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Dominion Energy South Carolina 2023 Gas Rate Case Changes Impacting Transportation May 23, 2023

Rose Jackson, Director - Fuel Commodities

Why Change the Tariff?

- ▶ ORS requested and the Company agreed in a settlement agreement in Docket No. 2020-701 to file a natural gas general rate case on or before April 1, 2023
- ▶ Natural Gas Industry has changed dramatically over the last 20 years
 - Currently in Interstate Pipeline constrained environment
 - Current provisions of special contracts & tariffs make capacity planning extremely difficult
- ▶ Updates DESC Gas Tariff to reflect current service offerings by other LDCs
 - allocates capacity costs equitably
 - allocates capacity costs based on priority of service
- ▶ Winter Storm Elliott reiterated the need for additional balancing tools to protect system integrity

DESC Proposed Rate Case Timeline

- ▶ March 31, 2023- Rate Case Application filed
- ▶ April 28, 2023- DESC filed Direct Testimonies
- ▶ October 2023 (1st billing cycle)- New Rates & Tariff Changes are Effective
 - Rate 35 will be closed to new customers
- ▶ July 1, 2024- Annual Election Date
 - Current customers will have the option to elect:
 - Transportation or Sales Service
 - Firm or Interruptible Priority of Service
- ▶ October 1, 2024- Annual election will become effective
 - Rate 35 will be fully closed

