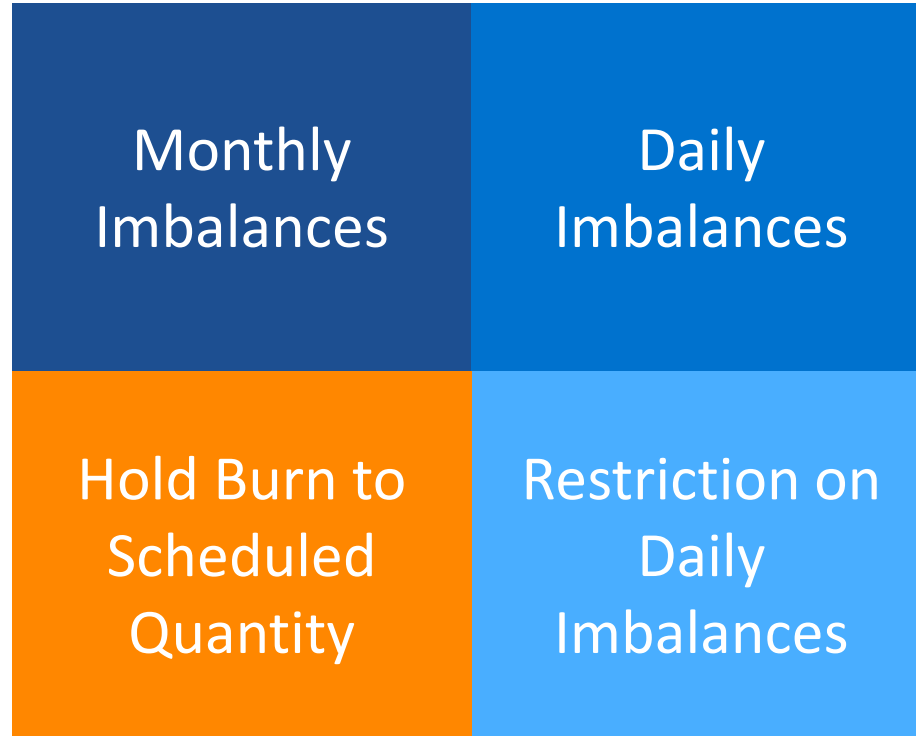


Gas Supply Update

Will Schwarzenbach – Manager, Gas Supply

Imbalance Management



Monthly Imbalances

- Allow $\pm 5\%$ imbalance monthly
- At month end customers may trade imbalances with each other
- Imbalances remaining after trading period that are outside the 5% tolerance will be cashed out
- Generally customers are within tolerance
- Intent is to have gas “payback” done at a similar price as the gas “borrowed”

Monthly
Imbalances

Daily Imbalances

- Customers expected to be within $\pm 5\%$ imbalance daily
- Any given day that daily imbalance is outside the $\pm 5\%$ tolerance, customer will be assessed Transportation Imbalance Charge
- Intent is to cover the cost of services used to manage system imbalances on a day-to-day basis

Daily
Imbalances

Restriction on Daily Imbalances

- Company will provide notice through an OFO to nominating parties
- Will be issued in the event that a customer's imbalance may cause Company to alter operations or gas supply plans
- Tolerance for restriction period will be given
- Penalty equal to the greater of \$1.00/Dth or the difference between the monthly and daily index prices plus \$0.25/Dth
- A penalty of \$25/Dth may be imposed when a nominating party or customer has repeatedly ignored restrictions
- Following restriction, parties may exchange or aggregate imbalances to mitigate penalties
- Intent is to prevent customer from using imbalances to manage supply, demand, or price fluctuations

Restriction on
Daily
Imbalances

Hold Burn to Scheduled Quantity

- Company will provide notice through an OFO to nominating parties and customers
- Customers expected to match usage to scheduled quantity
- A balancing penalty of \$5 per Dth plus the Gas Daily Market Index Price gas cost will be applied to the lesser of 10% of the customer's usage during the restriction period, or the customer's gas usage in excess of the customer's confirmed scheduled quantity of gas received into the DEU system
- For all additional usage in excess of the customer's scheduled quantity, the penalty will be \$25 per Dth plus the Gas Daily Market Index Price gas cost
- Customers may burn 1/24th of their daily scheduled quantity per hour for the duration of the OFO
- Customers or nominating parties may exchange or aggregate Hold Burn to Scheduled Quantity imbalances at a given receipt point group in order to avoid or mitigate penalties
- Intent is to prevent customers from using more gas than they bring to the system

