

**Dominion Energy Services, Inc.**

**Fuel Management**

**October 6, 2022**



**Dominion  
Energy<sup>®</sup>**

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# **Dominion Energy South Carolina, Inc. Gas Supply Update**

# Topics

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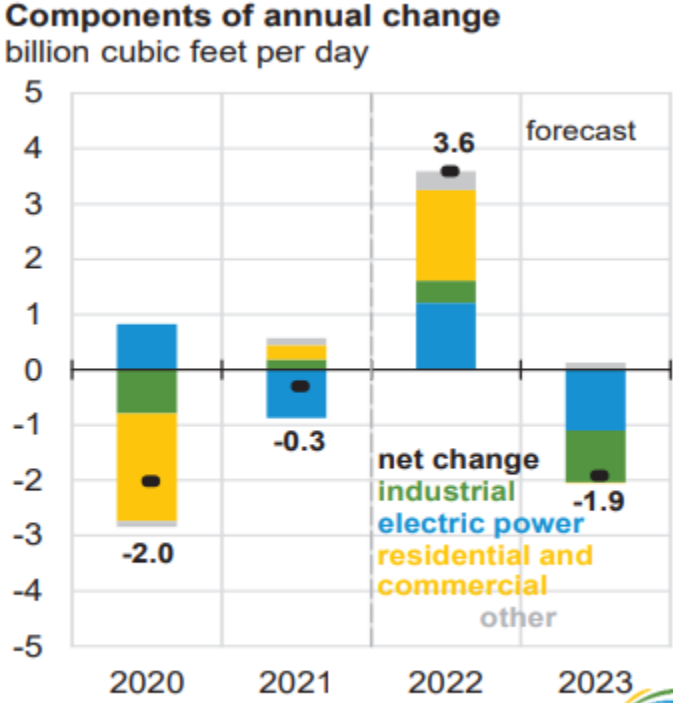
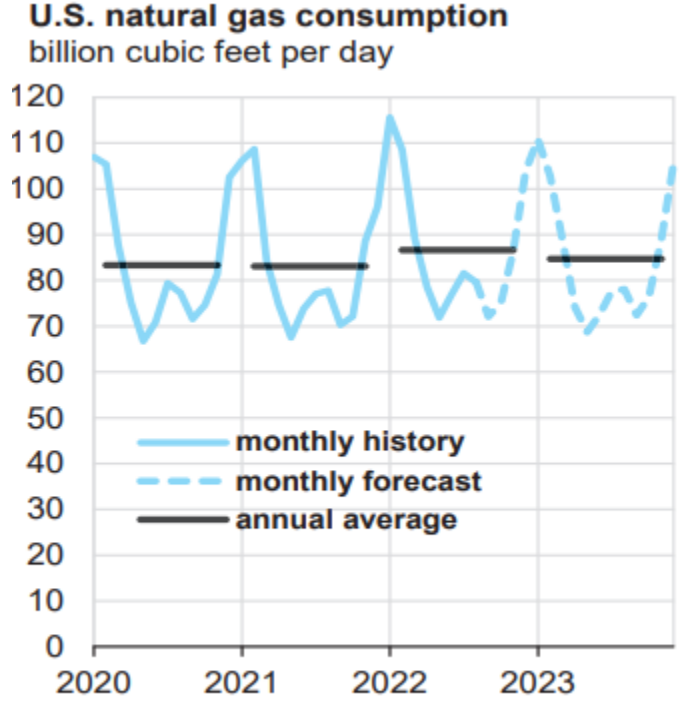
- ▶ Market Fundamentals
  - Supply & Demand
  - Storage
  - Prices
  - Basis
- ▶ Interstate Pipeline Projects
- ▶ Curtailment Review
- ▶ Winter Weather Forecast

# Natural Gas Pricing

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- Supply & Demand
  - National Storage Levels
    - Low End of 5 Year Average
  - Production
    - September 2022 Record Level
  - LNG Exports
  - Electric Generation
    - Forecasted higher gas burns
    - Coal Supply
      - Rail
      - Conservation
- Winter Weather

