

November 15, 2021

NGA Pre-Winter Briefing: Overview



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Northeast Gas Association

Today's Program

- ◆ Purpose: overview of how the regional natural gas system operates – and winter readiness

- ◆ Segment areas:

- Interstate pipelines



- Liquefied natural gas (LNG)



- ◆ Q & A

About NGA

- ◆ Non-profit trade association
- ◆ Local gas utilities (LDCs) serving New England, New York, New Jersey, Pennsylvania
- ◆ Several interstate pipeline companies
- ◆ LNG & CNG importers/suppliers
- ◆ About 400 “associate member” companies, from industry suppliers and contractors to electric grid operators
- ◆ www.northeastgas.org



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.

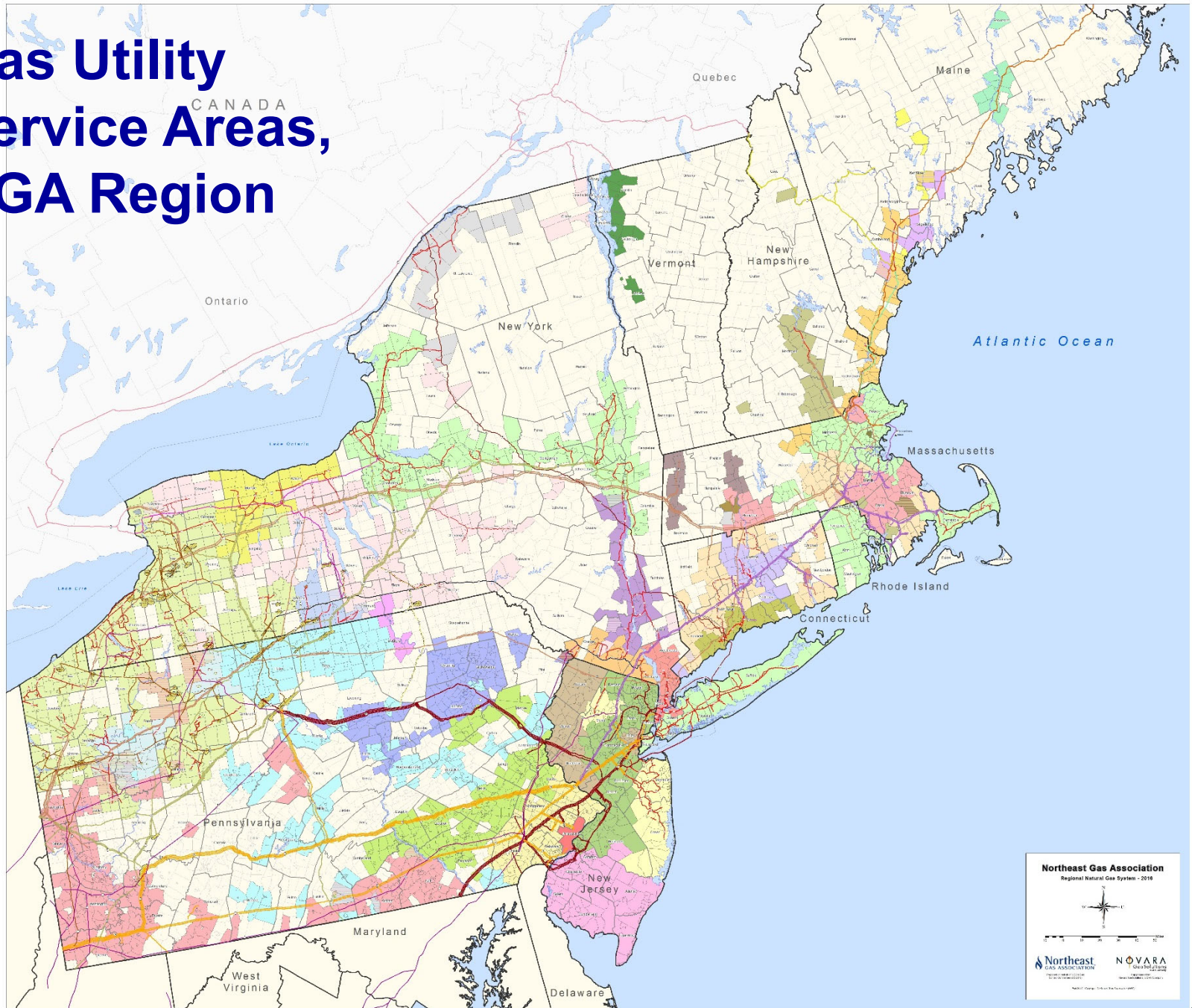
Continued on NGA web site...

