



## Natural Gas Conundrum: Pipeline Faces Backlash As Prices Soar

### Description

A natural gas power plant is significantly cleaner compared to oil, and a typical plant is responsible for about half (or even fewer) the amount of carbon dioxide emissions than a comparable oil-based power plant. As a result, natural gas doesn't see as much backlash as other fossil fuels, especially coal and oil. But that doesn't mean it isn't plagued by some of the problems inherent to the energy sector.

Like oil, natural gas is transported long distances (on land), mostly via pipelines. And like many oil pipelines, natural gas pipelines have to go through a few points of contention (literally). That's a problem **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) [is facing](#) (in-house) right now.

Coastal GasLink is a 670 km long gas pipeline that is expected to deliver natural gas to Northern B.C., but it has been plagued with delays since 2020. Most recently, the crews working on the pipeline were prevented from entering the site. The access road was destroyed, and barriers were erected to render it inaccessible.

On the other end of the spectrum, natural gas prices hit seven-year highs across the border.

### Soaring natural gas prices

The U.S. is facing a serious price hike in natural gas as fears of a tight supply (during winter) mounts. Making matters worse is the supply shortages instigated by the hurricanes. About one-fourth of the Gulf of Mexico supply is still shut off because of hurricane Ida.

The prices are expected to rise here in Canada as well. The winter might be an expensive one for most Canadian consumers, and if the natural gas supplies face more hurdles, consumers could feel its impact.

A spike in natural gas prices might help bolster the energy sector. Big natural gas players in the North American energy market (like TC Energy) might benefit from the rising prices.

## TC Energy stock

TC Energy stock is quite [an attractive buy](#) right now. The valuation is a tad above fair, but the stock is about 19% discounted from its pre-pandemic peak. A positive side effect of this the attractive 5.6% yield this two-decade-old aristocrat is currently offering. The price bump in natural gas hasn't translated to TC Energy's stock yet, but it might just be a matter of time.

The company dealt with a more significant pipeline dispute (Keystone XL) earlier this year. That dispute was not only international, but it was also on foreign soil. The company booked sizeable losses, but since it was an oil pipeline, its discontinuation wouldn't have had a sizeable impact on natural gas supply/demand.

But if the coastal GasLink keeps facing delays, it wouldn't just be bad for TC Energy but will also contribute to the natural gas supply shortage in the region.

## Foolish takeaway

TC Energy is quite heavily invested in natural gas. About 83% of the capital the company has secured is going into gas pipelines, an investment that is likely to pay off now and in the future. Winter will most likely bring about a stronger investor interest for the company and trigger an upward momentum, so you might consider buying into this [growth stock](#) "to-be" before that.

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adamothonman

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