As discussed previously in both Genscape’s LNG and broader Natural Gas Summer Outlook 2019 webinars, the anticipation for bloated European storage came to fruition, driven by global LNG supply growth from US, Russia, & Australia, as well as a reduction in Japanese LNG demand due to nuclear restarts. Aggregate European gas storage inventory ended the winter of 2018-19 at a multiyear maximum and inventory remains high. The US export arb to Europe further narrowed during May for the prompt month, and Asian spot prices dropped below 5 per million British thermal units (mmBtu) in late May as sellers flooded the market. However, Mexico LNG demand has persisted, bringing some opportunity for US LNG producers, thanks to pipeline infrastructure delays, with both Manzanillo and Altamira continuing to receive LNG volumes primarily from US suppliers. The current buyers’ market conditions however should not impact the timelines for the new liquefaction trains entering service this summer at Corpus Christi, Cameron, Elba Island, and Freeport LNG.
How have timeline expectations changed for trains entering service in Summer 2019?

**CORPUS CHRISTI TRAIN 2:**

Our expectations for commencement of liquefaction operations at Corpus Christi Train 2 (CC2) by end of June remain unchanged. Arguably the frontrunner at the time of our webinar, progress at Train 2 slowed over the last ~10 weeks. We have maintained this expectation based on guidance from Cheniere’s earnings call and it’s previous regulatory progress. Risks to our expectation outlined in the webinar included the potential of being early with our call due to:

1) Minimal variation in Genscape’s infrared (IR) camera observations at CC2 since March, and

2) No major regulatory movement since CC2’s March 11 feedgas authorization until May 23 authorization to introduce hydrocarbons to several units at CC2.

However, on the heels of the FERC approval to introduce hydrocarbons, IR monitoring indicated changes in activity at Train 2 beginning Sunday, May 26. Clients received an alert regarding the activity that same day. We continue to carefully monitor our cameras and pipeline nominations data and will alert clients when Train 2 begins producing LNG.
CAMERON TRAIN 1:
We accelerated our expectations for liquefaction operations at Cameron Train 1 from an end of July expectation at the time of the webinar (late March) to an end of May expectation primarily due to:

1) Accelerated progress in regulatory approvals,
2) Rapid 25-day ramp from feedgas authorization production of substantial LNG volumes (13 days faster than what was observed when Sabine Pass Train 1 entered service),
3) The facility did not need a cooldown cargo thanks to LNG volumes remaining in their tanks from prior operations as an LNG import terminal.

Genscape IR monitoring observations at Train 1 allowed our team of analysts to inform clients that Cameron LNG started liquefying gas in early May. This observation came before Sempra’s May 14 announcement that LNG production commenced.

FREEPORT TRAIN 1:
Our expectations for Freeport Train 1 remain the same, with initial liquefaction projected to occur by end of June, and sustained liquefaction operations by mid-July at the latest. This view is supported by guidance from McDermott’s Q1 earnings call and prior public statements from Freeport LNG. Our power line monitors at Freeport indicate the facility is drawing power, but not enough to suggest liquefaction activity. We will be watching interstate pipeline feedgas nominations and our power line monitors closely over the next few weeks in order to refine our estimate accordingly. The risk to our view is that Freeport LNG may follow for a dramatic increase in feedgas deliveries like Cameron LNG, in which case it will be in-service sooner rather than later.

Figure 2: Cameron Train 1 Feedgas deliveries (MMcf/d) overlaid with Train Utilization Observations (Percent). Train utilization observation percentages are data derived from imagery collected via Genscape’s IR monitoring and made available to clients.
ELBA ISLAND LIQUEFACTION TRAIN 1:
As of the week ending May 24 (Saturday), our expectation for Elba Island Liquefaction (Elba) Train 1 that the facility would begin liquefying by end of May. However, we will likely push that expectation back to end of June due to propensity of delays at the facility and the lack of announcements from Kinder Morgan. Elba showed signs of significant power consumption during May that suggested testing of liquefaction trains; however, we do not believe that the facility has produced LNG. After favorable statements made during Kinder Morgan’s Q1 earnings call for a May 1 start, Train 1 liquefaction start-up was delayed after Kinder Morgan found “minor issues” during commissioning. Potential risk here is that this timeline gets pushed back by Kinder Morgan yet again.

Genscape’s proprietary monitoring of liquefaction trains at all large-scale operational US LNG export facilities allows us to provide clients with an unparalleled view into train-level operations at these facilities – setting us apart from market participants that only have access to pipeline nominations data. Genscape’s LNG analysts also track regulatory milestones as well as guidance from earnings calls and other public facing statements made by the LNG operating company or the EPC contractors. Our team provides clients with timely updates on changing expectations for projected LNG production at these facilities and risks to those projections. To learn more about our LNG solution or to request a trial, [click here](#).

![Figure 3: Elba Island Liquefaction power draw expressed in units of average megawatts (MW) per day.](image)

Gain access to real-time monitoring of the LNG supply chain, from commissioning to operation:

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