Hold Burn to
Scheduled
Quantity

Notifications

- Customers will be notified of restrictions using contact information provided
- Please update this information as needed and at least once a year
- E-mail, phone, and text are all options
- Text messages are limited in length and will direct you to your E-mail or voice mail for additional information
- Nominating parties also receive the notifications
- Notification testing will be conducted in the fall

Example Notifications

Abbreviated customer notification for a service interruption

Dominion Energy has called a system interruption of interruptible service beginning (Date/Time). Please restrict your usage.

Abbreviated customer notification for a Hold Burn to Scheduled Quantity restriction

Dominion Energy issued a Hold Burn to Scheduled Quantity restriction. Please contact your nominating party (Marketing Agent) for details.

** Email will be sent with more detailed information*

Partial Day Restrictions

- Efforts will be made to call Hold Burn to Scheduled Quantity Restrictions for entire gas days.
- In the event that a Hold Burn to Scheduled Quantity Restriction is called for less than an entire gas day, Customers are entitled to burn $1/24^{\text{th}}$ of their final cycle nomination for each hour of the restriction.
- Example: Final nomination 240 Dth (10 Dth/hr)
Restriction called at noon (20 remaining hours in the gas day)
Customer may burn $20 \times 10 \text{ Dth} = 200 \text{ Dth}$ between the hours of noon current day and 8am the following day

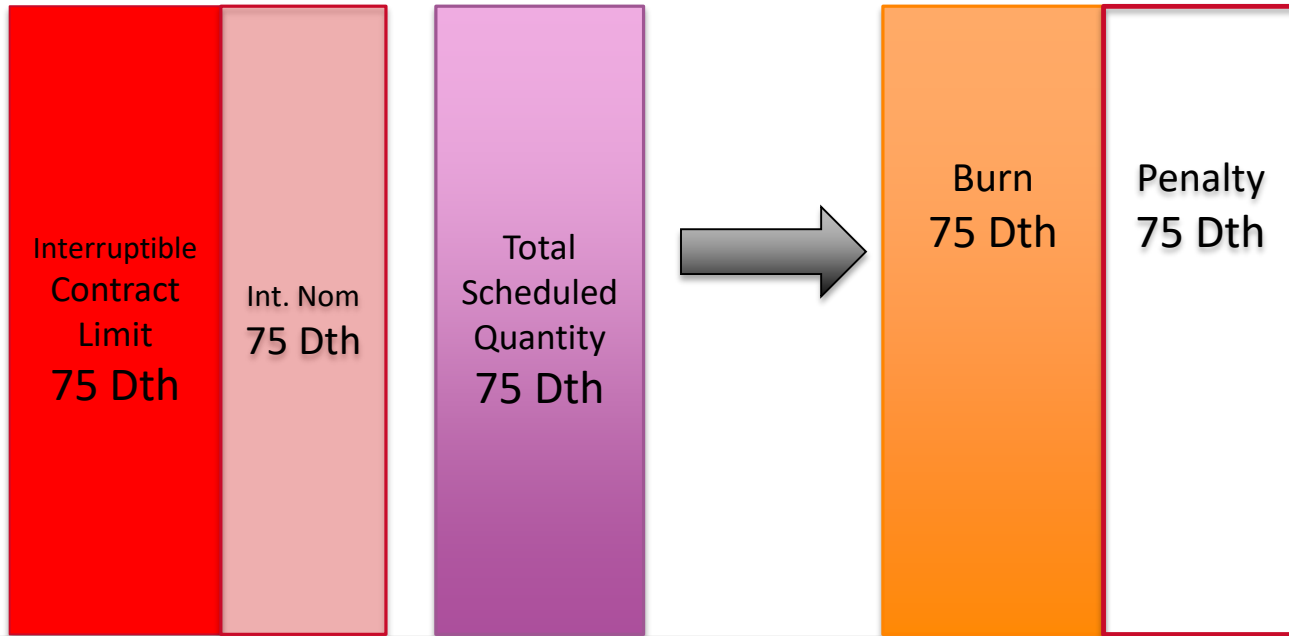
Penalties

If Interruption and Hold Burn to Scheduled Quantity Restriction overlap:

- The Hold Burn to Scheduled Quantity penalty only considers firm contract limit
- The interruption penalty covers volumes above firm contract limit

Examples

Interruption



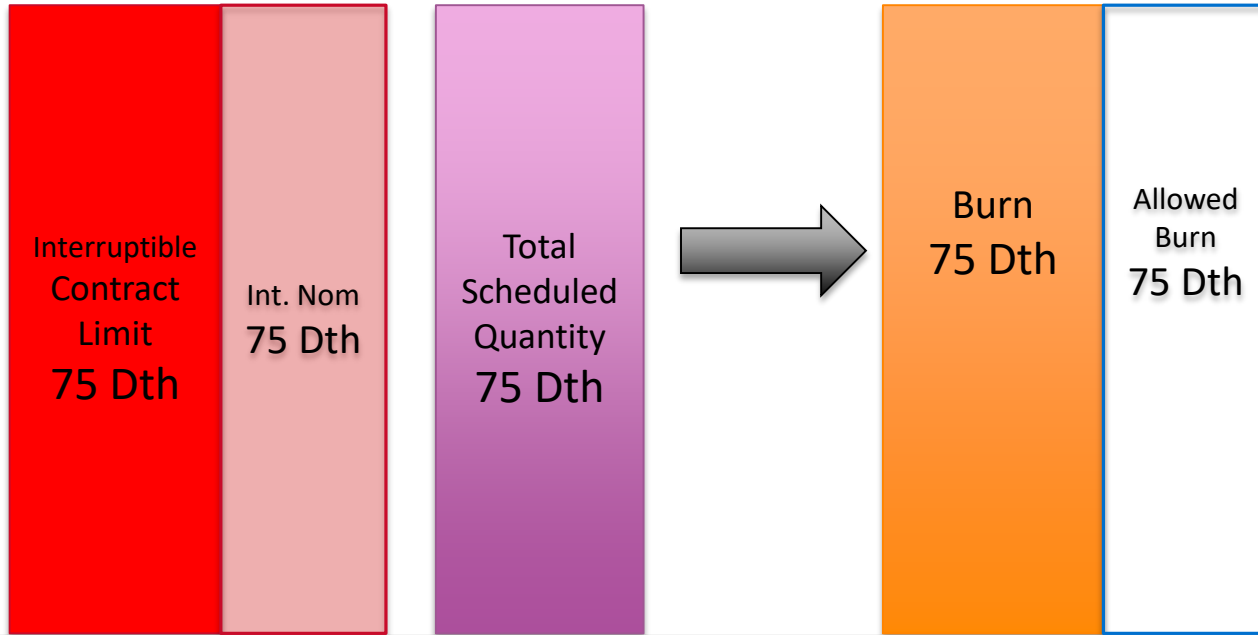
Penalties

- 75 Dth for failure to interrupt
 - \$40/Dth
 - Must purchase 75 Dth Firm for 3 years