# U.S. Natural Gas Consumption

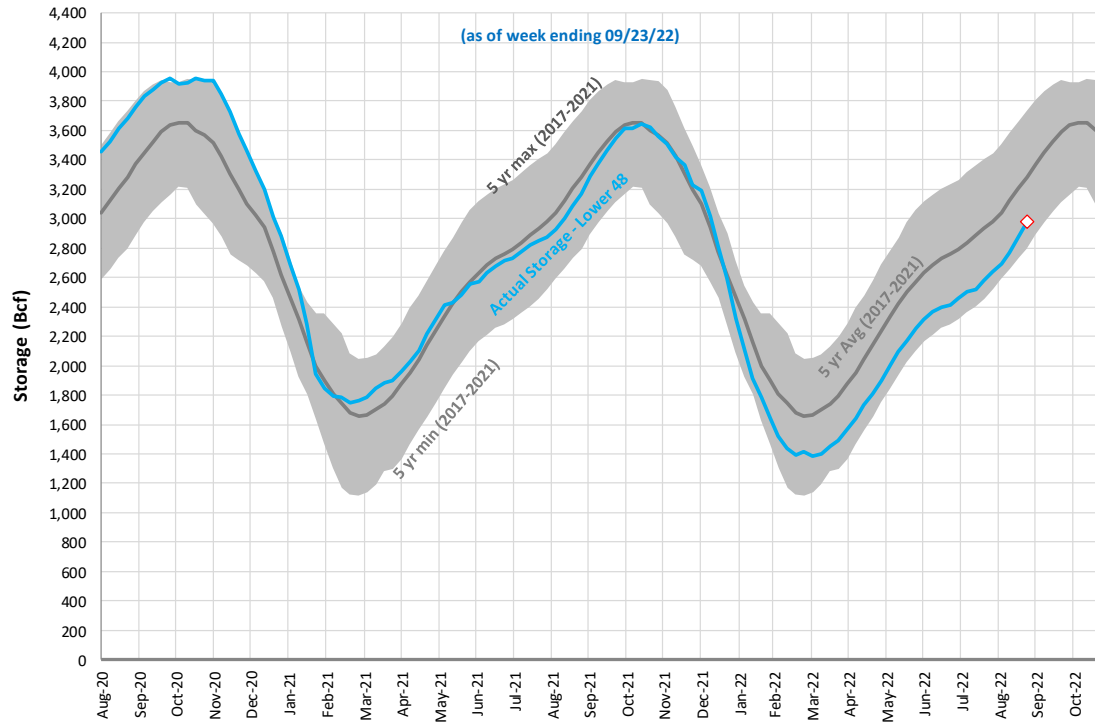


Source: U.S. Energy Information Administration, Short-Term Energy Outlook, September 2022



# U.S. Storage

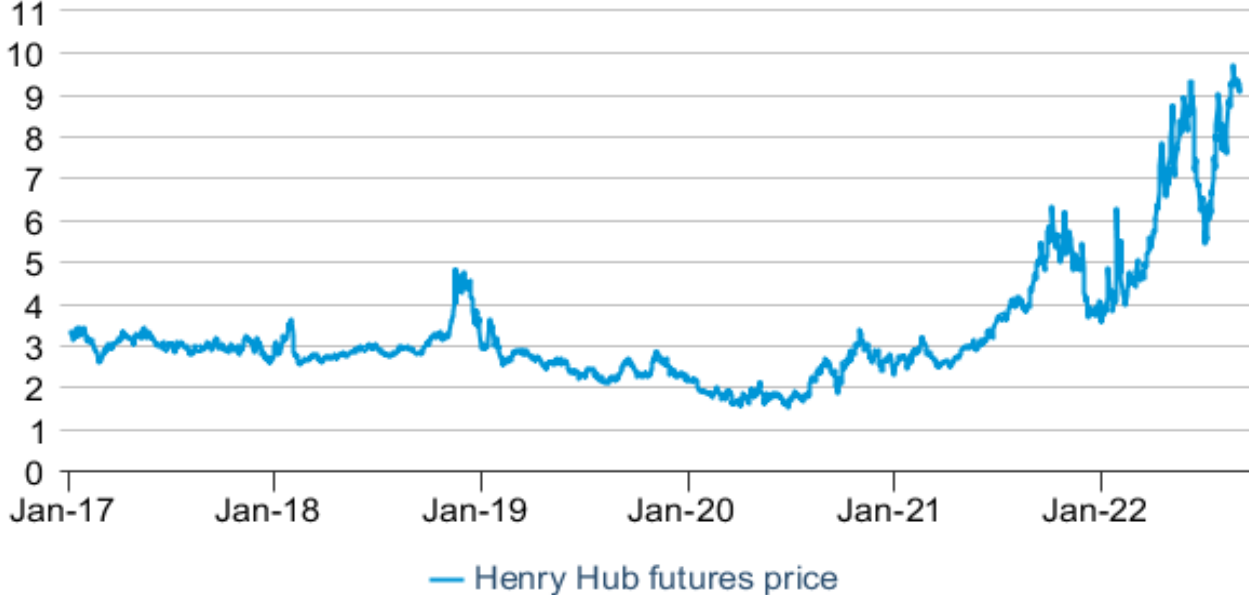
## US Natural Gas Storage (lower 48)



