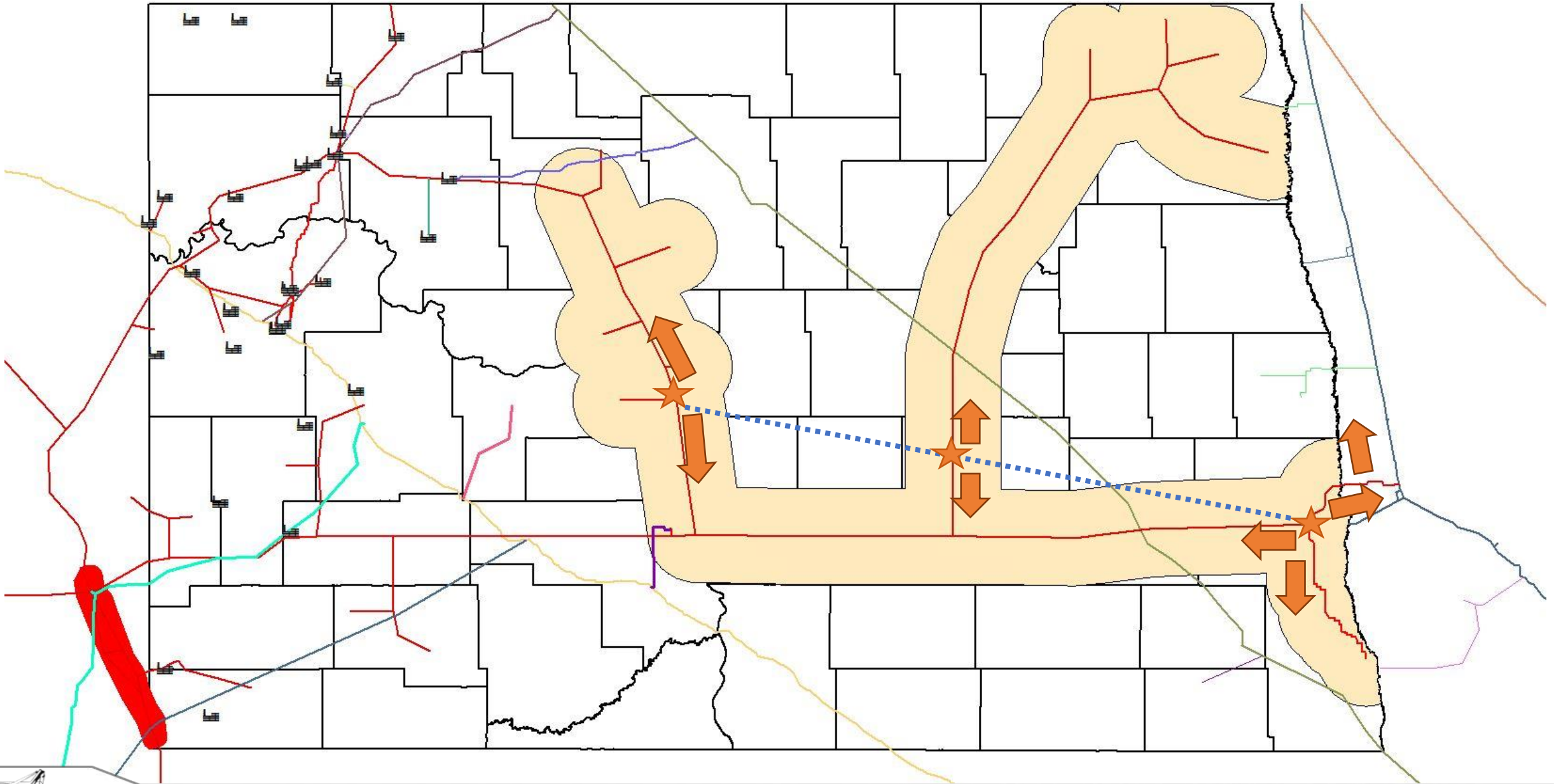
- Non-binding open season Apr 21 – May 20, 2025
- Deliverability expansion: 72,000 Dth/Day
- Up to ~10 BCF total of new seasonal service
- Oct 2029 targeted in-service
- Seeking commitments 15yrs or longer

## Estimated Rates (+Fuel/Elec/Commodity)

- Capacity reservation: \$0.002113/Day
- Deliverability reservation: \$0.31901/Day
- Injection charge: \$0.00959/Dth
- Withdrawal charge: \$0.00959/Dth



