



System Operational Update and Review
December 4, 2018

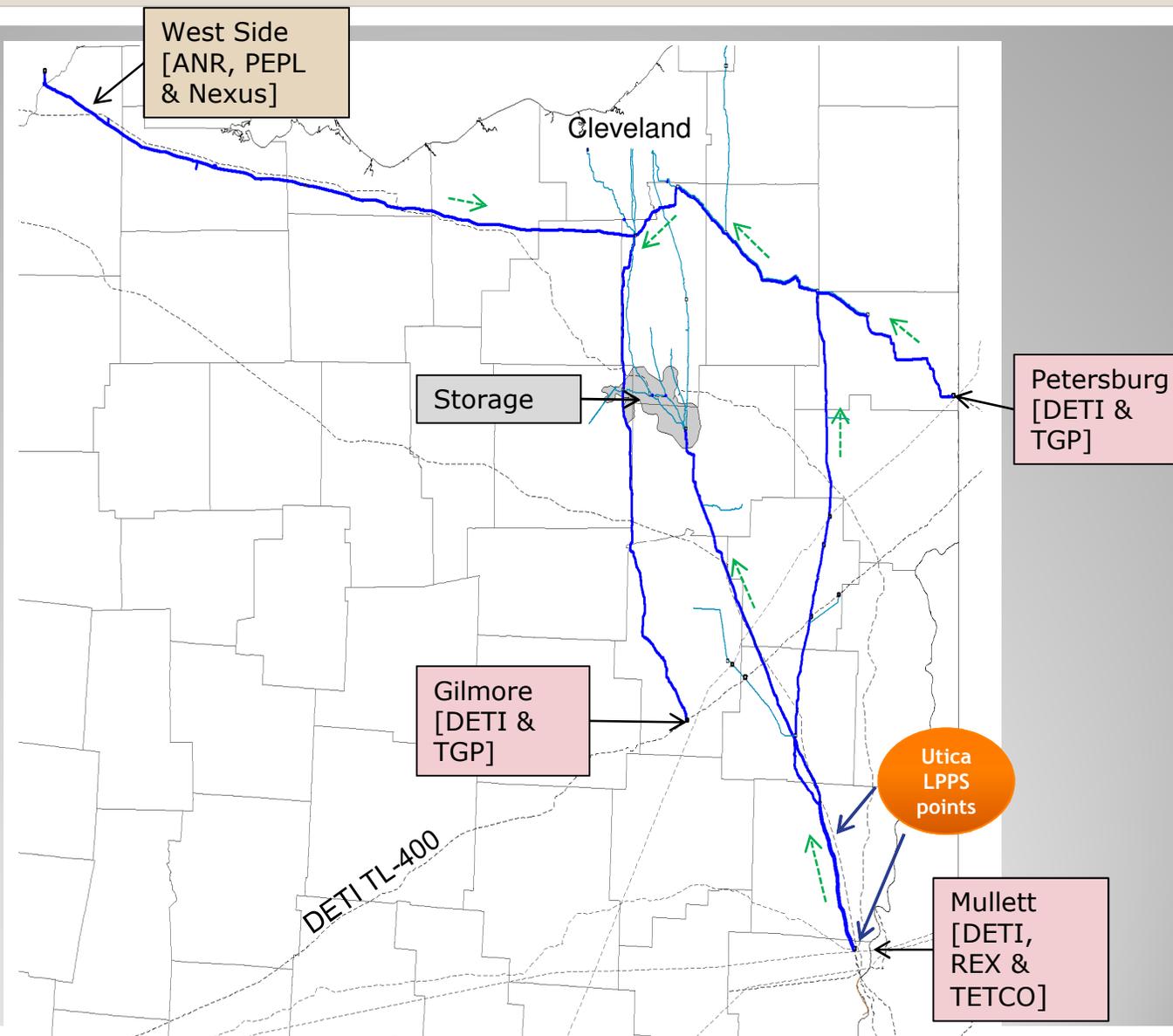
Dominion Energy Ohio



Supporting West Side & Gilmore Receipt Points

- To support system operations and maintain system integrity, Dominion Energy Ohio (DEO) must ensure that sufficient supplies are nominated to specific receipt points during certain times of the year:
 - West Side (formerly Maumee) – to meet peak winter demand
 - Gilmore – to maintain storage injections
- This presentation discusses issues at both points and how DEO intends to ensure sufficient deliveries