# Henry Hub Prices

Figure 10. Historical nominal front-month U.S. natural gas prices

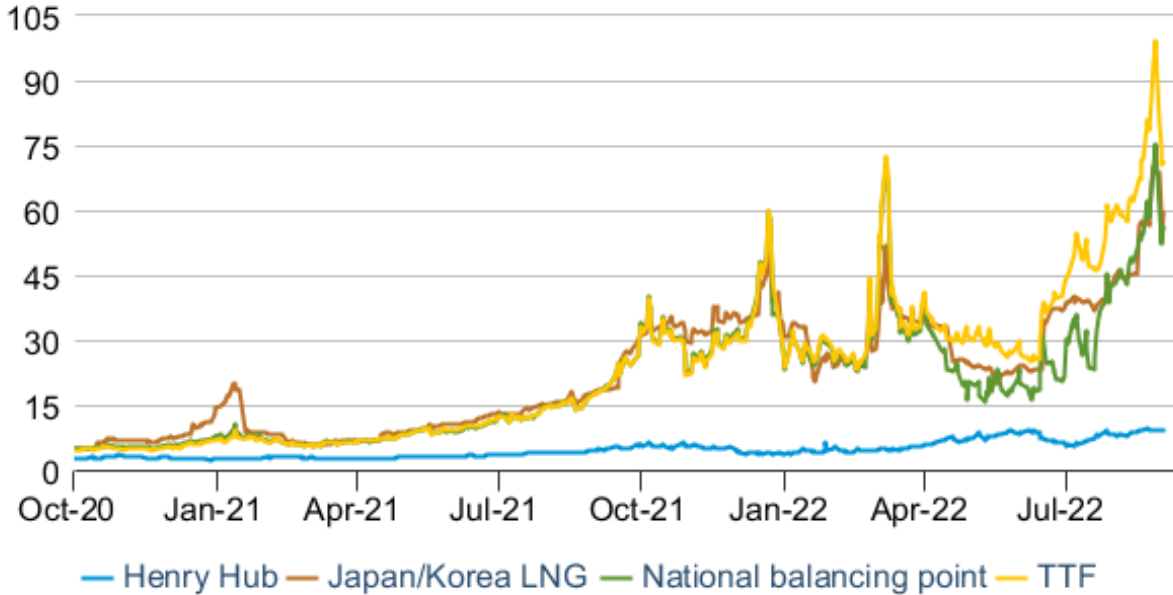
dollars per million British thermal units



eia Data source: CME Group and Bloomberg L.P.

# Global Gas Prices

Figure 12. International natural gas prices  
dollars per million British thermal units