Hold Burn to Scheduled Quantity Restriction

Penalties

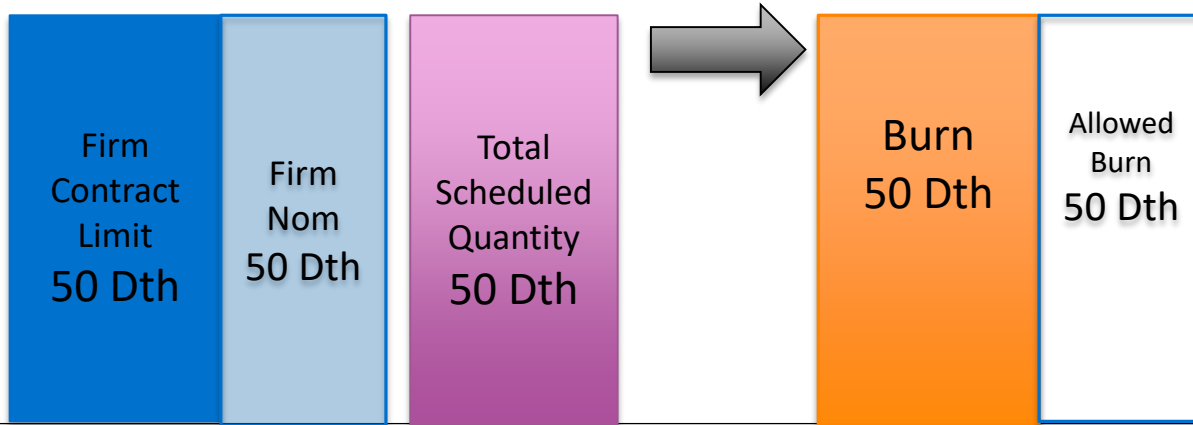
- None



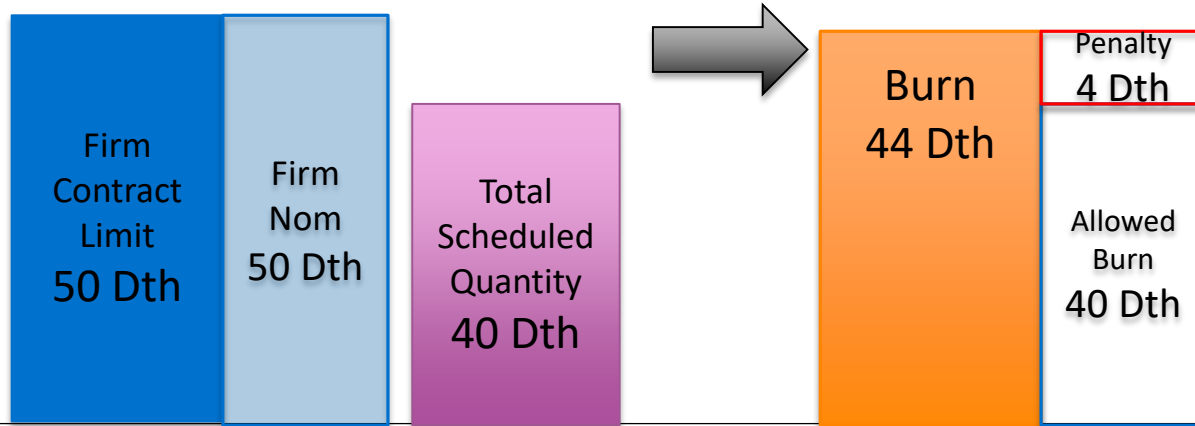
Hold Burn to Scheduled Quantity Restriction

Penalties

- None



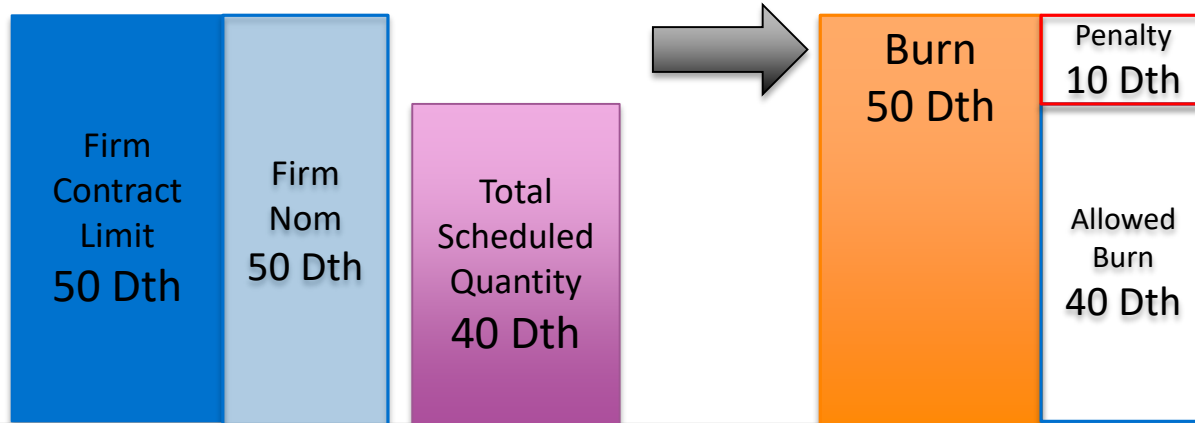
Hold Burn to Scheduled Quantity Restriction



Penalties

- 4 Dth flow above scheduled quantity
 - 4 Dth (<10% of usage) @ \$5/Dth + dailyindex price