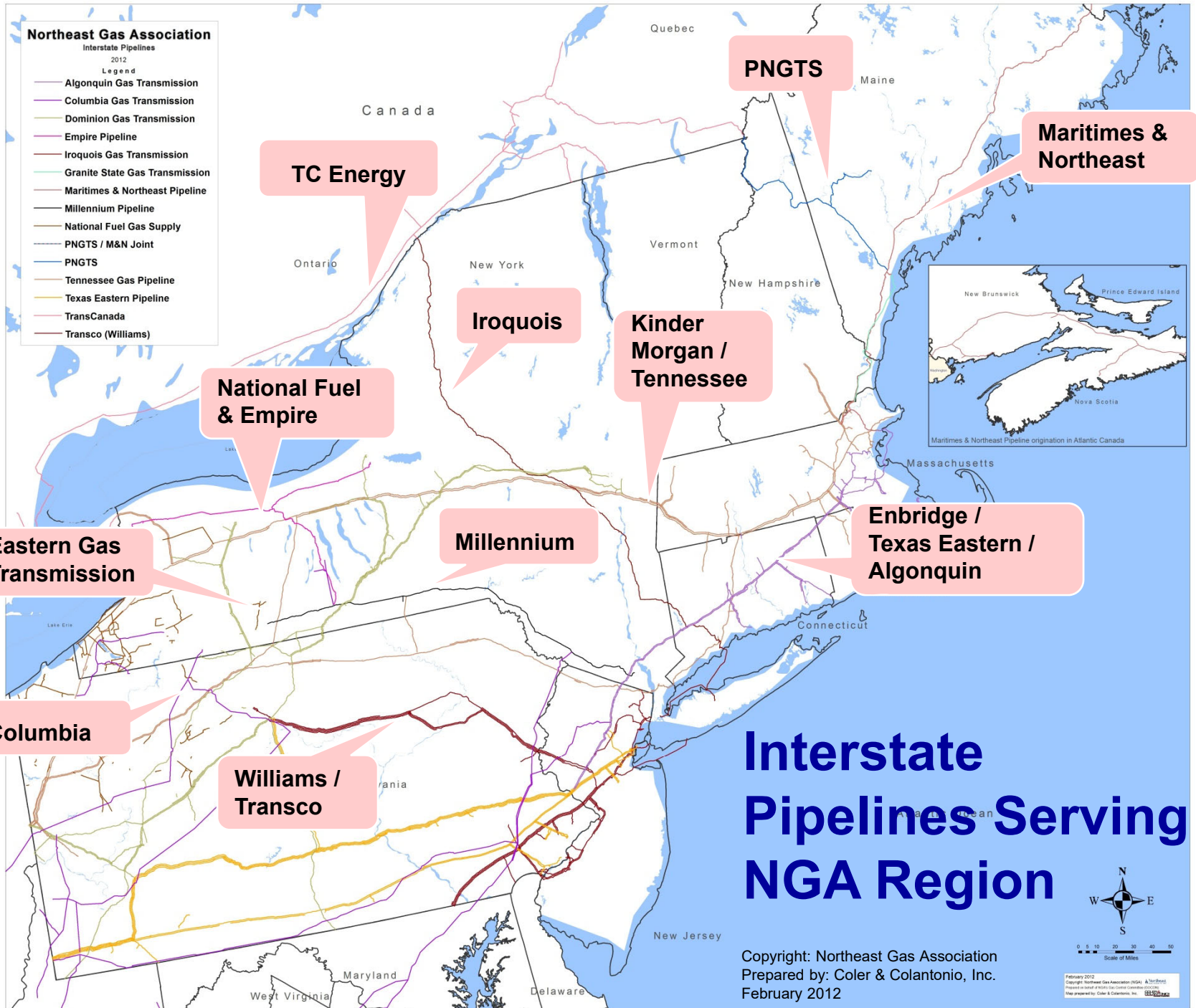
https://www.northeastgas.org/compliance_docs.php

Webinar Format

- ◆ We welcome your questions. During the webinar, please send questions via the “chat” function.
- ◆ All attendees are on mute with cameras turned off during the webinar.
- ◆ Presentations have been posted on NGA web site.
- ◆ Your feedback is valued – let us know how you like this format and topics.

Gas Utility Service Areas, NGA Region





Interstate Pipelines Serving NGA Region

LNG

- ◆ LNG key to meeting peak day demand in the region – especially New England
- ◆ LDCs in NE, NY, NJ, PA utilize LNG for peak-shaving
- ◆ Three LNG import terminal operators are presenting



*Everett LNG facility, part of
Exelon (Constellation)*



*Northeast Gateway,
Excelerate Energy*



*Canaport LNG (Repsol Energy
North America)*

Storage Levels

- ◆ Storage at slightly lower than average levels - 3.6 Tcf through Nov. 5.
- ◆ U.S. storage levels are 3% below 5-year average.
- ◆ East Region storage levels are 2% below 5-year average.