# Going East: Statewide Benefits of Interconnections



# Driving Forces for New Gas Pipelines



Supply Push



Demand Pull



System  
Reliability/Security





# Who Signs Up For Capacity?

Shippers



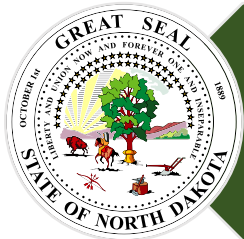
Producers/Midstream



Marketing Firms



Industrial Consumers/LDC

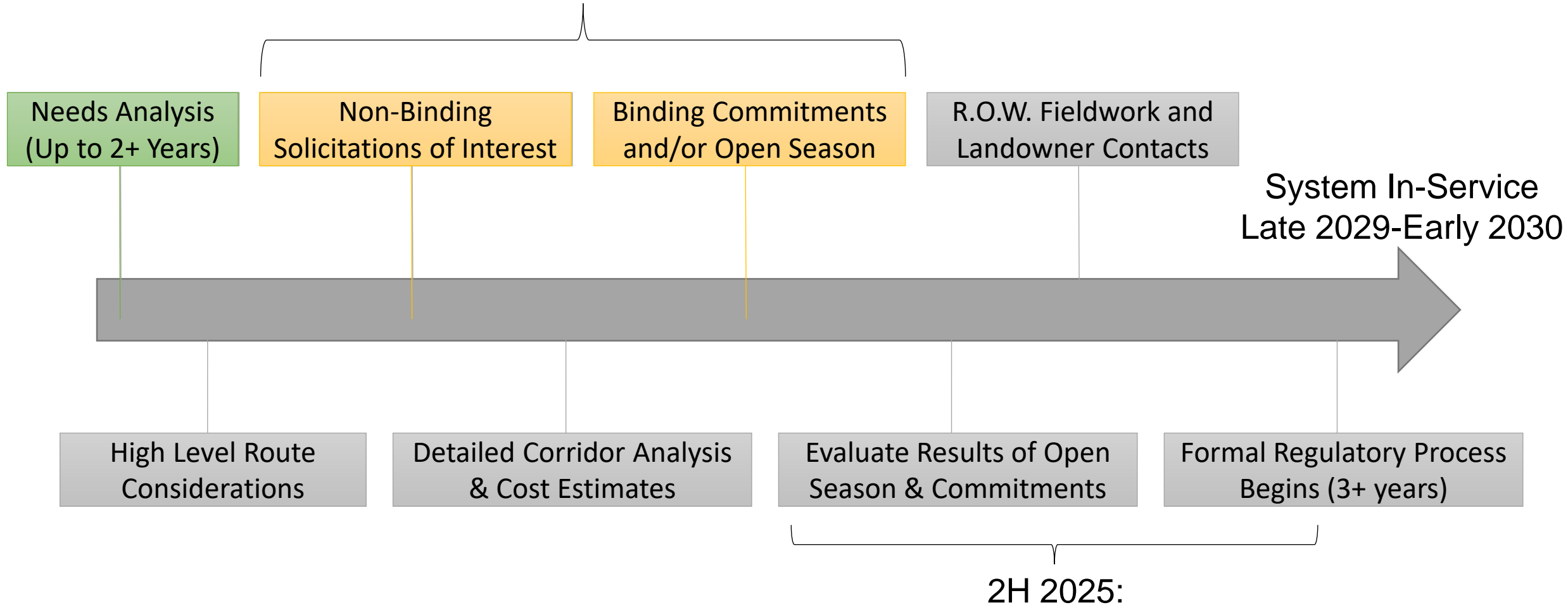


State of North Dakota (PA/IC)



# Stages of Gas Pipeline Development

Current Phase: 1H 2025



# Pipeline Authority Century Code– 54-17.7-04.

3. Acquire, purchase, hold, use, lease, license, sell, transfer, and dispose of an undivided or other interest in or the right to capacity in any pipeline system or systems, including interconnection of pipeline systems, within or without the state of North Dakota in order to facilitate the production, transportation, distribution, or delivery of energy-related commodities produced in North Dakota. If the authority acquires, purchases, holds, uses, or leases capacity positions, the authority shall sell, transfer, release, or dispose of the capacity positions at intervals that are no more frequent than monthly and in an amount that is equal to or greater than the market rate, but only if the sale, transfer, release, or disposal of the capacity positions is sufficient to cover the expenses and obligations incurred. The authority's contract obligations for the capacity positions are limited to the capacity rates, charges, and terms.





