

symmetry
ENERGY SOLUTIONS

Natural Gas Market Update

KIUC Energy Conference

March 19, 2021

Disclaimer

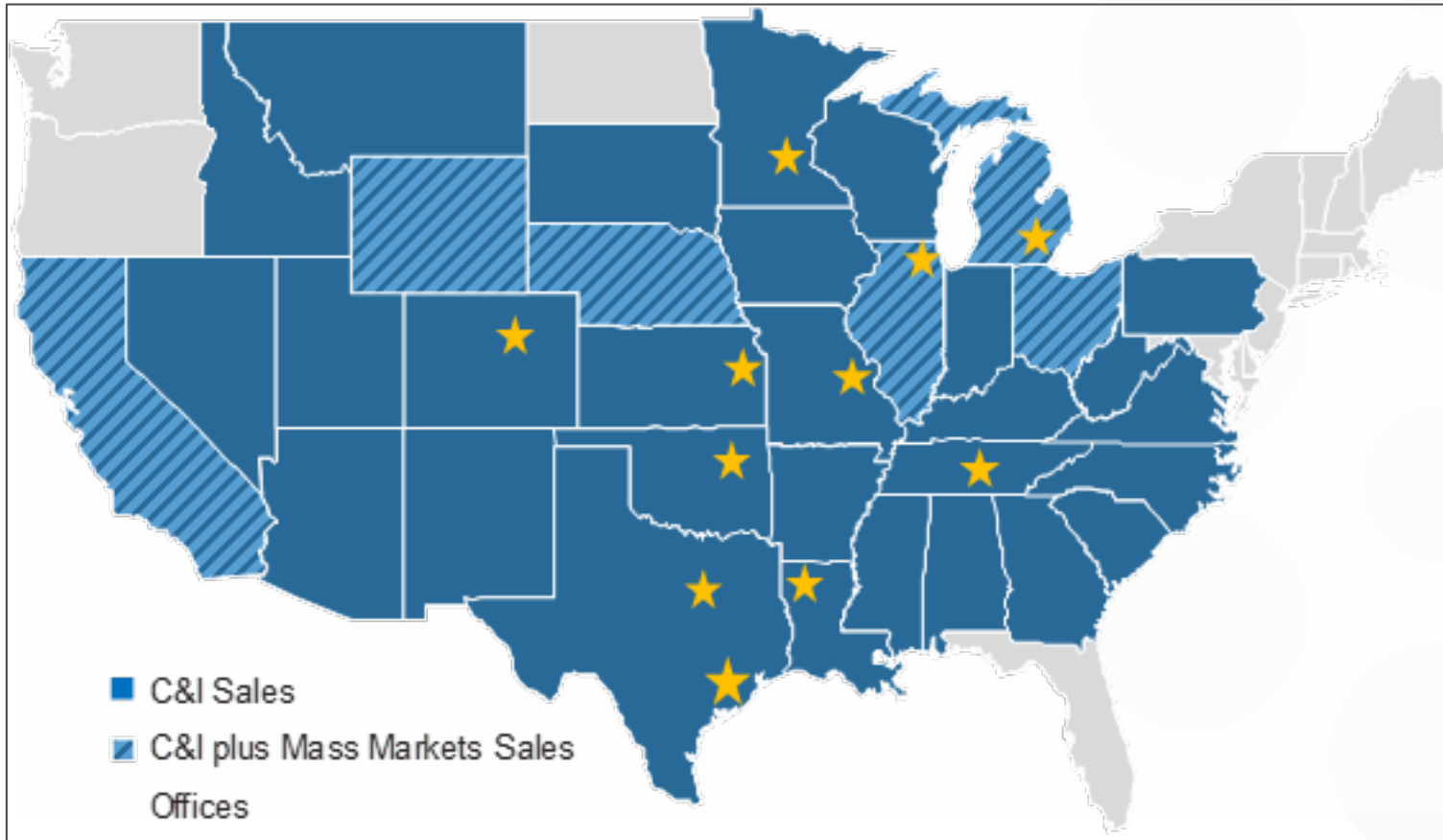
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Natural Gas Market Update and Analysis – Key Topics

- **Impact of COVID-19 on Natural Gas Market**
- **Review of the 2020 – 2021 Winter and Storage Update**
- **Changing energy landscape and regulatory climate**
- **Supply/Demand Overview**
- **2021 Summer Outlook**
- **Natural Gas Price Update and Outlook**
- **2021 March Madness Bracket Predictions**

About Symmetry Energy Solutions

Symmetry Energy Solutions Footprint



Provide gas supply and asset management services to more than 100,000 customers across 32 states

Rank in the top 15 in the nation in terms of marketed natural gas, supplying over 1 Tcf of natural gas annually to customers across the U.S.

Own/manage more than 3 Bcf/d of firm transportation capacity and more than 75 Bcf of underground storage

Scheduling and Trading activities on over 100 pipelines across the U.S.

This time last year...we were introduced to COVID-19



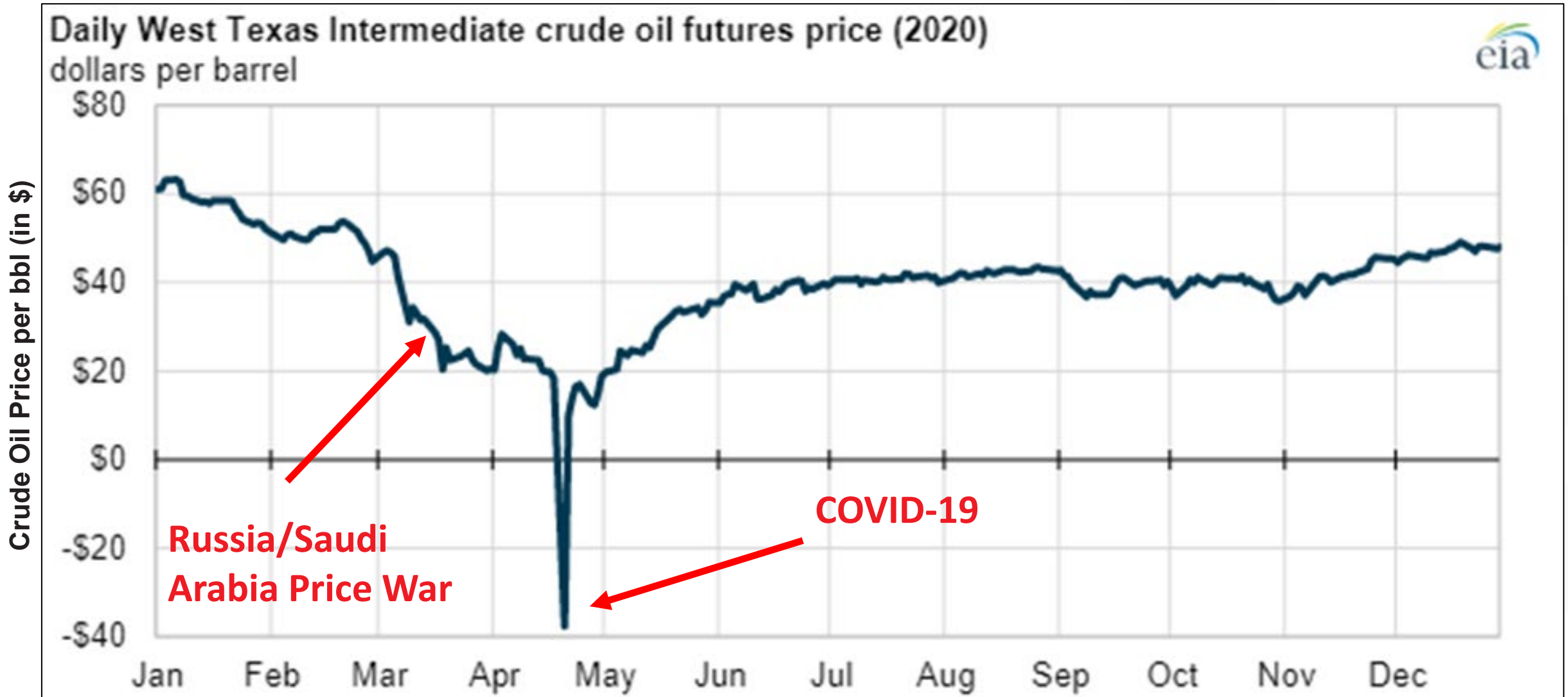
A man wearing a mask walks past a commercial area in Wuhan, China, on Jan. 26. PHOTOGRAPHER XIONG QIXIN/ZUMA PRESS