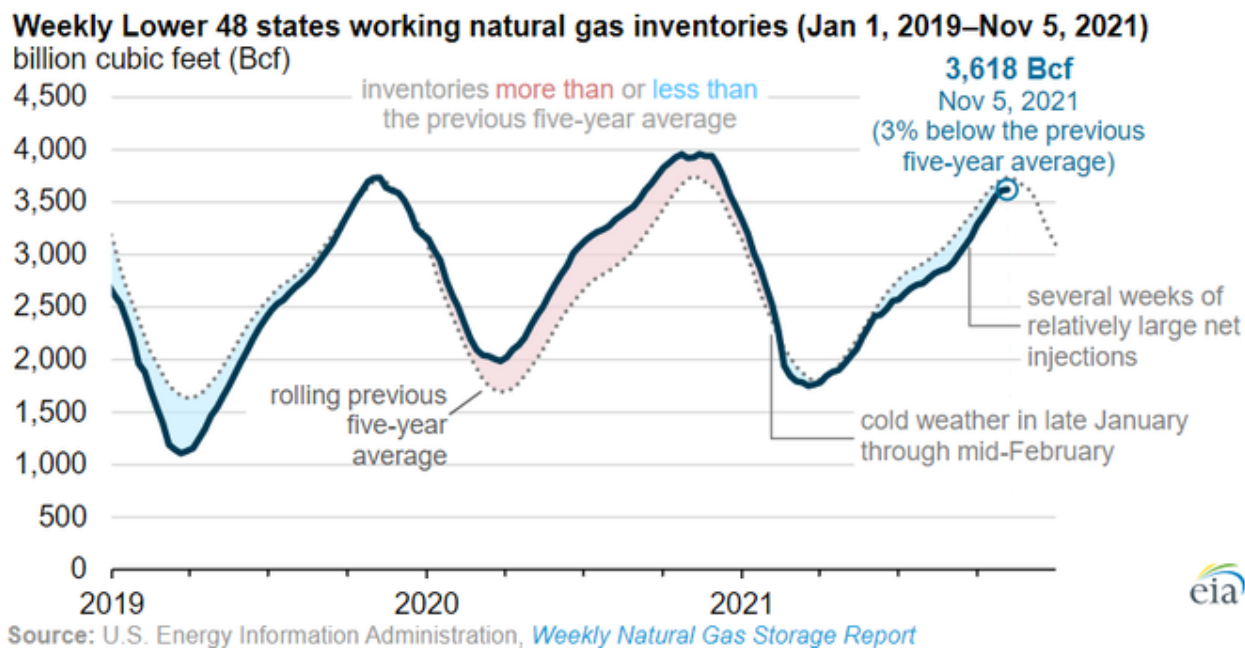
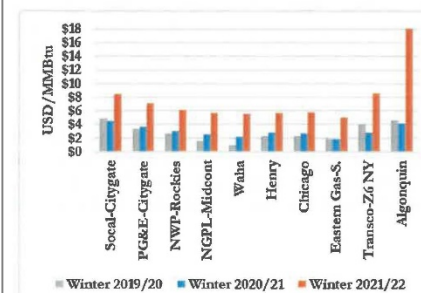


Chart: U.S. EIA, November 12, 2021

Some Other Key Market Variables

- ◆ Potential spot price volatility at constrained points in the region (see chart to right). However, much greater price volatility in European & Asian markets (middle chart).
- ◆ Natural gas commodity price, after very low annual price in 2020 – COVID year – higher this year. Still, most affordable home heating option (see lower chart).
- ◆ FERC’s recent Winter Market Assessment notes concern, esp. in New England, of potential limited availability for power market during high demand periods, reflecting predominance of “non-firm contracts”.
- ◆ Weather is always the wild card...

Figure 7: Average U.S. Natural Gas Futures Prices Across Major Hubs for November to -February



Sources: InterContinental Exchange Inc.