# Key Terms

## Shipper

- Holds contractual rights to transport natural gas on a pipeline system between two or more pipeline points.

## Anchor Shipper

- One of a few, large volume, long duration shippers supporting a new or expanding pipeline system.

## Asset Management Arrangement (AMA)

- Contractual arrangement where one party agrees to manage gas marketing obligations for another party.

## Capacity Release

- Method for firm transportation capacity holders to resell all, or a portion, of their capacity to a third party on a short- or long-term basis.

## Tariff

- Formal documentation outlining a pipeline provider's transportation services, rates, terms, and conditions.



# Key Terms (Continued)

## Non-Binding Open Season

- Formal event where a pipeline operator solicits interest from potential shippers for a new or expanding project. No binding commitments required.

## Binding Open Season

- Formal solicitation of interest by a pipeline operator to secure contractual take or pay commitments from customers to use a new or expanding pipeline system.

## Reservation Rate

- AKA “demand charge”. Fee paid to reserve space on a gas pipeline based on contract specifications. Paid whether or not gas is transported.

## Residue Gas

- AKA “dry gas”. Consumer ready natural gas exiting the tailgate of a gas processing facility that has been stripped of heavier natural gas liquids. Mostly comprised of methane and some ethane. BTU is typically 1,010 to 1,200 in North Dakota.

## Gas Units

- 1 MCF = 1 MMBTU = 1 Dekatherm (Dth) @ 1,000 btu
- 1,150 btu “Bakken”: 1 MCF = 1.15 MMBTU = 1.15 Dth



# Firm Gas Transport Rate Breakdown

## Reservation Charge

- Fixed charge for firm shippers based on maximum daily contracted quantity. Must be paid for the duration of contract term regardless if gas moves or not.
- Units = \$/Dekatherm

## Commodity Charge

- Charges for physical gas transported.
- Units = \$/Dekatherm

## Fuel/Electric

- Charges for fuel used to operator system compressors and ancillary equipment.
- Typically expressed as a percentage of gas transported and/or \$/Dekatherm.

