

# *UGIES LNG Assets & Services*

*NGA Regional Market Trends*

*April 25, 2019*



Founded in 1882, UGI Corporation (NYSE: UGI) is a Fortune 500 company with \$12 billion in assets and \$7.7 billion in revenues. We are a distributor and marketer of energy products and services including natural gas, propane, and electricity.

## UGI Corporation (NYSE: UGI)

### Domestic Propane

AmeriGas (NYSE: APU) distributes propane in 50 states and is the largest US retail propane marketer

MLP: UGI is General Partner and owns 26% of LP  
~1.7 Million customers  
~1.1 Billion gallons/year



### UGI International

3 subsidiaries market propane and natural gas in 17 European countries

Major propane supplier in western and eastern Europe  
~1 Billion gallons/year



### UGI Utilities

One of PA's largest natural gas utility serving 642,000 gas customers and 62,000 electric customers



### UGI Energy Services

LNG, energy marketing, power generation and numerous midstream gas assets



## Flash Round – 3 topics in 5 minutes ...

- Company operations and Customer Experience during Winter 2018-19
- Growth trends for LNG in the Northeast
  - Overall challenges/opportunities
- Does LNG have role as backup fuel for power gen, replacing oil?



*Temple Liquefier/Peaker*



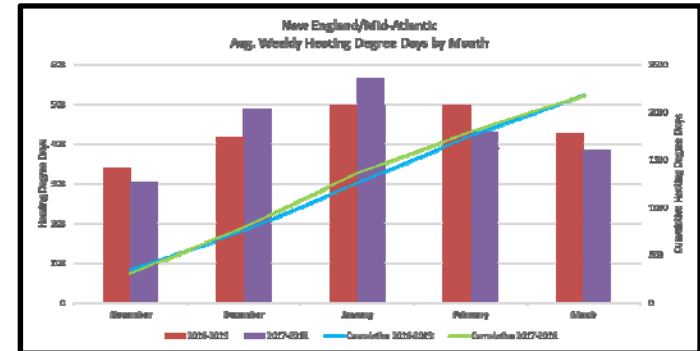
*Manning Liquefier*



*Steelton Peaker*

## Company Operations & Customer Experience Winter 2018-19

- Weather was not extraordinary
  - Similar usage and HHDs to Winter 2017-18
    - Less challenging than Polar Vortex Years
  - Key differences ...
    - Recharging (all fuels) / New Pipe / Powergen
  
- Customer Experience – all good
  - Heating load customers – similar usage & pattern
  - Commercial/Industrial customers – consistent
  
- UGIES Operations -
  - Temple and Manning Liquefiers operated as planned
    - Reliable deliveries to all customers ... few logistics challenges
  - Company peakers (stationary and portable units) operated very well



## Growth Trends for LNG in the Northeast

- Positive Trends

- Lack of pipeline expansion ... to extent expected few years ago
- LDCs continue to rely on LNG for significant % of peak load
- C&I and Powergen markets continues to seek clean fuel solutions
- Natural gas feedstock prices continue to be attractive

- Negative Trends

- LDCs upgrading and expanding own LNG facilities
- New commercial liquefiers being commissioned/developed
- Low hanging C&I fruit has long been picked (tighter economics today)
- Environmentalist super-focused on renewable non-carbon based energy



**Net Result: Commercial LNG market is increasingly challenging**

## LNG Role as Back-Up Fuel for Power Generators

- Does LNG have role as backup fuel ... replacing oil?
  - Short answer ... yes ... absolutely ... but challenging:

### Challenge One – Capital & Commitment

- Similar situation as faced by pipeline developers
- Convince merchant power operators to invest capital or make commitment required by service provider ... for an asset that, albeit critical, is expected to be used on short term, peaking basis
- ISO-NE support (capital contribution) is not overwhelming

### Challenge Two - Scale

- Larger power plant require substantial capital investment and robust recharging strategy ... for sustained service
  - Limiting fueling plan for larger units or serving smaller electric power generators ... is less capital intensive & less complex operation
- **Nonetheless ... Definitely a NET POSITIVE opportunity**