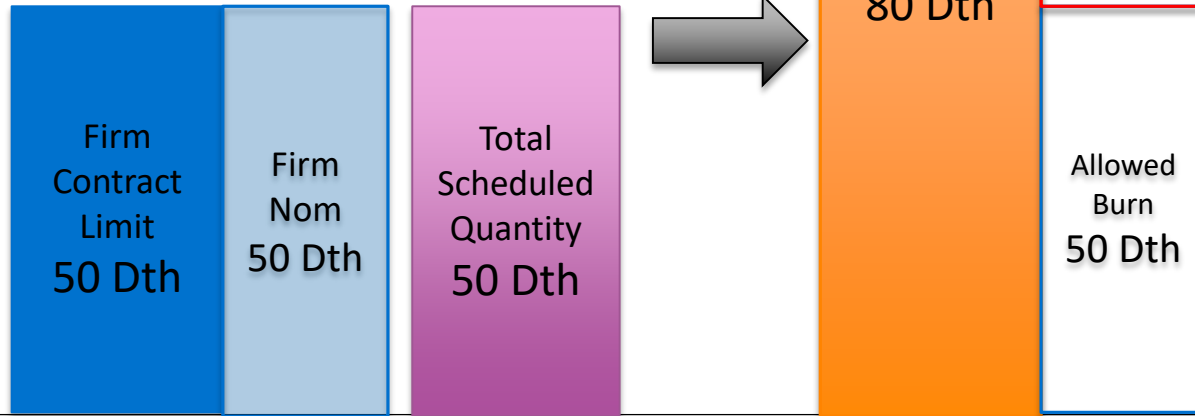
Hold Burn to Scheduled Quantity Restriction



Penalties

- 10 Dth flow above scheduled quantity
 - 5 Dth (10% of usage) @ \$5/Dth + daily index price
- 5 Dth (>10% of usage) @ \$25/Dth + daily index price

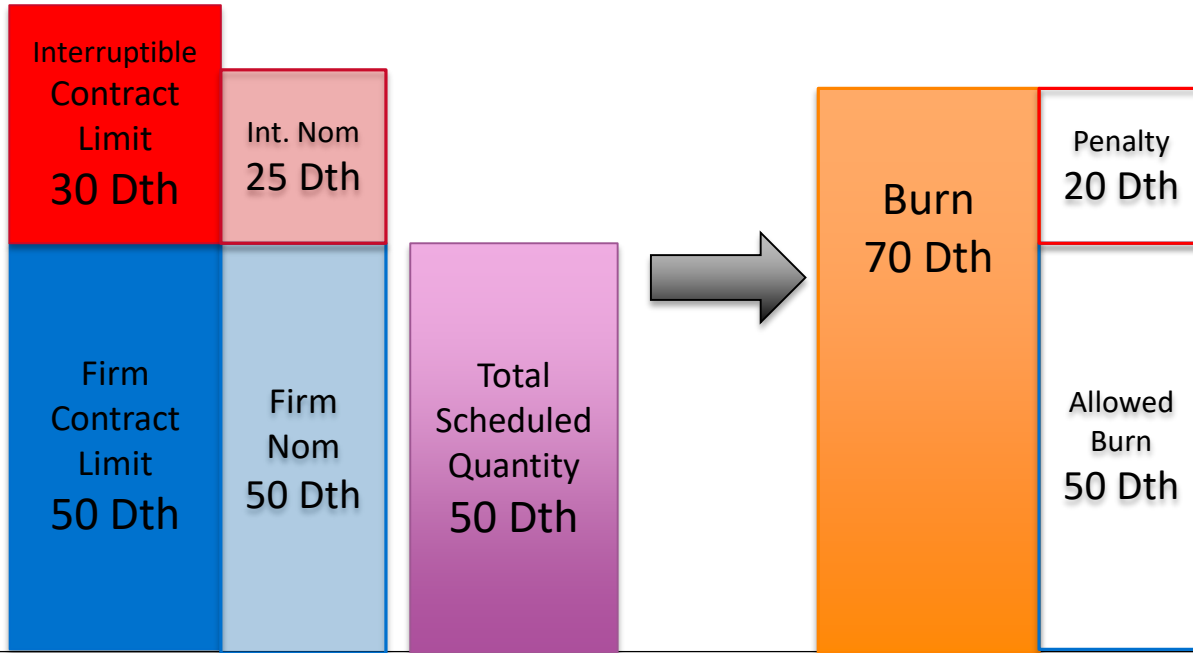
Hold Burn to Scheduled Quantity Restriction