An empty car of Hong Kong's Mass Transit Railway on Jan. 30. PHOTOGRAPHER KEITH TSUA/ZUMA PRESS

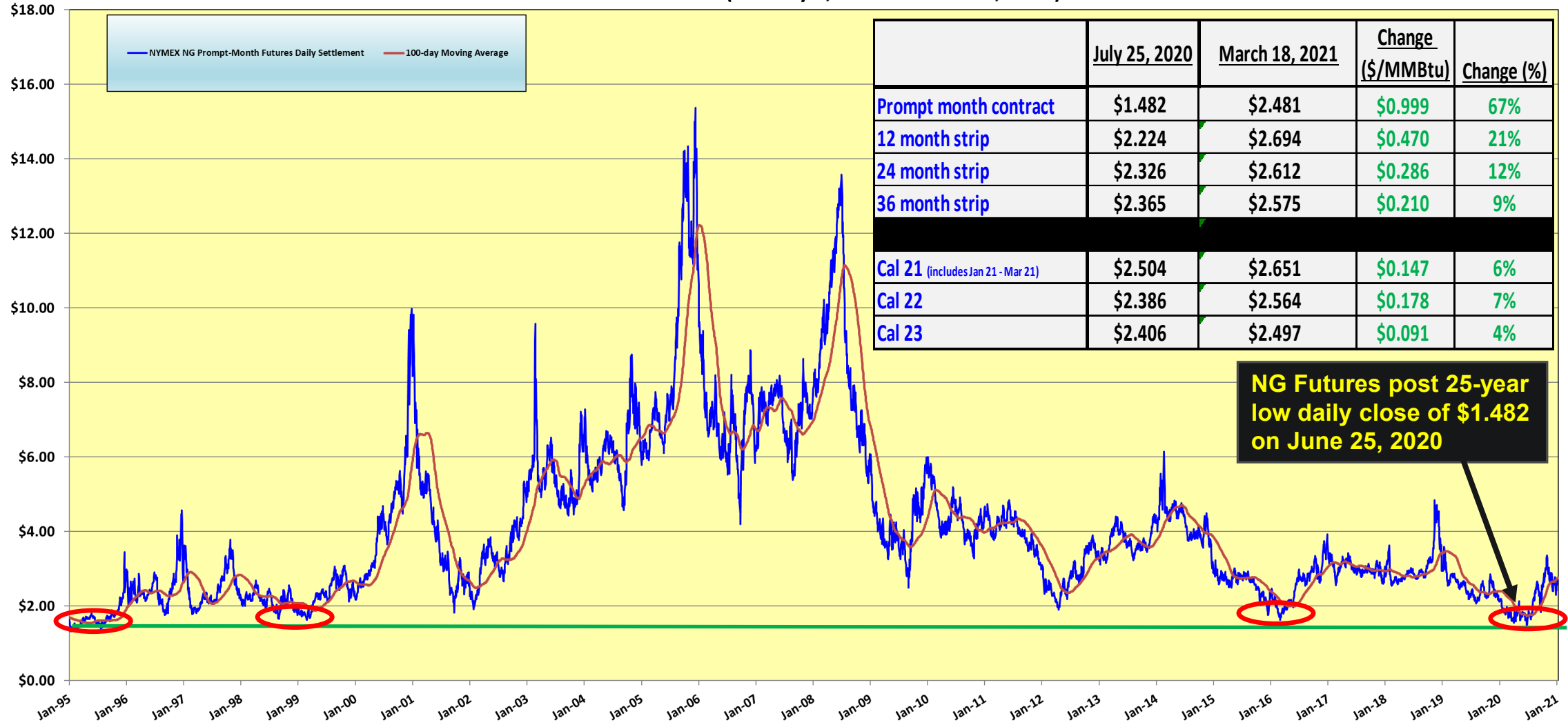


Crude Oil Collapse



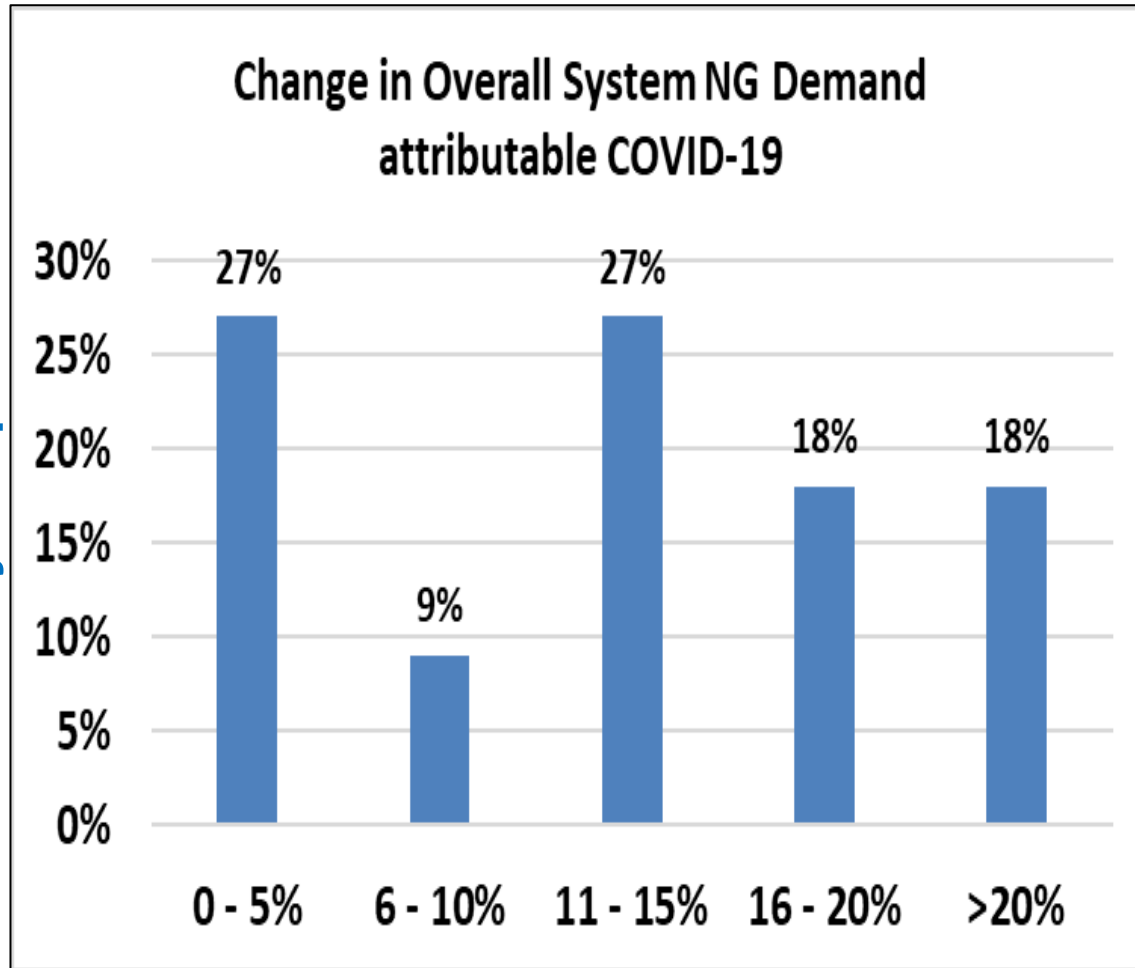
NYMEX NG Futures rebound from 25-year Low

NYMEX Natural Gas Futures Prices (January 1, 1995 - March 18, 2021)