Dominion Energy Ohio System Map



Applicable Tariff Provisions

- DEO's tariffs permit the company to direct supply to specific points to maintain system integrity
- For example, under the General Terms & Conditions of Transportation Service:
 - East Ohio will either confirm, in total or in part, or reject Customer's Transportation Volume nomination ***based upon East Ohio's operating conditions, the limits and requirements of East Ohio's system and facilities***, previously confirmed nominations and timely confirmation by Upstream Pipelines.
 - In order to support system operations, maintain system integrity, and minimize Positive or Negative Imbalance Volumes, ***East Ohio may request Customer to nominate and deliver Transportation Volumes to designated Transportation Receipt Points.***
 - If, in East Ohio's sole discretion, voluntary compliance by Customers and Suppliers fails to correct operational deficiencies, East Ohio may exercise its authority under Paragraph 13.1 to ***issue Supplier-specific and/or system-wide OFOs.***
- Similar provisions may be found in other DEO pooling service terms and conditions

West Side Receipt Point Requirements

In order to support system operations and maintain system integrity, DEO must ensure that sufficient supplies are nominated to its west side receipt points (ANR, Panhandle, and Nexus) during peak usage periods

- Historically, west side points were attractive for Firm Receipt Point Option (FRPO) deliveries from ANR and Panhandle Eastern due to its low basis relative to other supply options
- Significant declines in DETI South Point pricing resulting from new sources of Marcellus/Utica shale supplies have changed those economics, resulting in a substantial decrease in west side volumes delivered to DEO over the last several years
- The shift to other supply sources has resulted in west side pipeline nominations being less than 10,000 Dt/day on most days

West Side Requirements - Current Procedure

- While DEO can operate its system with low west side receipts under certain operating conditions, we need the following supplies delivered from the west side during peak periods to ensure that we can serve areas of our system that rely on those volumes:

Temperature Range	Estimated West Side Requirement
0 to 15 degrees F	65,000 Mcf/day
Below 0 degrees F	140,000 Mcf/day

- Under such conditions, DEO will allocate responsibility for required west side deliveries based on estimated usage of Full Requirements and Energy Choice pools and of those Daily Transportation Service customers whose load is served primarily by west side volumes
 - In recent years, DEO would typically experience 0-15 degrees F on 12 days each winter and often had no days below 0 degrees F
 - Last winter, there were 13 days with temperatures of 0-15 degrees F and 1 day below 0 degrees F

West Side Requirements – Effective November 2019

- Beginning November 1, 2019, DEO will be revising the necessary west side requirements and temperature factors:

Temperature Range	West Side Requirements
11 to 20 degrees F	75,000 Mcf
1 to 10 degrees F	110,000 Mcf
-5 to 0 degrees F	150,000 Mcf
-13 to -6 degrees F	175,000 Mcf

- Under such conditions, DEO will allocate responsibility for required west side deliveries based on estimated usage of Full Requirements and Energy Choice pools and of those Daily Transportation Service customers whose load is served primarily by west side volumes