Penalties

- 30 Dth flow above scheduled quantity
 - 8 Dth (10% of usage) @ \$5/Dth + daily index price
- 22 Dth (>10% of usage) @ \$25/Dth + daily index price

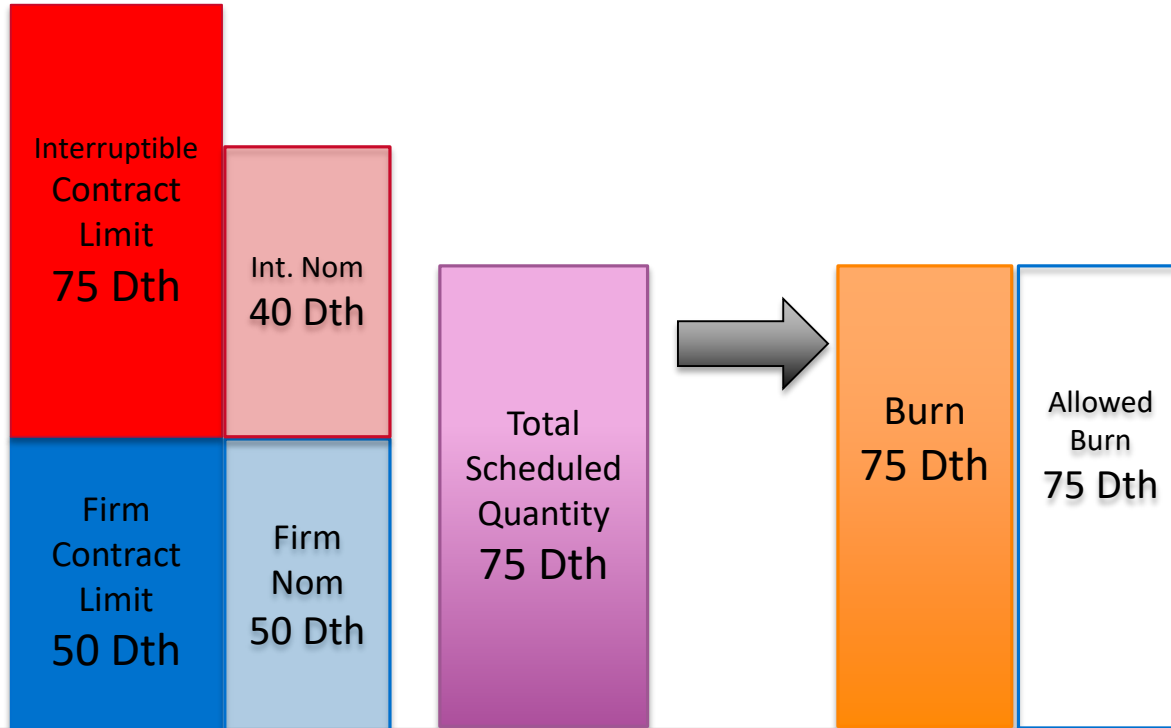
Hold Burn to Scheduled Quantity Restriction