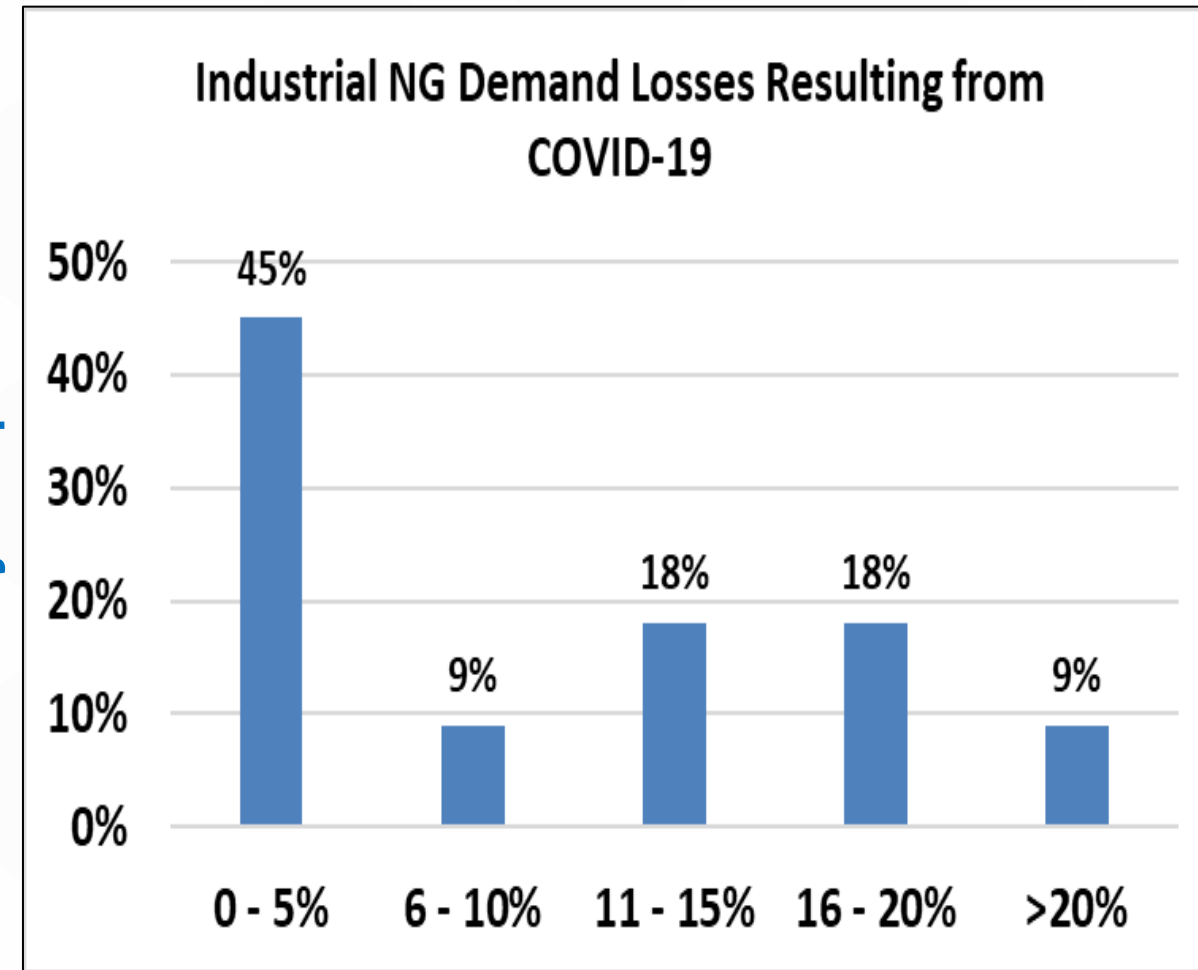
Survey of pipelines/utilities on NG demand losses from COVID-19

% of Survey Respondents



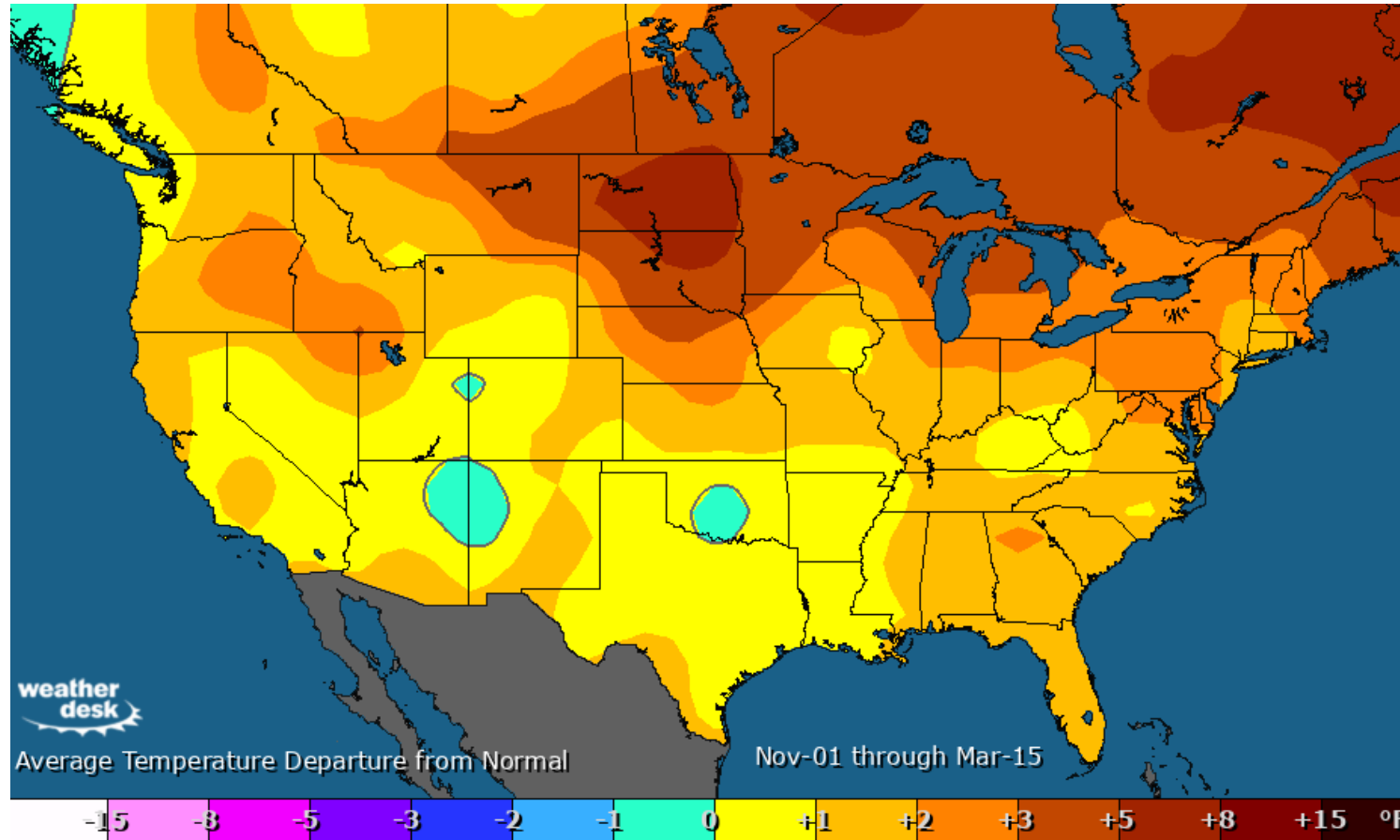
Estimated Natural Gas Demand Losses

% of Survey Respondents



Estimated Natural Gas Demand Losses

Winter 2020/21 Temperature Rankings



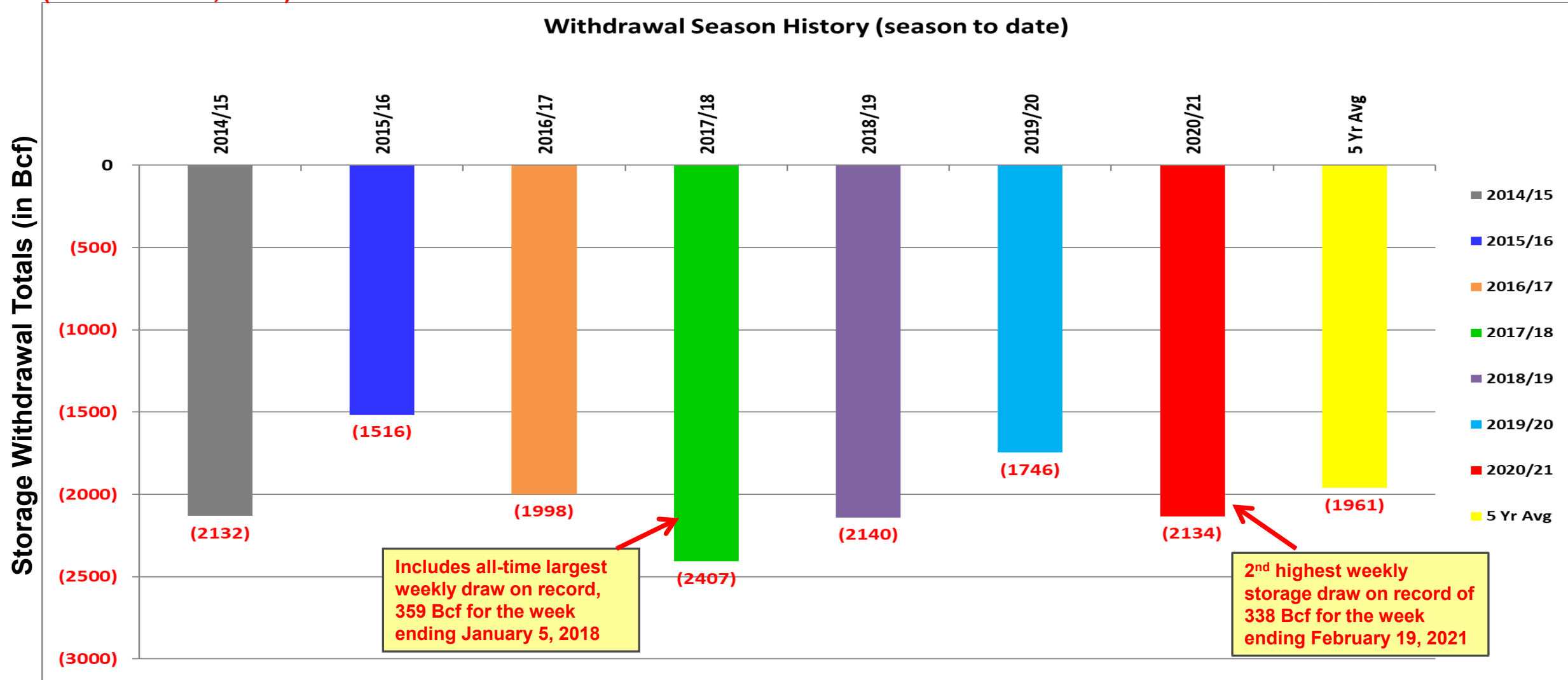
National Gas Weighted Heating Degree Days Nov 1-Mar 15

