

May 6, 2020

Natural Gas Supply & Energy Policy Outlook

Presentation to:

NGA Customer Experience Webinar



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Northeast Gas Association

Topic Areas

- **2019** Supply, Demand Trends: A Record Year.
- Regional Market Developments.
- National, regional, state, municipal policy trends.
- **2020**...Uncertainty in the time of COVID-19.

NGA'S ANTITRUST COMPLIANCE PROCEDURES

Adopted by the NGA Board of Directors on June 20, 2018

Objective

The Northeast Gas Association (NGA) and its member companies are committed to full compliance with all laws and regulations, and to maintaining the highest ethical standards in the way we conduct our operations and activities. Our commitment includes strict compliance with federal and state antitrust laws, which are designed to protect this country's free competitive economy.

Responsibility for Antitrust Compliance

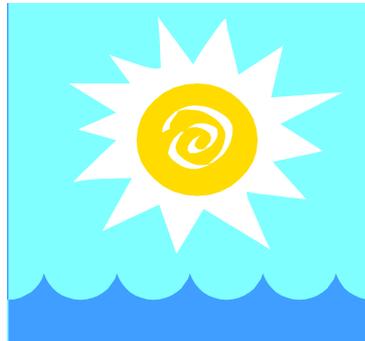
Compliance with the antitrust laws is a serious business. Antitrust violations may result in heavy fines for corporations, and in fines and even imprisonment for individuals. While NGA's attorneys provide guidance on antitrust matters, you bear the ultimate responsibility for assuring that your actions and the actions of any of those under your direction comply with the antitrust laws.

Antitrust Guidelines

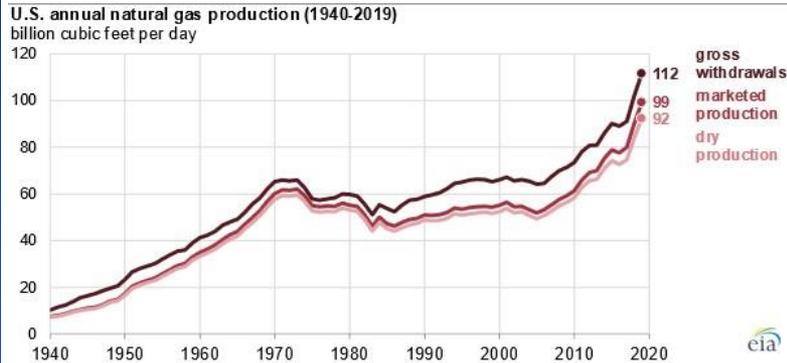
In all NGA operations and activities, you must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety. The following guidelines will help you do that:

- **Do** consult counsel about any documents that touch on sensitive antitrust subjects such as pricing, market allocations, anti-employee poaching practices, refusals to deal with any company, and the like.