Penalties

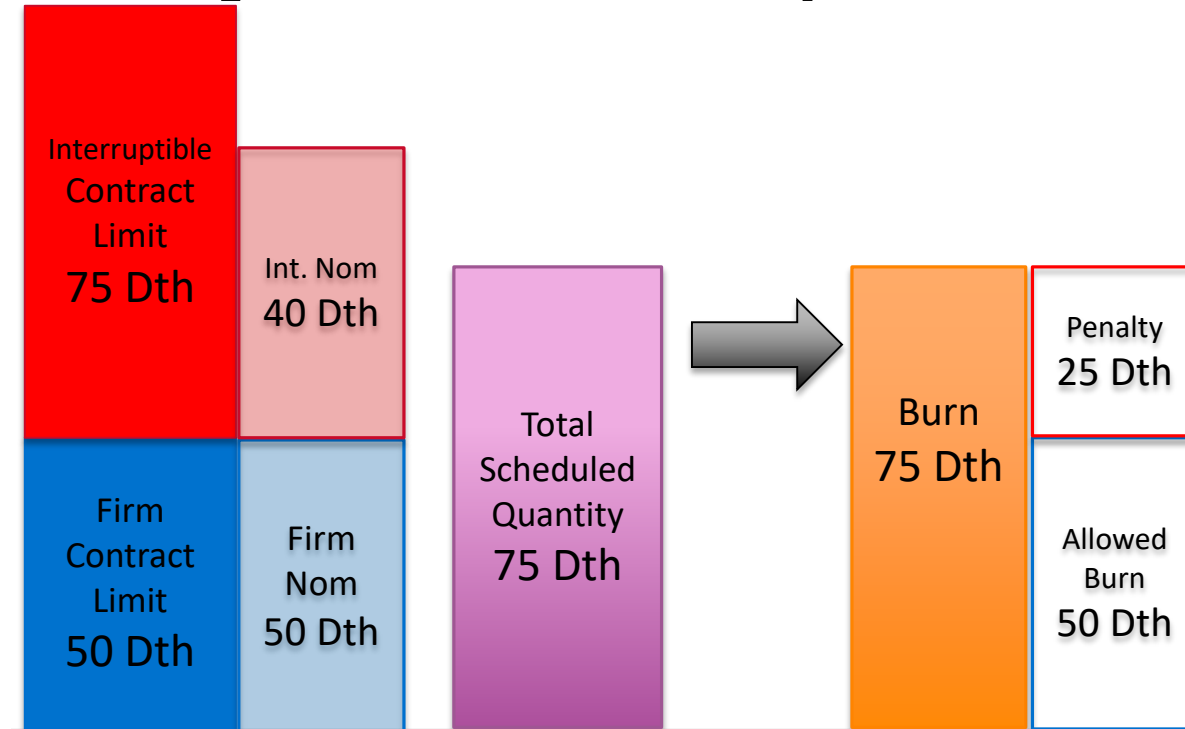
- 20 Dth flow above scheduled quantity
 - 7 Dth (10% of usage) @ \$5/Dth + daily index price
 - 13 Dth (>10% of usage) @ \$25/Dth + daily index price