<u>2020/21</u>	<u>10-Year Normal</u>	<u>30-Year Normal</u>
3295	3351	3506
<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
3190	3545	3393

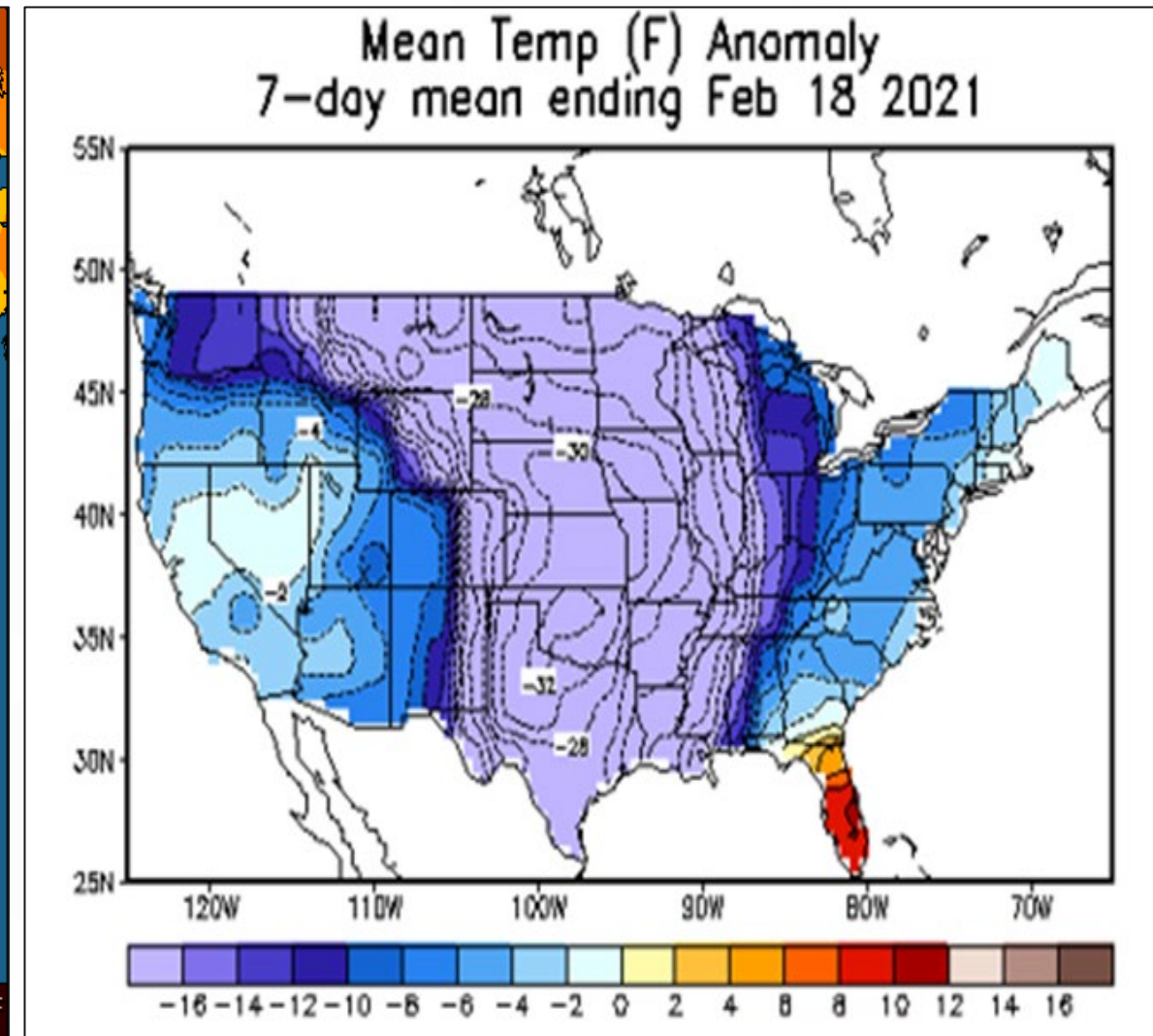
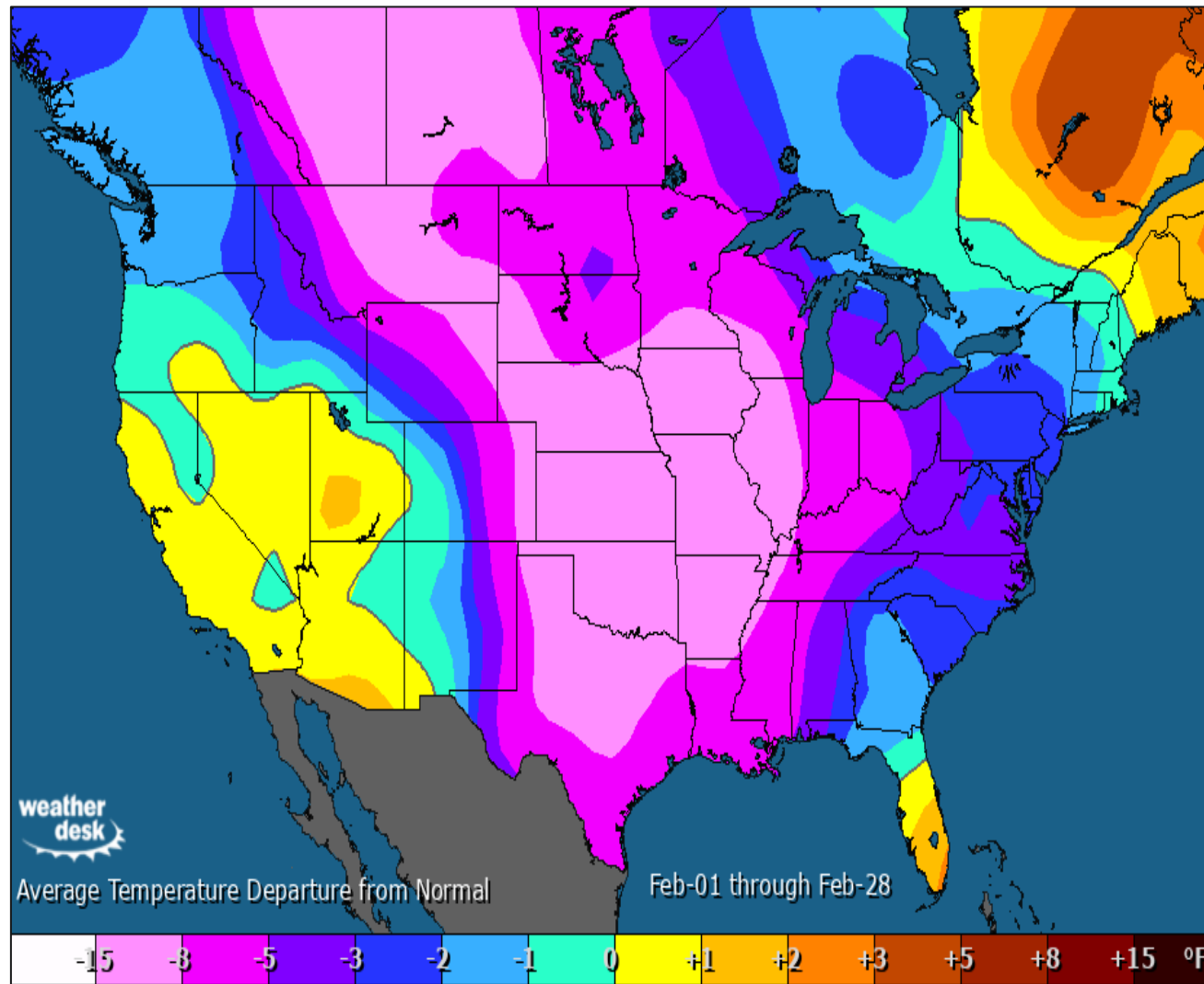
Vs. 30-yr Normal (1981-2010)