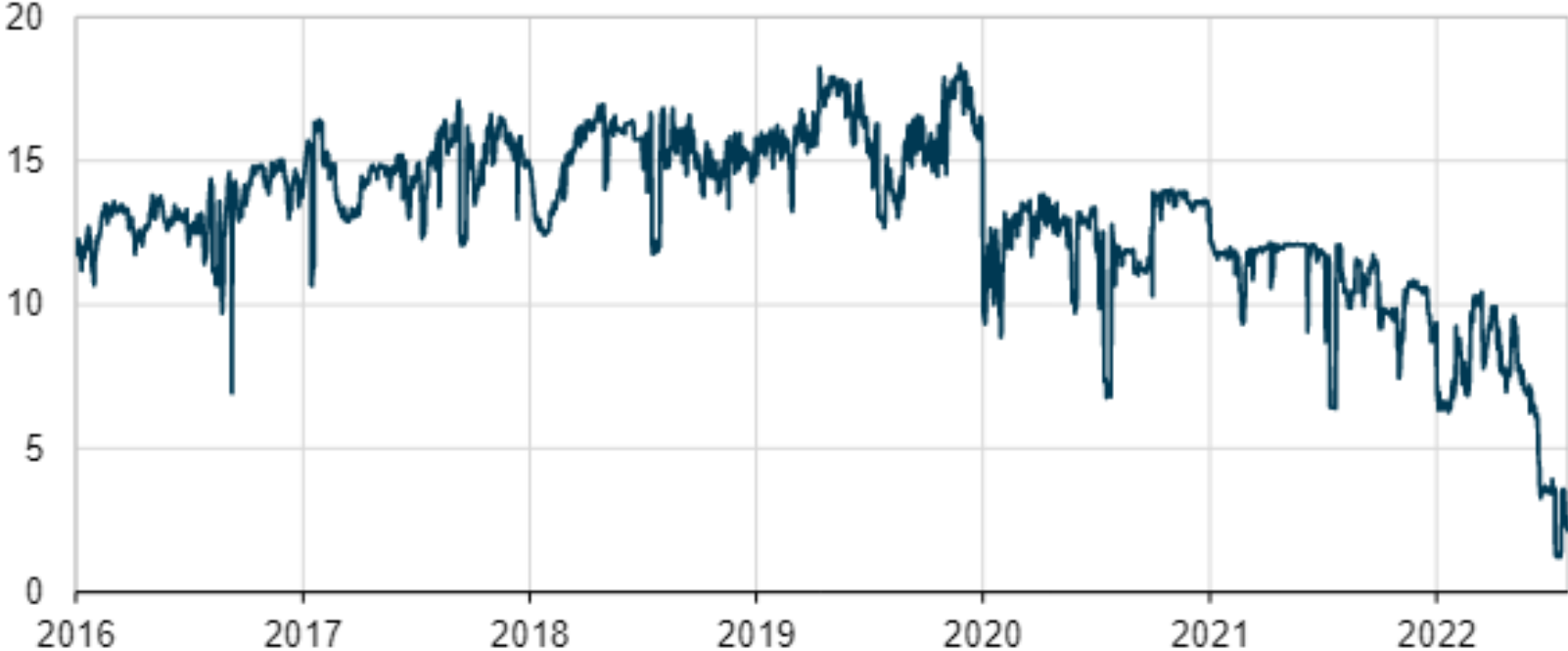


Data source: CME Group and Bloomberg L.P.  
Note: TTF=Title Transfer Facility



# Russian Export Activity

Daily natural gas pipeline exports from Russia to Europe (Jan 1, 2016–Jul 31, 2022)  
billion cubic feet per day

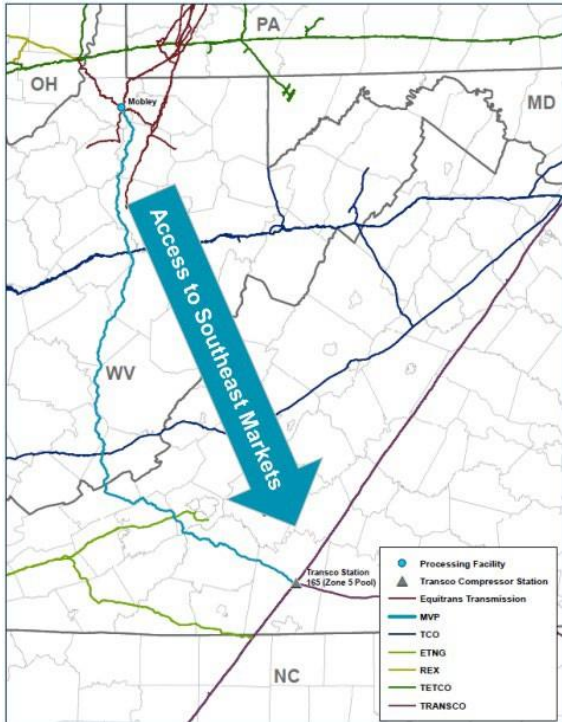


# Basis Differential

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- What is Basis Differential?
  - As it relates to Natural Gas pricing, it refers to geographical differences in pricing points compared to Henry Hub.
- Why are there differences?
  - Along with physical location differences, price differences may be related to variables such as: location availability, pipeline constraints, supply and demand.
- How often do they occur?
  - Basis Differential is a common industry occurrence.
- When did Basis Differentials impact SNG and Transco?
  - In recent history the Basis Differentials on SNG and Transco prices have been relatively small, until August 2022.
- What caused the Basis Differential spread in August?
  - There were two primary drivers of increased Basis Differentials: Pipeline Maintenance with physical constraints and strong summer demand.
- Will we continue to see future Basis Differentials?
  - Market indicators suggest that the SNG and Transco differentials will be elevated.