Hold Burn to Scheduled Quantity Restriction



- Penalties
- None

Hold Burn to Scheduled Quantity Restriction and Interruption Simultaneously

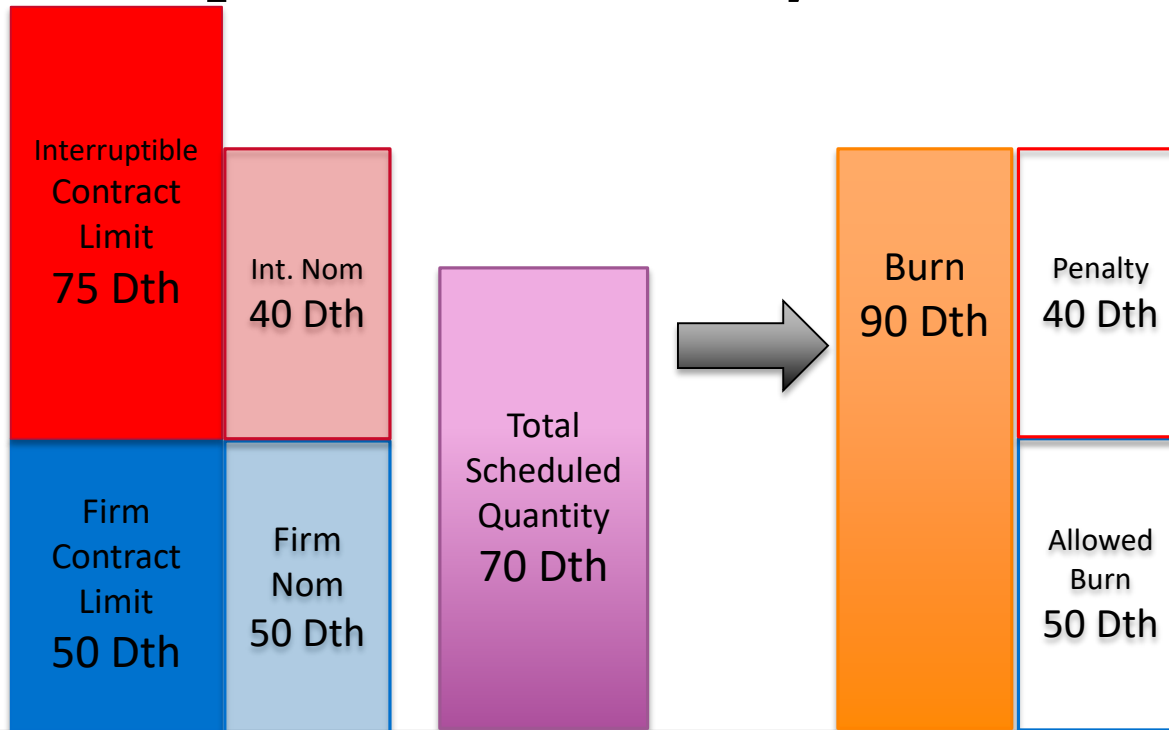


Penalties

- 25 Dth for failure to interrupt
 - \$40/Dth
 - Must purchase 25 Dth Firm for 3 years

25 Dth of scheduled quantity will be credited to imbalance

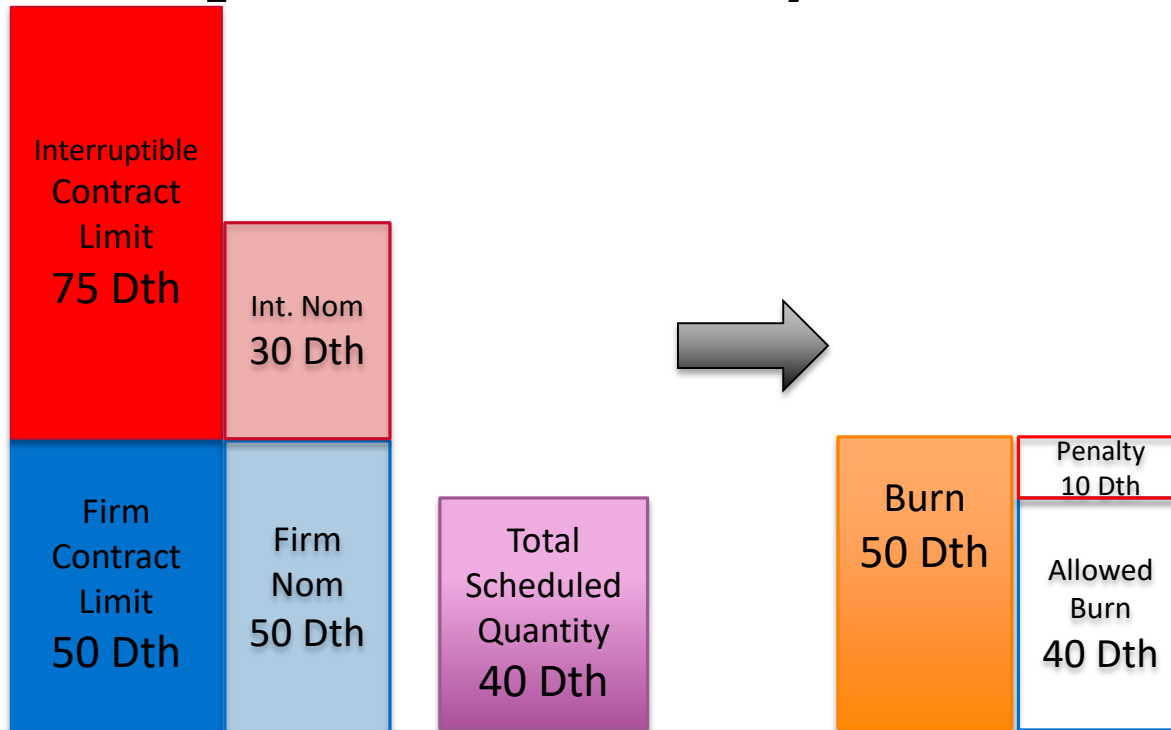
Hold Burn to Scheduled Quantity Restriction and Interruption Simultaneously



Penalties

- 20 Dth flow above scheduled quantity
 - 9 Dth (10% of usage) @ \$5/Dth + daily index price
 - 11 Dth (>10% of usage) @ \$25/Dth + daily index price
- 40 Dth of failure to interrupt
 - \$40/Dth
 - Must purchase 40 Dth additional Firm for 3 yr

Hold Burn to Scheduled Quantity Restriction and Interruption Simultaneously



Penalties

- 10 Dth flow above scheduled quantity
 - 5 Dth (10% of usage) @ \$5/Dth + daily index price
- 5 Dth (>10% of usage) @ \$25/Dth + daily index price

Questions?