Winter 2020/21 Storage Withdrawals

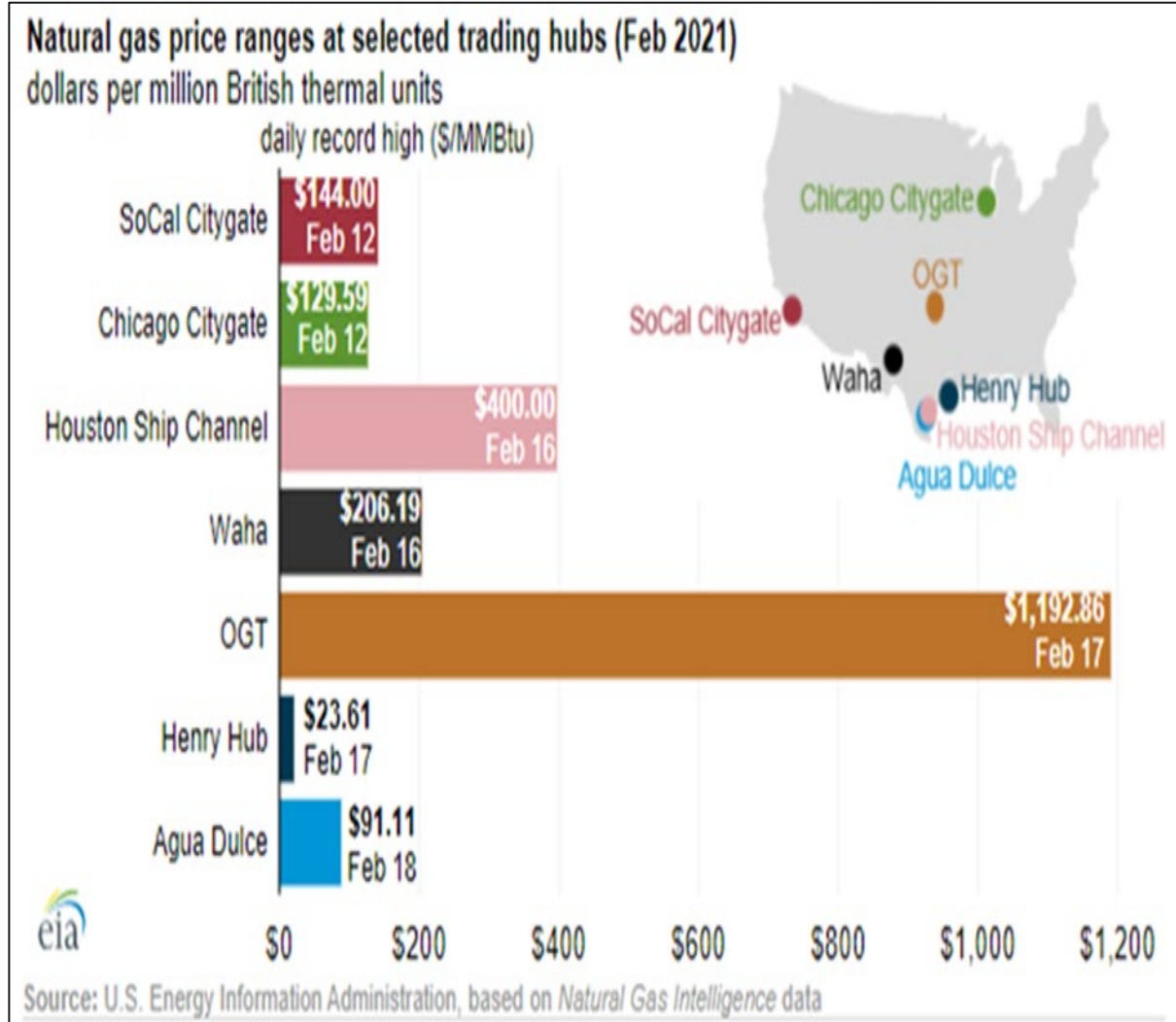
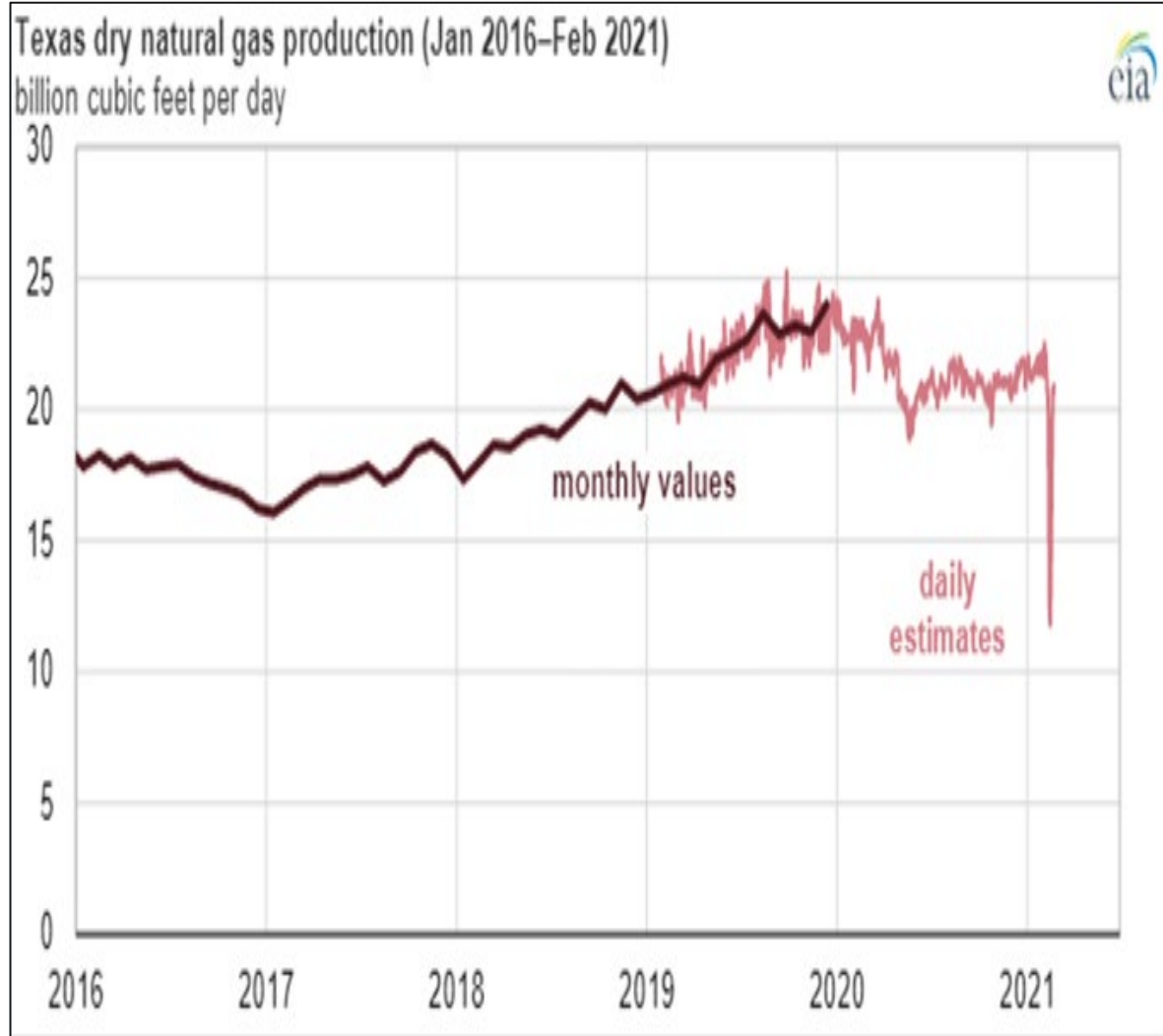
(as of March 5, 2021)