# Interstate Pipeline Projects

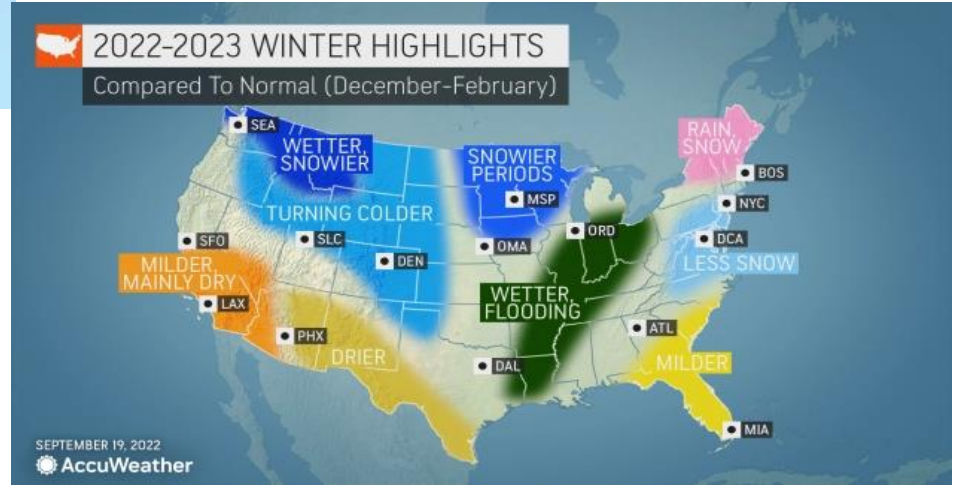
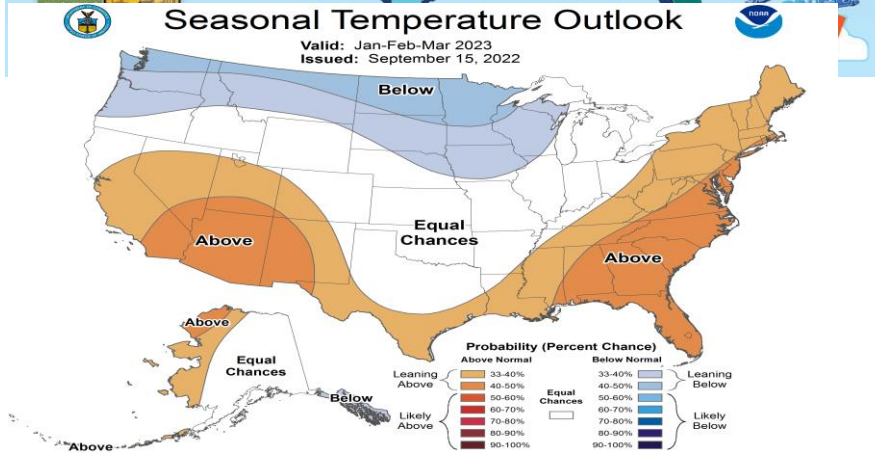


- Mountain Valley Pipeline
  - joint venture formed by EQT Midstream Partners, NextEra US Gas Assets, LLC, Con Edison Transmission, Inc., WGL Midstream & RGC Midstream
  - Operated by EQT Midstream Partners, LP
  - Projected capacity of 2 Bcf/day
  - Approximately 303 miles of new pipe from northwestern VA to Transco Station 165 in Chatham, VA
  - Estimated project costs have increased from \$3.7 billion to \$5.4 –5.7 billion due to delays
  - Estimated in-service date delayed from 4<sup>th</sup> quarter 2018 to second half of 2023
  - DESC has contracted for MVP capacity which will provide access to the Marcellus Shale basin

# 2022-23 Winter Weather Forecast



Old Farmers Almanac Region 4: Southeast  
 Winter temperatures will be below normal, with the coldest periods in early December, early and late January, and mid-February. Precipitation will be below normal. Snowfall will be above normal in the east and below normal in the west, with the best chances for snow in early and late January and mid-February.



# Questions

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