2019: RECORD-SETTING YEAR

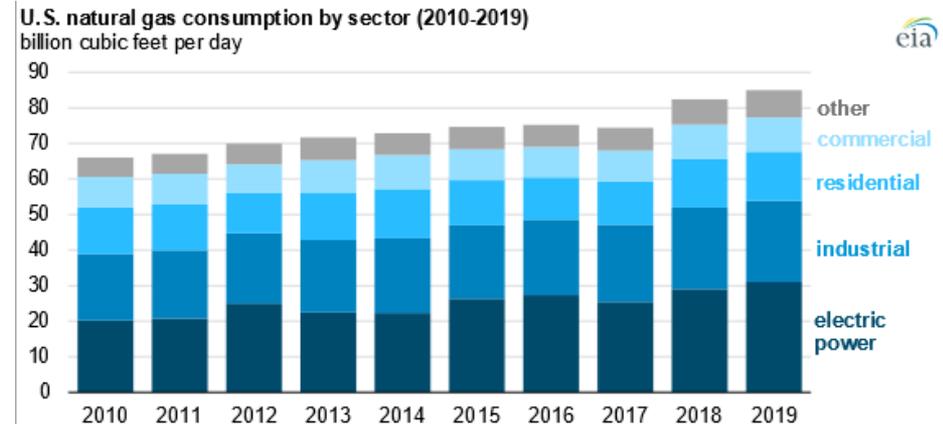


U.S. Production & Consumption Set New Records Last Year



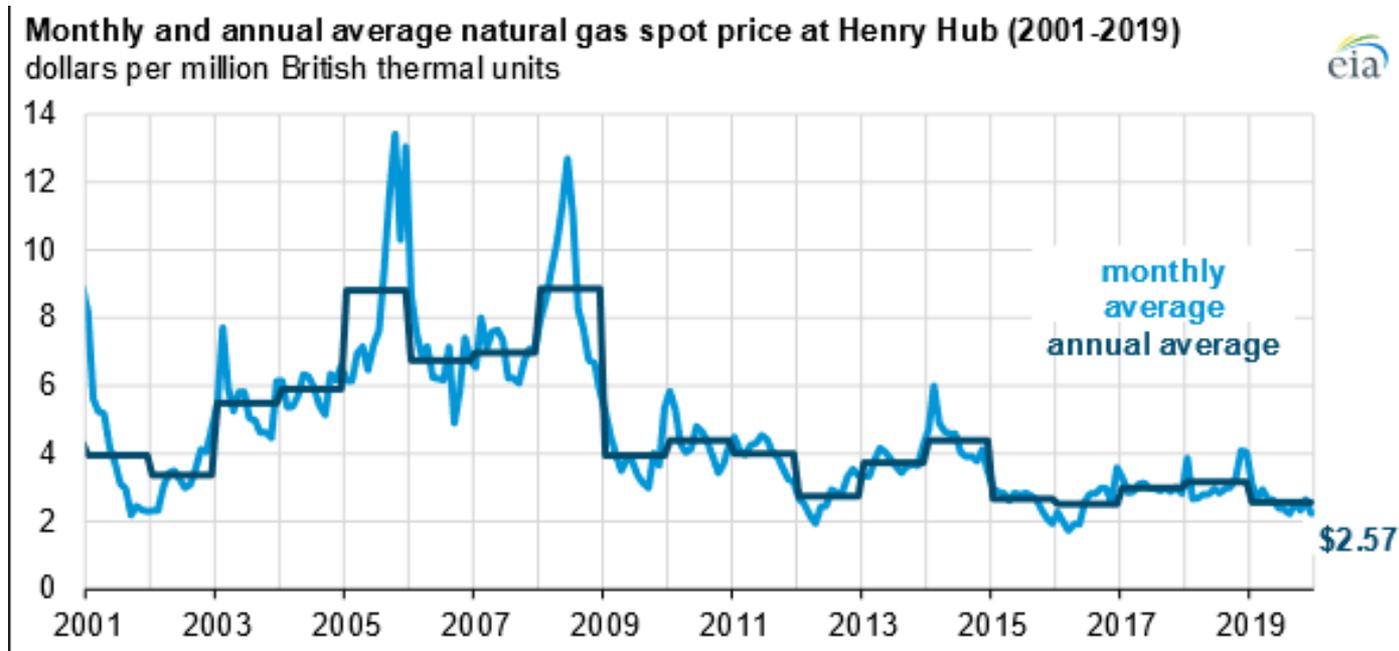
U.S. natural gas production in 2019 set new all-time records.

Dry production level was 92.2 Bcf/d.



U.S. natural gas consumption in 2019 set new all-time record: **85 Bcf/d**.

U.S. Average Commodity Price in 2019: Natural Gas



“In 2019, natural gas spot prices at the national benchmark Henry Hub in Louisiana averaged \$2.57 per million British thermal units (MMBtu)... the lowest annual average price since 2016... Continued growth in domestic production of natural gas also supported lower natural gas prices throughout the year.”