### Example Pipeline Case

Reservation: \$0.37356

Commodity: \$0.02546

Electric: \$0.00567

**Subtotal: \$0.40469**

Fuel: 1.147%

If gas value is \$2.00/Dth

**Fuel expense: \$0.02294**

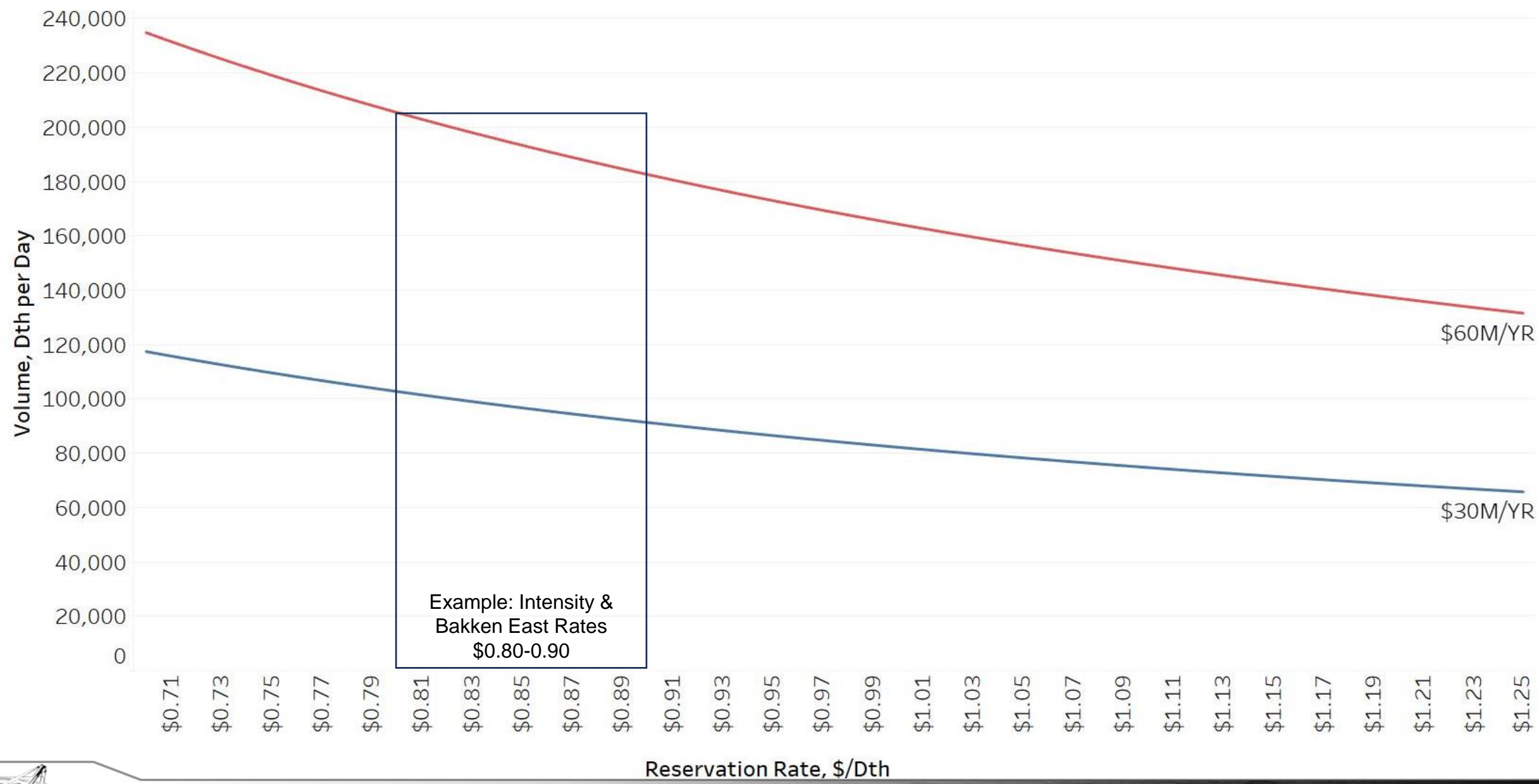
**Total Transport:  
\$0.42763/Dth**

Tariff Rate Charges (1)						
Firm Service Charges			Fuel Reimbursement %		Electric Power Charge	
	Maximum	Minimum	Effective as of 4/1/2025	Effective as of 12/1/2024	Effective as of 4/1/2025	Effective as of 12/1/2024
<b>FT-1 (Firm Transportation)</b>						
Reservation Charge (per month)	11.36247	.00000				
Commodity Charge (1)	.02546	.02546	1.147%	1.419%	0.00567	0.00474
Reservation Charge (per day)	.37356	.00000				





# Capacity and Reservation Rate



# Simple Example Case

- Total project: 400,000 Dth/Day (~333.3 MMCFD @ 1,200 btu)
- Private sector anchor shippers: 320,000 Dth/Day
- NDPA/NDIC is anchor shipper: 80,000 Dth/Day
- NDPA/NDIC Precedent Agreement @ \$0.90 (\$26.3 Million/Yr)
- Term timeline: 2029-2039
- Final project recourse rate \$0.92 (AKA “Max Rate”)



# How Will NDPA Manage Contracted Capacity?

Most  
Desirable

Release capacity to replacement shipper(s)  
in increments greater than one year at max  
rate

Release capacity to replacement shipper(s)  
in increments less than one year at bid  
rates (*Limited by 54-17.7-04 Subsection 3*)

Release of capacity to an asset manager for  
an appropriate term length

Least  
Desirable

Pay obligated precedent agreement rates  
until a release or asset management  
agreement is established





# Capacity Release Term Considerations

## 31 Days or Less

FERC permitted with certain criteria

Forbidden under  
NDCC 54-17.7-04  
*Subsection 3*

## 32 Days to 1 Year

Any rate (*NDCC Restrictions*)

