LNG as a Key Market Option

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VP, Origination
Disclaimer

Forward Looking Statements

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Points for Discussion

➢ Company operations this past winter
➢ LNG Observations in New England for 2018
➢ What impact did LNG have on the power markets this past winter? Can LNG replace oil?
➢ Overall challenges/opportunities
CANAPORT™ LNG

Reliably Supplying the Northeast market

✓ Repsol operates the Canaport™ LNG ("Canaport") receiving and regasification terminal in Saint John, New Brunswick and holds a 75% equity interest in the facility.
✓ Repsol holds 100% of the regasification (1.2 Bcf/d) and storage (10 Bcf) capacity.
✓ The New England market consumes ~5 Bcf of natural gas on a peak winter day.
✓ Celebrating its 10th year of operations this year
✓ Has received 124 cargoes, injecting a total of 450.2 BCF into Atlantic Canada and New England
Less LNG in total – More supplies on pipes

<table>
<thead>
<tr>
<th></th>
<th>Everett - Mystic</th>
<th>Everett into Pipes</th>
<th>Canaport</th>
<th>Northeast Gateway</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017-2018</strong></td>
<td>29,721,691</td>
<td>6,246,307</td>
<td>15,142,668</td>
<td>0</td>
<td>51,110,666</td>
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</tbody>
</table>

Source: Genscape, Repsol and Pipeline EBBs,
Established New High send out for any one day

Source: Genscape and Platts
LNG Supplies increased power burn for those generating assets that pre-arranged for the supply

Source: Genscape
Including Mystic Y-o-Y Gas Fired Power Demand Down in 2018-2019

Source: Genscape, pipeline EBBs
Overall Challenges and Opportunities

**Challenges**
- LNG needs pricing signals to attract cargoes to New England
- Weather – what is demand and how much LNG is needed? Who is going to take the risk?
- Generators face an economic “catch 22”. Price signals that motivate generators to invest in “pre-arranged” fuel often obviate the higher energy prices that are needed to compensate the generator for the investment/risk undermining the initial investment
- Current/Future Fuel Security Initiatives have had no discernible positive impact on market incentives for generators to contract forward for LNG supply

**Opportunities**
- Incremental ~5 BCF/d of US LNG being brought on line this year
- Trump is considering waiving Jones Act mandate for natural gas
- Little to no oil dispatched this past winter
- “Spare” LNG capacity available for those willing to commit
THANK YOU