U.S. EIA, January 9, 2020

REGIONAL MARKET DEVELOPMENTS



Residential Customer Growth Has Continued

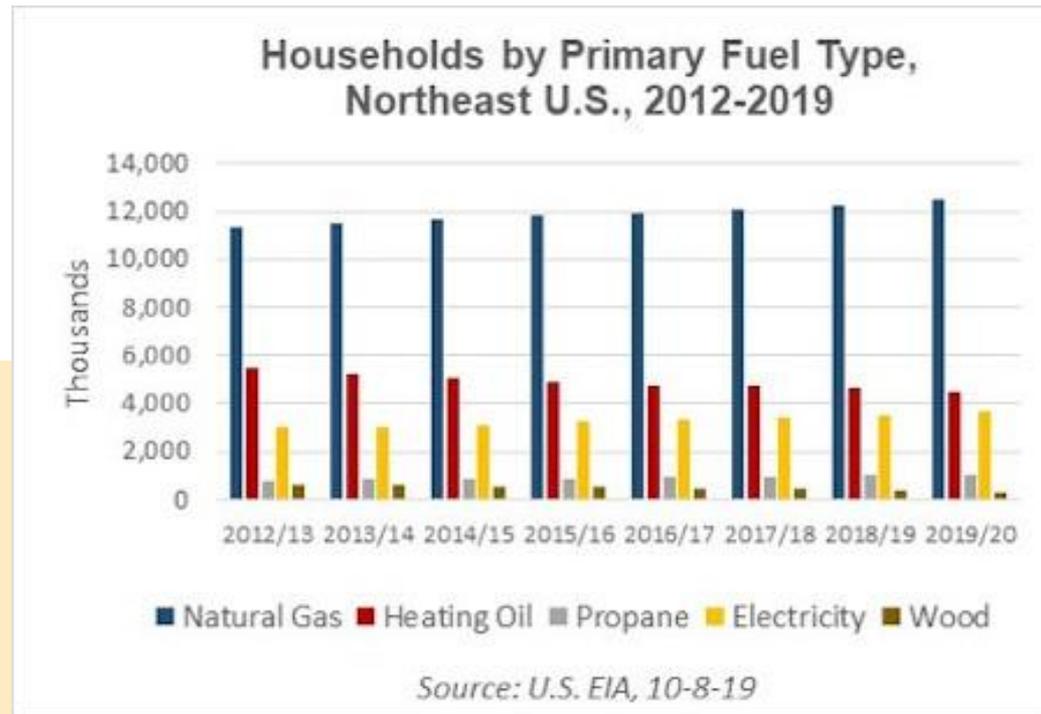


Northeast Homes, Fuel Type %

Natural Gas:	59%
Heating Oil:	21%
Electricity:	16%

New England Homes, Fuel Type %

Natural Gas:	40%
Heating Oil:	35%
Electricity:	14%



Since 2012, natural gas has added over 1 million new household customers in the Northeast states.

Some Recent Additions to Gas Generation Capacity



Footprint Power
Salem Harbor
Salem, MA
674 MWs
Online June 2018



CPV Towantic Energy Center
Oxford, CT
805 MWs
Online June 2018



CPV Valley Energy Center
Wawayanda, NY
680 MWs
Online Fall 2018



PSEG Power
Bridgeport Harbor Station 5
Bridgeport, CT
485 MWs
Online June 2019



CPV Fairview
Jackson Township, PA
1,050 MWs
Online Dec. 2019

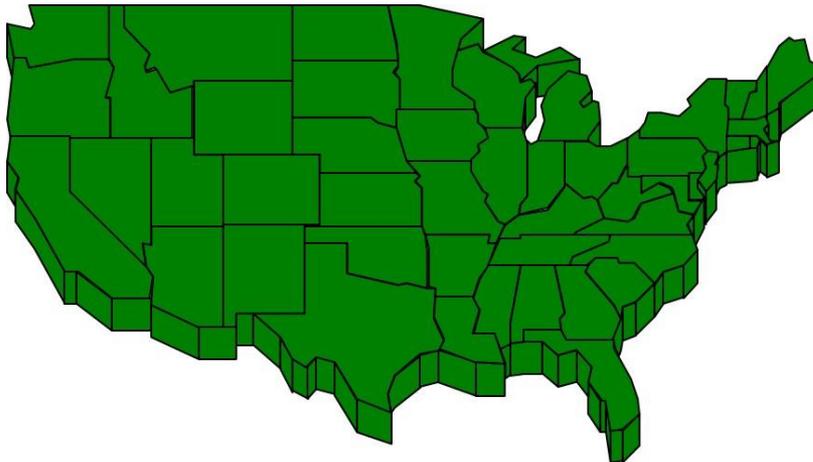


Cricket Valley Energy
Dover, NY
1,100 MWs
Online Spring 2020

NATIONAL, REGIONAL, STATE, MUNICIPAL POLICY TRENDS



National Trends



- ***Division over environmental policy*** – and it's an election year
- ***Administration rollback of environmental regulations*** – from auto miles per gallon to methane
- ***Siting challenges*** for energy projects – from pipelines to offshore wind to electric transmission

Regional & State Trends

- Policy support for ***electrification in transportation & building sectors.***
- ***TCI*** – Transportation & Climate Initiative
- ***Accelerated timelines for GHG emissions reductions.***
- Aggressive state support for clean energy – ***commitments to long-term contracts for offshore wind***, etc.
- ***Siting challenges*** for energy projects – from pipelines to offshore wind to electric transmission



Municipal Trends

Summer 2019: Berkeley and San Jose, CA passed ordinances to halt new natural gas installations in buildings/homes.

Nov. 2019: Brookline, MA town meeting approves by-law to prohibit fossil fuels to heat new commercial or residential buildings starting in January 2021. Must be approved by Attorney General.

Dec. 2019: Ordinance Committee of Cambridge City Council approves motion to prohibit new natural gas connections in city buildings; now goes to full Council for consideration. City Solicitor observes that such a prohibition might not be legal.

Dec. 2019: NGA offered testimony at Cambridge public hearing objecting to proposed ordinance – citing energy affordability & customer choice as chief reasons.

April 2020: NGA op-ed in Boston Globe arguing for benefits of natural gas and against proposed gas bans.