Chart: FERC
"Winter Energy Market" paper,
October 21, 2021

Daily crude oil, natural gas, and LNG spot prices (Jan 2018–Oct 2021)
dollars per million British thermal units

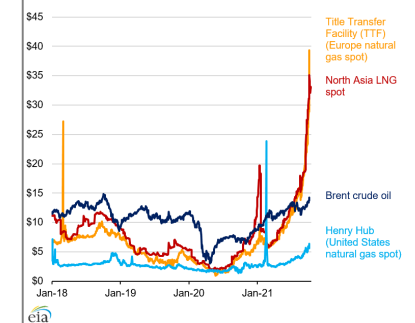


Chart: U.S. EIA,
October 21, 2021

Average winter household energy expenditures (winter = Oct–Mar, 2011–2022)
dollars

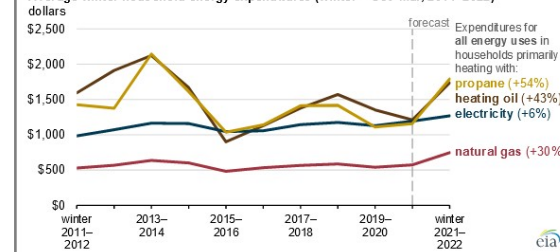
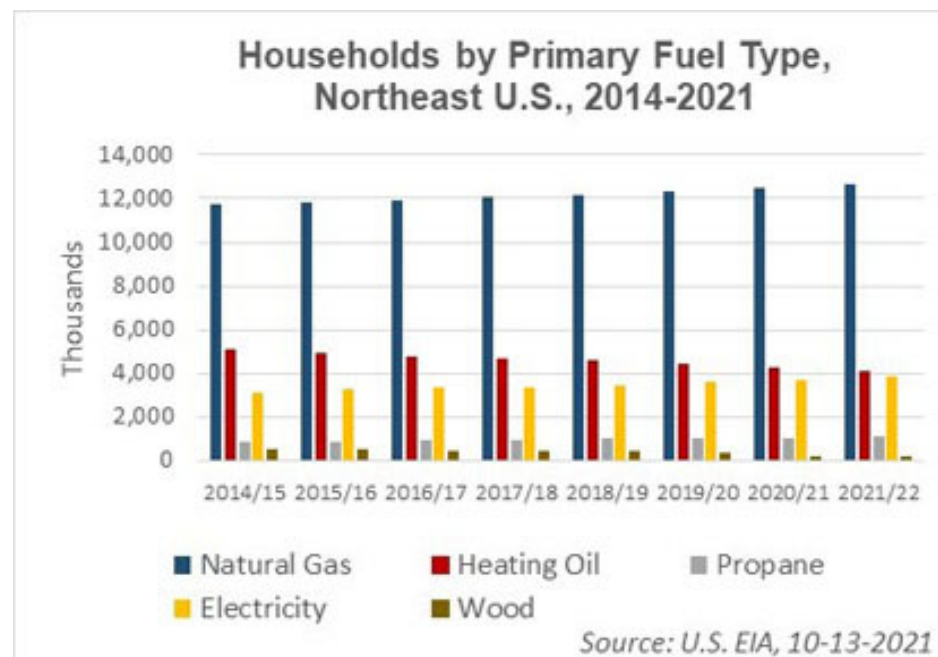


Chart:
U.S. EIA,
October
13, 2021

Gas Utility Preparedness

- ◆ Gas utilities in the region preparing for winter
- ◆ Supply and storage contracts in place
- ◆ Managing new customer growth on system; peak day challenges at certain key points; “constraints”
- ◆ Role of “portable” CNG and LNG inputs as supply option.



Coordination with Power Systems

- ◆ NGA maintains joint Electric-Gas Operating Committee with 3 ISOs in region
- ◆ Regular communication between ISOs and pipeline control operators; coordination on “critical infrastructure facilities” for reliability
- ◆ NGA has link to pipeline EBBs on its website:
https://www.northeastgas.org/electronic_bulletin_board.php



NGA Gas Supply Task Force

- ◆ **Members:** LDCs in region, interstate pipelines, LNG & CNG transporters
- ◆ **Purpose:** to help deal with meeting winter supply needs and deliverability within the Northeast region
- ◆ **Tasks:** *Monitor* regional deliverability of its members' gas supplies during periods of peak demand or supply curtailment; *Advise* region's energy, regulatory and policy officials; also *Update* ISOs in region of meetings, outcomes
- ◆ **Upcoming:**
 - First call to be held early December. Summaries of discussions will be provided same day to state agencies (and ISOs)
 - Annual supply manual is being prepared; will be provided to state agencies in early December.

Presenters

Northeast Interstate Pipeline System

Mike Dirrane, Enbridge / Algonquin / Texas Eastern / M&NE

Jim McCord, Kinder Morgan / Tennessee Gas Pipeline / Stagecoach

Chris Stutz, Iroquois Gas Transmission

Tom Lockett, TC Energy /Portland Natural Gas Transmission System /
Columbia / Millennium

Liquefied Natural Gas (LNG) Import Terminal Operators in the Region

Mike Cunningham, Constellation Energy (Everett LNG)

Gary Ritter, Excelerate Energy (Northeast Gateway)

Karen Iampen, Repsol (Canaport LNG)