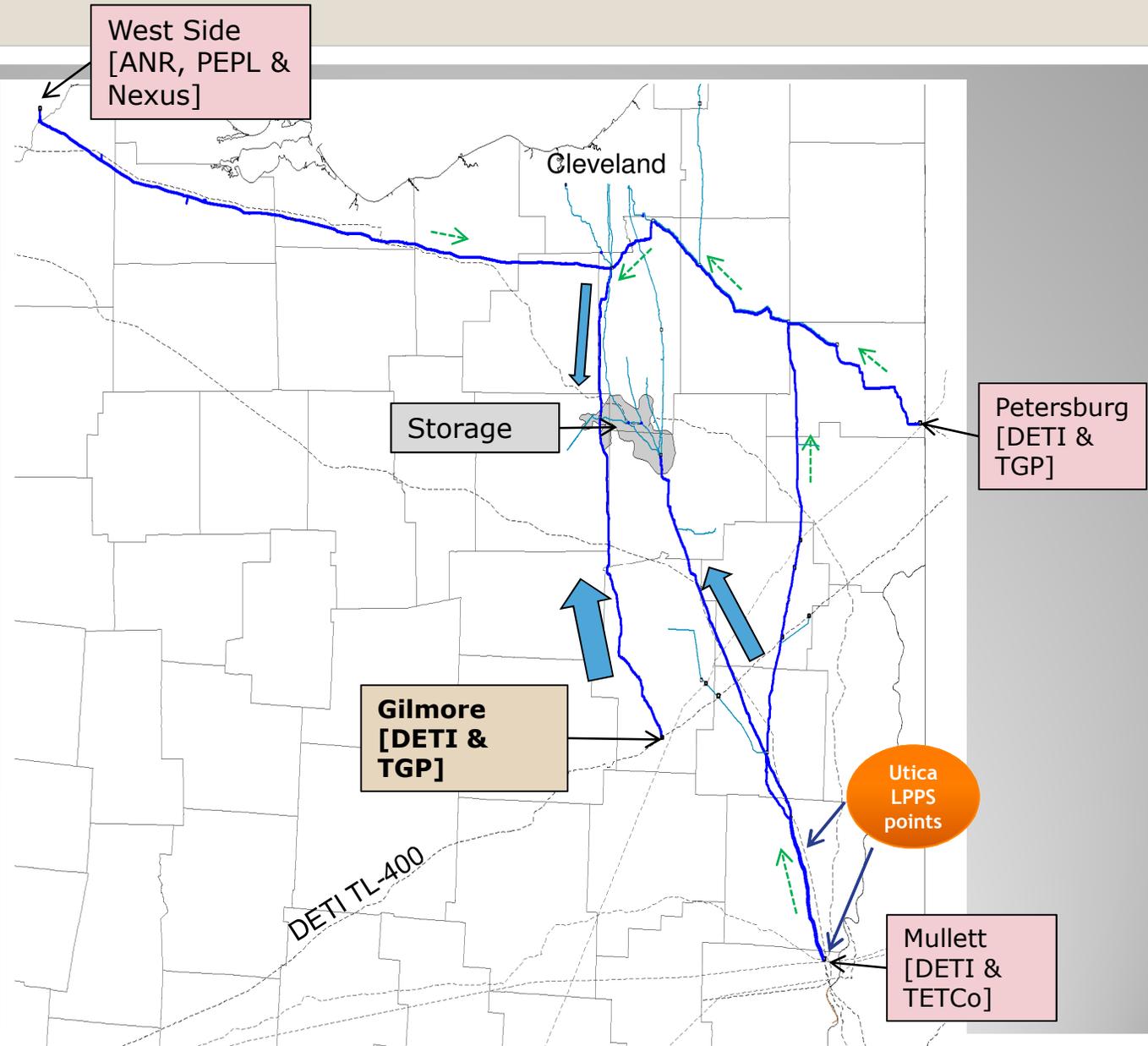
Gilmore Receipt Point Requirements

In order to support system operations and maintain system integrity, DEO must ensure that sufficient supplies are nominated to its Gilmore receipt point during injection periods

- Historically, Gilmore was an attractive point for summer deliveries from TGP due to its low basis relative to other supply options
 - Lower DETI South Point basis has changed that dynamic, resulting in fewer TGP volumes nominated at Gilmore
 - The reversal of DETI's TL-400 pipeline reduced its operating flexibility, limiting DEO's ability to exceed its contractual maximum daily delivery obligation (MDDO) at the Gilmore receipt point
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- The shift to other supply sources has resulted in TGP receipt nominations being less than 2,000 Dt/day on many, if not most, days during the injection season