Projects Delayed / *but also* Projects Completed

Delayed or Withdrawn

- Williams (Transco): “Northeast Supply Enhancement”
- AGL, NJ utilities, Enbridge: “PennEast”
- National Fuel Gas: “Northern Access”
- Williams/Cabot: “Constitution” [*withdrawn, Feb. 2020*]

Completed in 2019

- Millennium: “Eastern System Upgrade”
- Williams (Transco): “Rivervale South to North”
- Williams (Transco): “Gateway Expansion Project”
- PNGTS: “Portland XPress” [phase 2]
- PNGTS: “Westbrook” [phase 1]
- Enbridge: “Lambertville East”



THE YEAR AHEAD



U.S. Economic Contraction

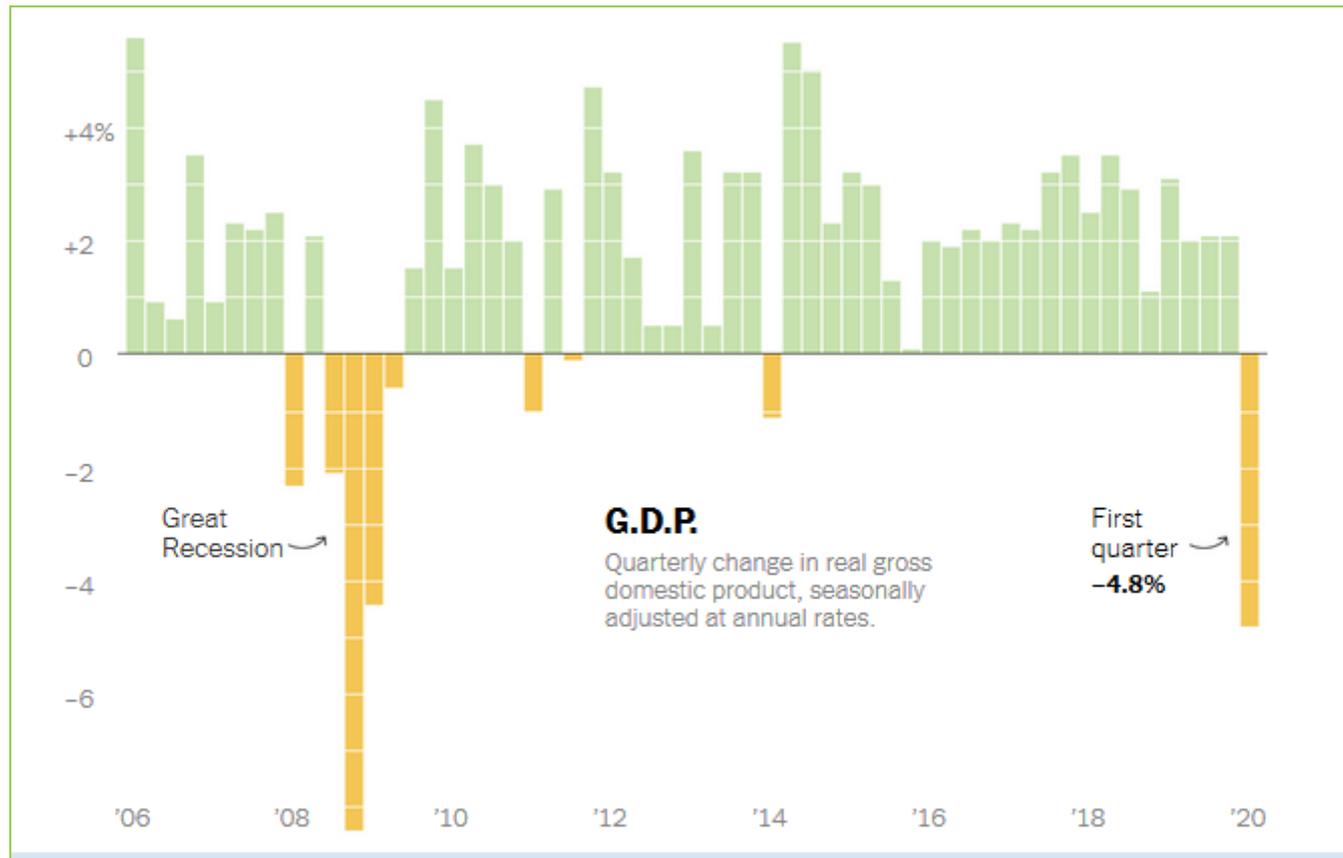


Chart: NY Times, April 30, 2020

As Oil Goes, So Goes...

West Texas Intermediate crude oil May 2020 futures contract (Apr 19-21, 2020)



dollars per barrel



Enjoy the webinar...