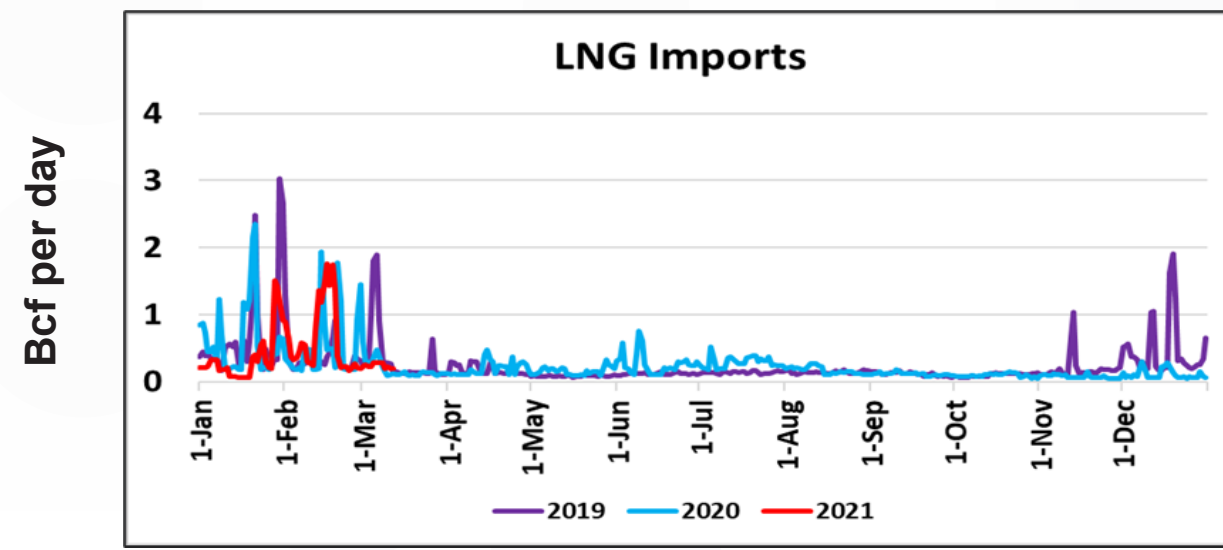
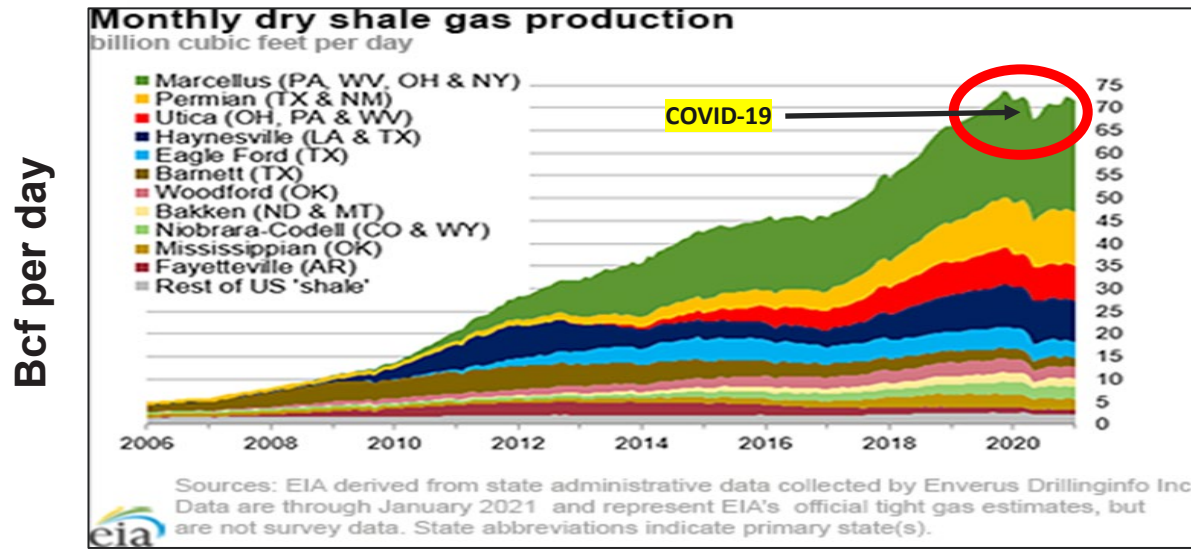
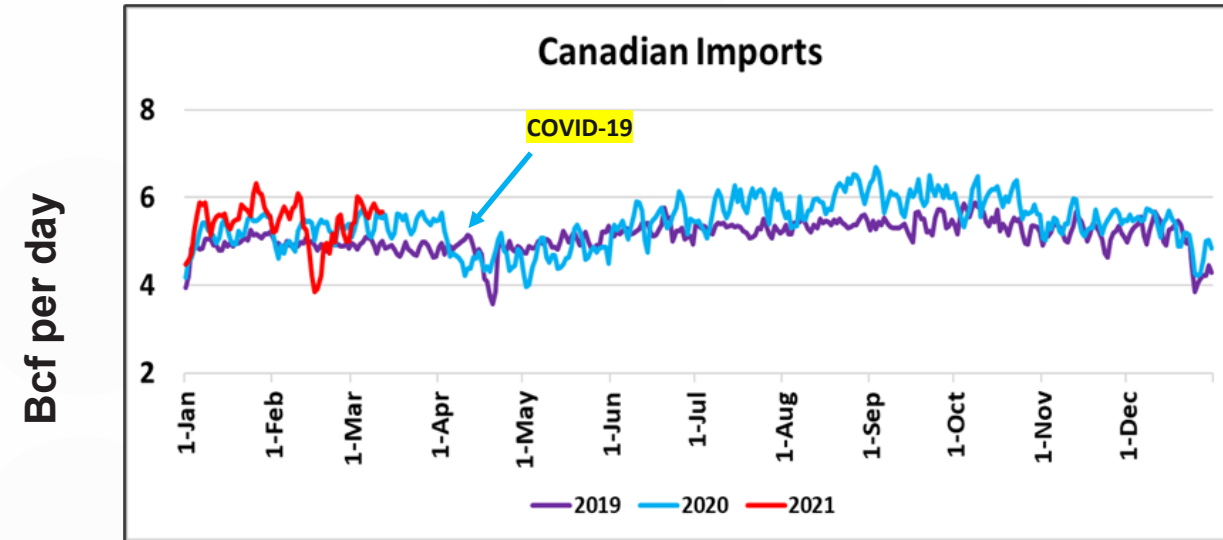
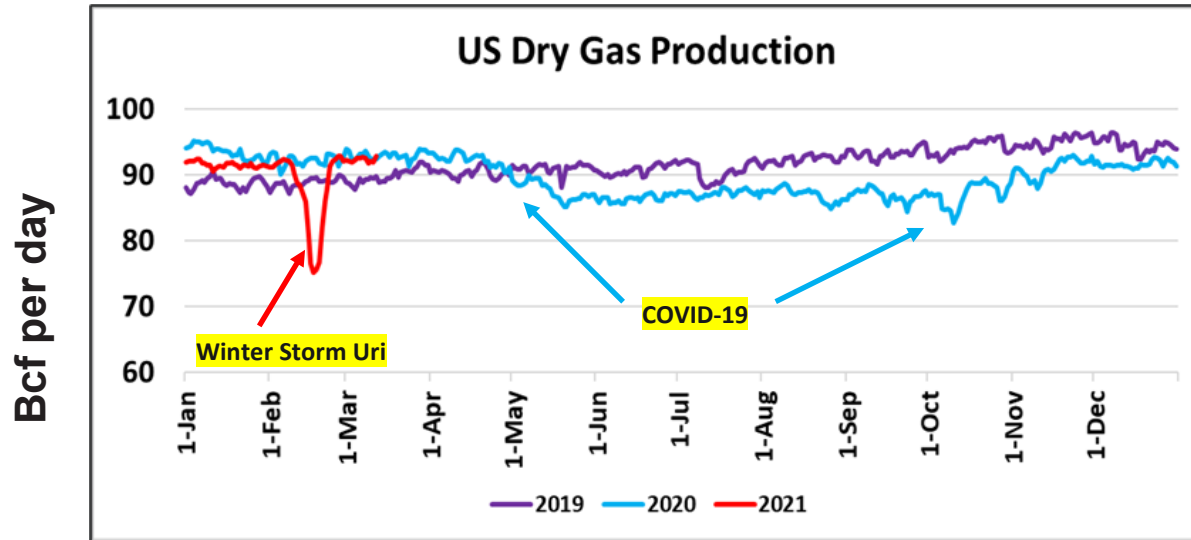
Winter Storm Uri—February 2021