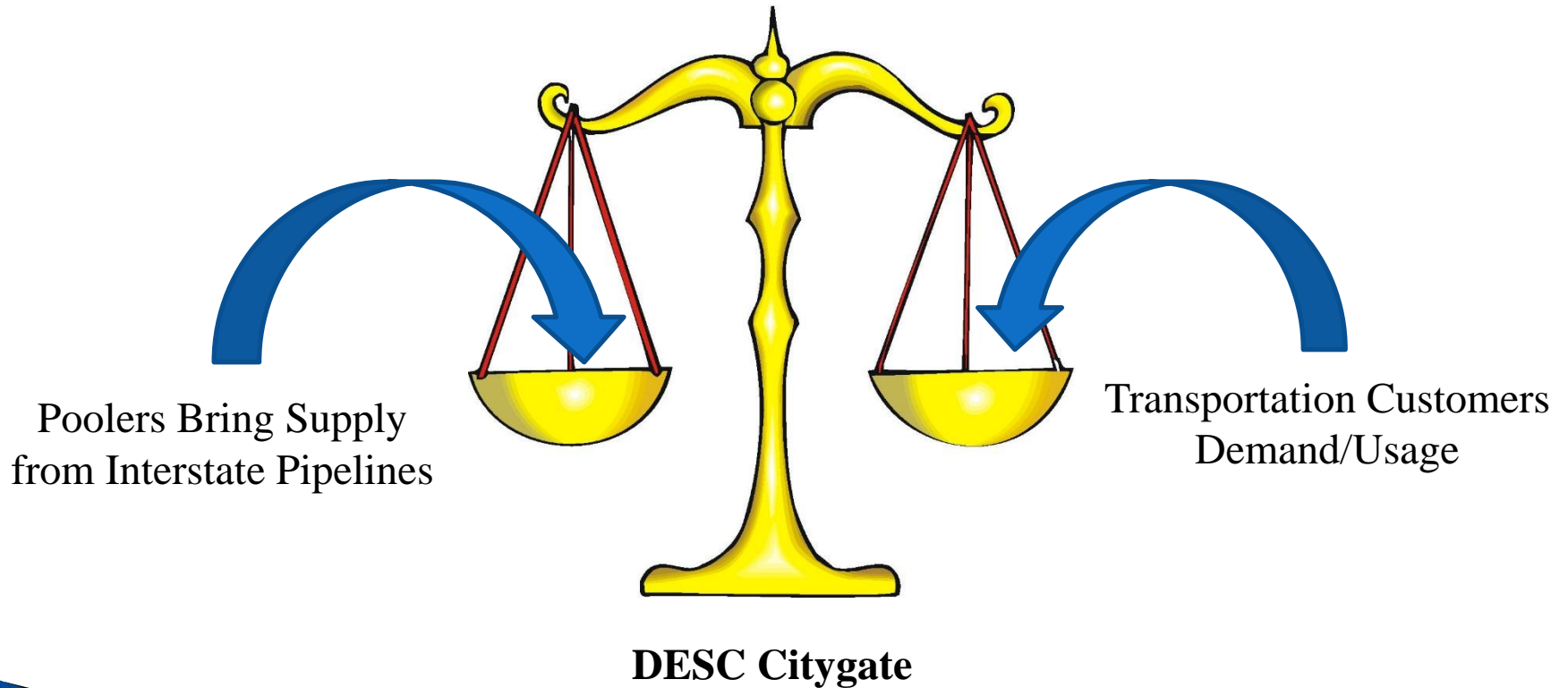
Proposed Tariff Changes

- ▶ Rate 34 – Large General Service (Firm sales)
 - DESC will provide firm supply, firm transportation on upstream interstate pipelines (including CGT) and firm distribution system transportation
- ▶ Rate 36 – Firm Transportation (Firm transportation on the DESC distribution system)
 - DESC will provide firm distribution system transportation
 - Authorized Pooler will provide firm supply & firm transportation on upstream interstate pipeline (including CGT)

Proposed Tariff Changes

- ▶ Rate 54 – Interruptible Sales Service
 - DESC will provide interruptible supply, interruptible transportation on upstream interstate pipelines (including CGT) and interruptible distribution system transportation
- ▶ Rate 55 – Interruptible Transportation (Interruptible transportation on the DESC distribution system)
 - DESC will provide interruptible distribution system transportation
 - Authorized Pooler will provide supply & interruptible transportation on upstream interstate pipelines (including CGT)

Changes Related to Balancing



Changes Related to Balancing

- ▶ Currently a monthly imbalance is calculated for each customer and the balancing charge is billed to the customer
- ▶ The proposed Pooling procedure will allow Authorized Poolers to aggregate customers into a virtual pool on the DESC distribution system
 - Nets longs and shorts
 - Mitigates cashout costs to the Pooler
 - Provides DESC with another balancing tool other than Customer Curtailments
- ▶ Allows Poolers to trade imbalances

Changes Related to Balancing

- ▶ Proposed Pool Balancing Procedures
- ▶ Cashout cost will be at a rate equal to the Average Daily Index Cost for the Month plus the applicable transportation costs for each pipeline equally weighted basis (50/50) which shall be:
 - the 100% load factor rate under Transco's currently effective Rate Schedule FT (Zone 3-5) + applicable fuel retention & all applicable surcharges
 - the 100% load factor rate under SNG's currently effective Rate Schedule FT (Zone 0-3) + applicable fuel retention & all applicable surcharges
 - plus the 100% load factor rate under CGT's currently effective Rate Schedule FT or Zone of delivery + applicable fuel retention & all applicable surcharges

Changes Related to Balancing

- ▶ If a Poolers Pool is Short for any month:
 - Less than or equal to 2% - no premium
 - Over 2% & equal to or less than 5% - 110% premium
 - Over 5% & equal to or less than 10% - 120% premium
 - Over 10% & equal to or less than 15% - 130% premium
 - Over 15% - 150% premium
- ▶ If a Poolers Pool is Long for any month:
 - Less than or equal to 2% - no discount
 - Over 2% & equal to or less than 5% - 90% discount
 - Over 5% & equal to or less than 10% - 80% discount
 - Over 10% & equal to or less than 15% - 70% discount
 - Over 15% - 50% discount

DESC's Historical Curtailments

- ▶ DESC is obligated to provide reliable service to firm customers who pay a premium for firm service
- ▶ Only tool to balance DESC's overall system
- ▶ Operational reasons for Curtailments
 - Major Fluctuations in weather
 - Distribution System Concerns
 - Localized pressure issues
 - Localized pipeline constraints
 - Interstate Pipeline Concerns
 - Lack of supply/capacity to serve interruptible transport customers
 - Operational Flow Orders (“OFOs”) on interstate pipelines

Changes Related to Balancing

- ▶ Addition of Operational Orders
 - DESC will provide Pooler at least 4 hours advance notice of the effective time of any restrictions in an Operational Order
 - Tolerance level of Pooler's approved nomination will be determined by DESC based on current operating conditions
 - Pooler may trade imbalances for any gas day the Pooler is subject to an Operational Order penalty
 - Penalty equal to the higher of:
 - a) \$50 per Dekatherm
 - b) 3 times the Gas Daily "Transco, zone 5 del." Midpoint price

Questions?