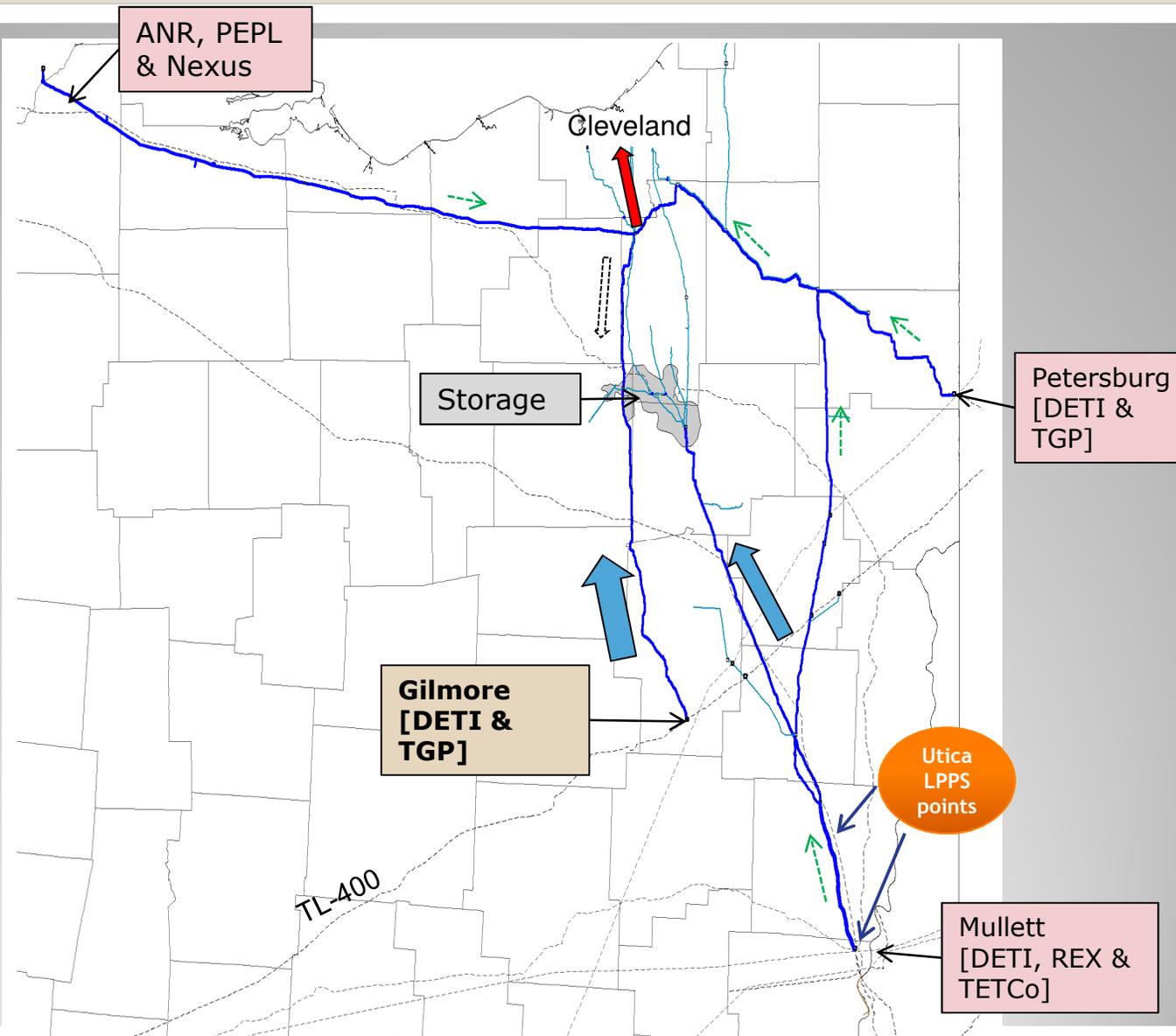
**Storage
Injection
0 HDD**

Paths to
DEO storage
from the
east, south
and north...



Storage Injection 10 HDD

...are not
all available
during cooler
weather.



Gilmore Receipt Point Deliveries

- It has become increasingly difficult to maintain the required storage injections with lower Gilmore receipts
- **Energy Choice and SSO suppliers will be required to deliver a portion of their storage injections at the TGP Gilmore receipt point during all injection months (April 2019 – October 2019)**
- DEO will allocate responsibility for required Gilmore deliveries based on injection entitlements
 - DEO will also purchase incremental supplies to be delivered at the Gilmore receipt point in proportion to its Operational Balancing Storage quantity and the total allocated Energy Choice quantity
 - It is estimated that Energy Choice/SSO marketers will be responsible to deliver 35,000 Mcf/day at Gilmore in the aggregate April through July and 30,000 Mcf/day July through October (transition based on level of storage inventory)
 - Specific daily requirements will be posted in Dekaflow and will be based proportionately on each Energy Choice supplier's MDIQ

Gilmore Receipt Point Deliveries (Continued)

- Additionally, requirements at Gilmore may vary depending on other conditions affecting the system, including if/when DETI takes the DEO Gilmore receipt point out of service for maintenance or other service

Summary

- Although changing conditions create new challenges, DEO values the long-standing cooperation with its suppliers and customers to ensure reliable gas service
- DEO anticipates that the aforementioned procedural changes are our best estimate of steps/volumes that will be necessary to support system operations and maintain system integrity for the upcoming year
- Based on prior experience, DEO expects voluntary cooperation to address most, if not all, of the supply issues that may arise
- In the event that voluntary actions are not sufficient, DEO's tariff provisions provide a substantial incentive to comply with any OFOs that may be issued
- If there are any questions, please contact Transportation Services at EOG_Trans_Serv@dominionenergy.com

THANK YOU FOR YOUR BUSINESS!