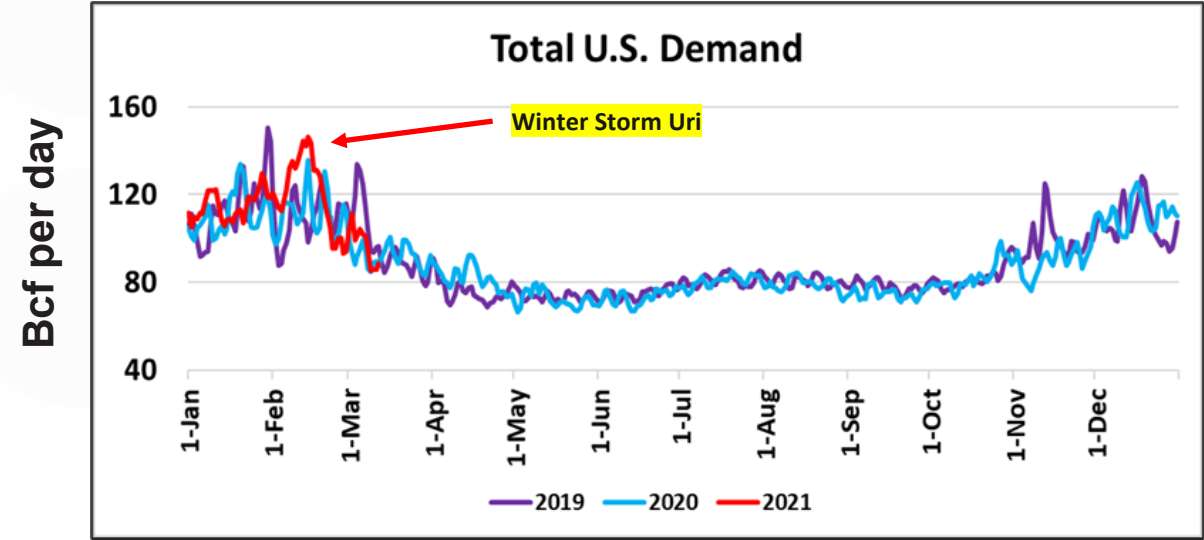
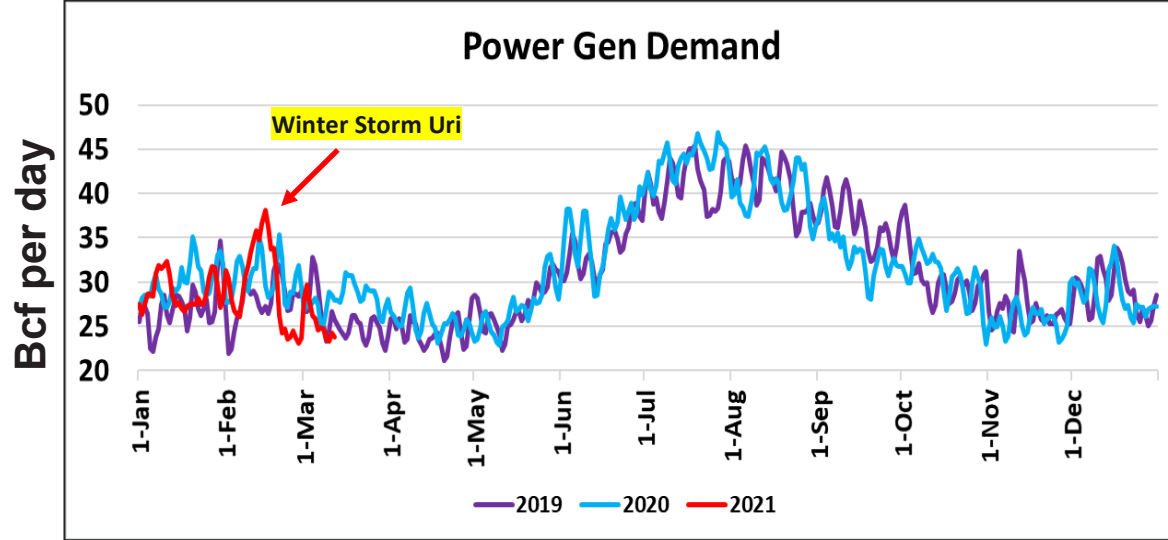
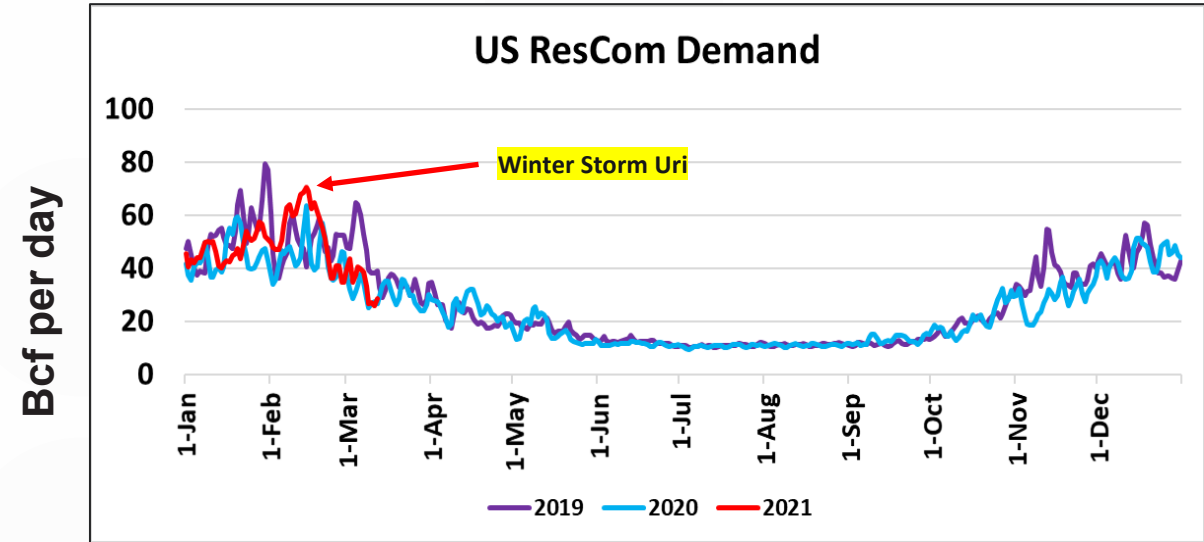
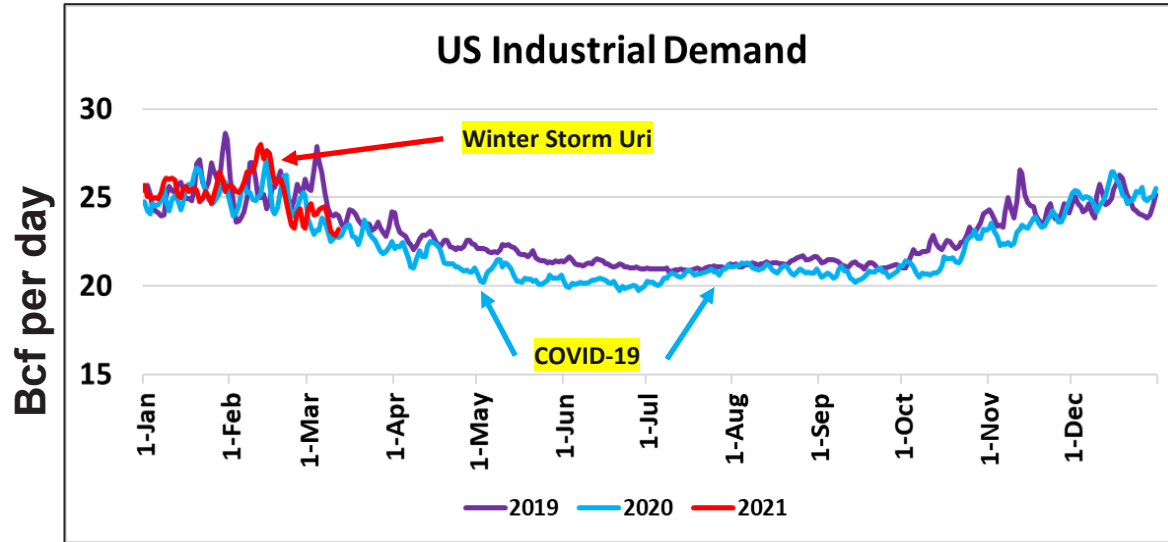
Winter Storm Uri—February 2021