Bidding required

AMA allowed without bidding

Rollovers allowed

## Greater than 1 year

Max tariff rate only

No bidding required

AMA allowed without bidding

Rollovers allowed at max rate only



# Example Capacity Release Scenarios

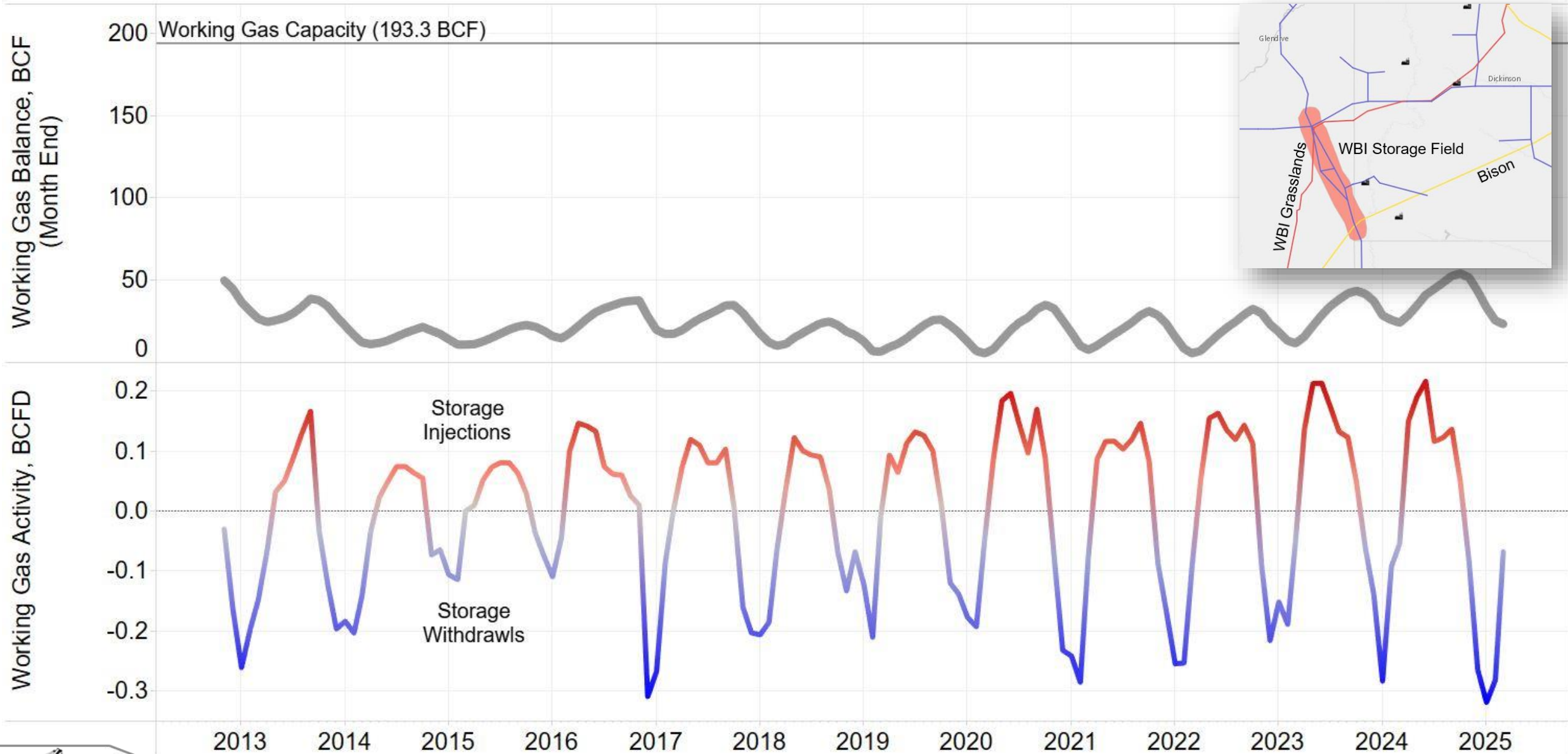
- New gas pipeline requiring 10 year anchor shipper terms
  - Party A: 3 year position (Years 1-3)
  - State of ND: 7 year position (Years 4-10)
  - State of ND has a prearranged agreement in place with Party A to release 13 month intervals of capacity at max rate with rollover (ROFR) rights to continue in 13 month intervals at max rate until term expires at year 10.
  - *May require similar arrangements with Parties B/C/... to release entire capacity position*
- New gas pipeline requiring 10 year anchor shipper terms
  - State of ND: 10 year position
  - ND has a prearranged agreement in place with Party A to release 13 month intervals of capacity at max rate with rollover (ROFR) rights to continue in 13 month blocks at max rate until term expires at year 10.
  - *May require similar arrangements with Parties B/C/... to release entire capacity position*



# Regional Natural Gas Storage



# Residue Gas Storage – WBI Energy\*





# Contact Information

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