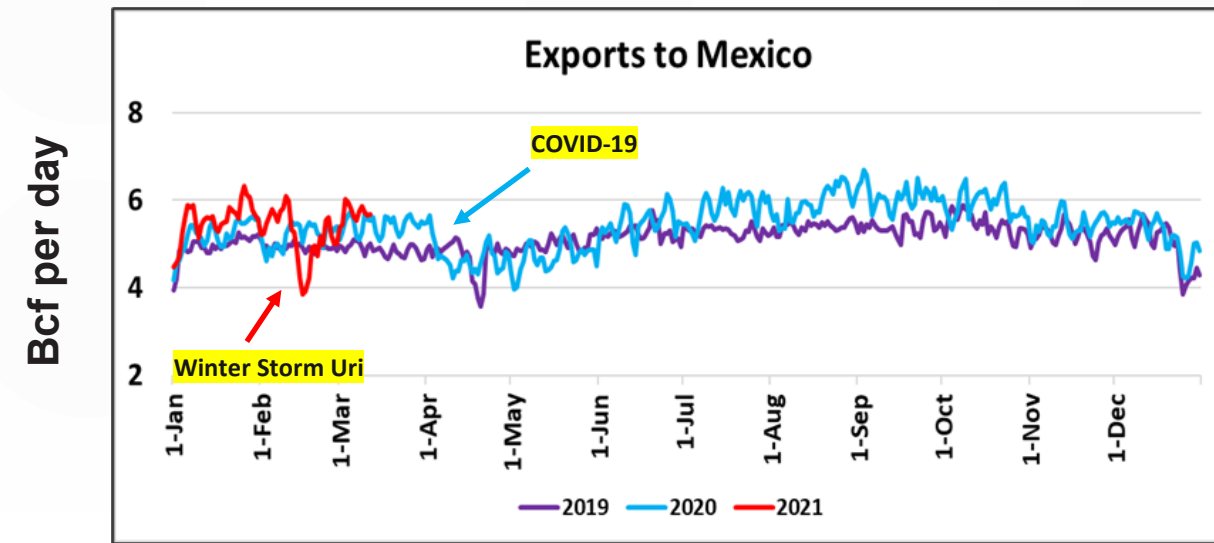
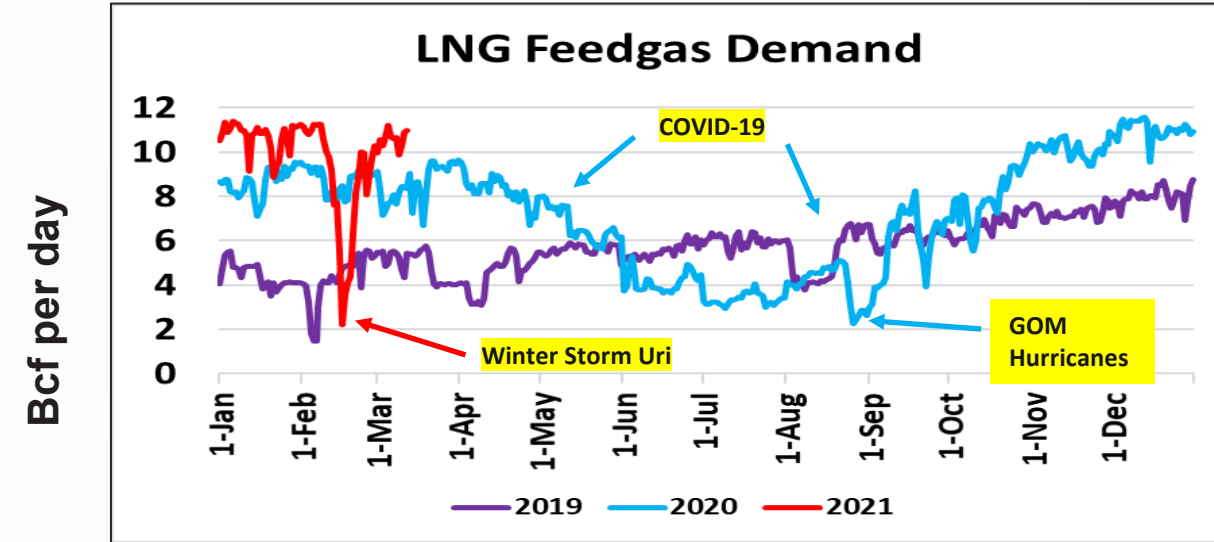
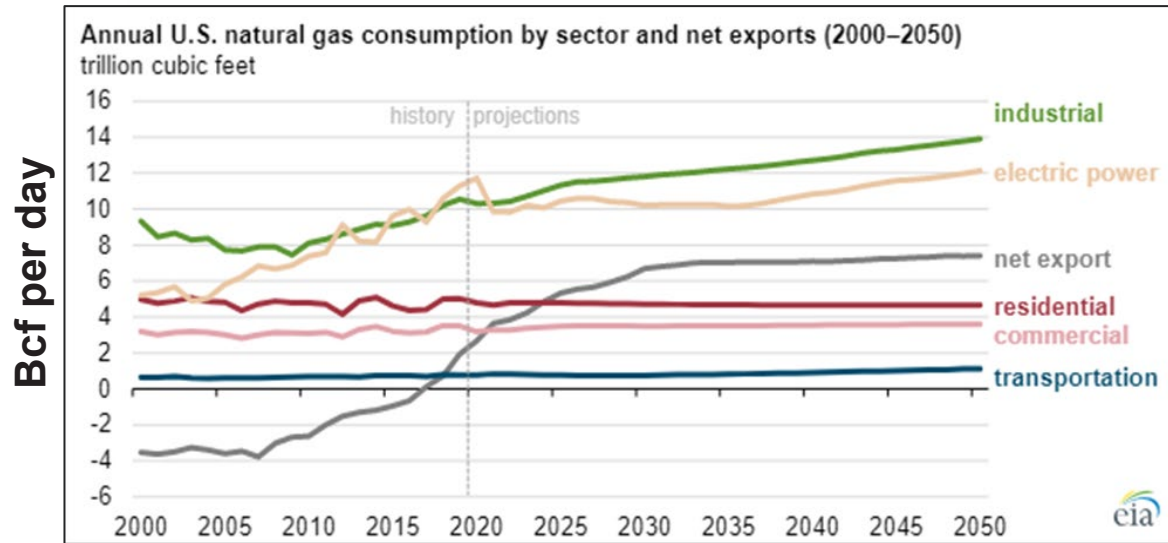
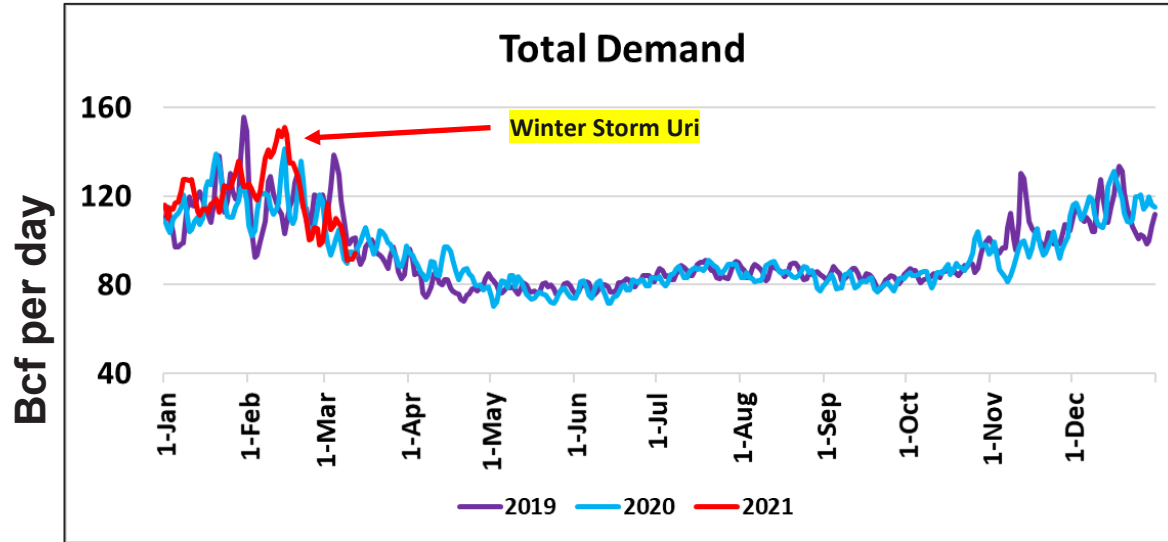
Impact of COVID-19 & Uri on Natural Gas Supply



Impact of COVID-19 & Uri on U.S. NG Demand



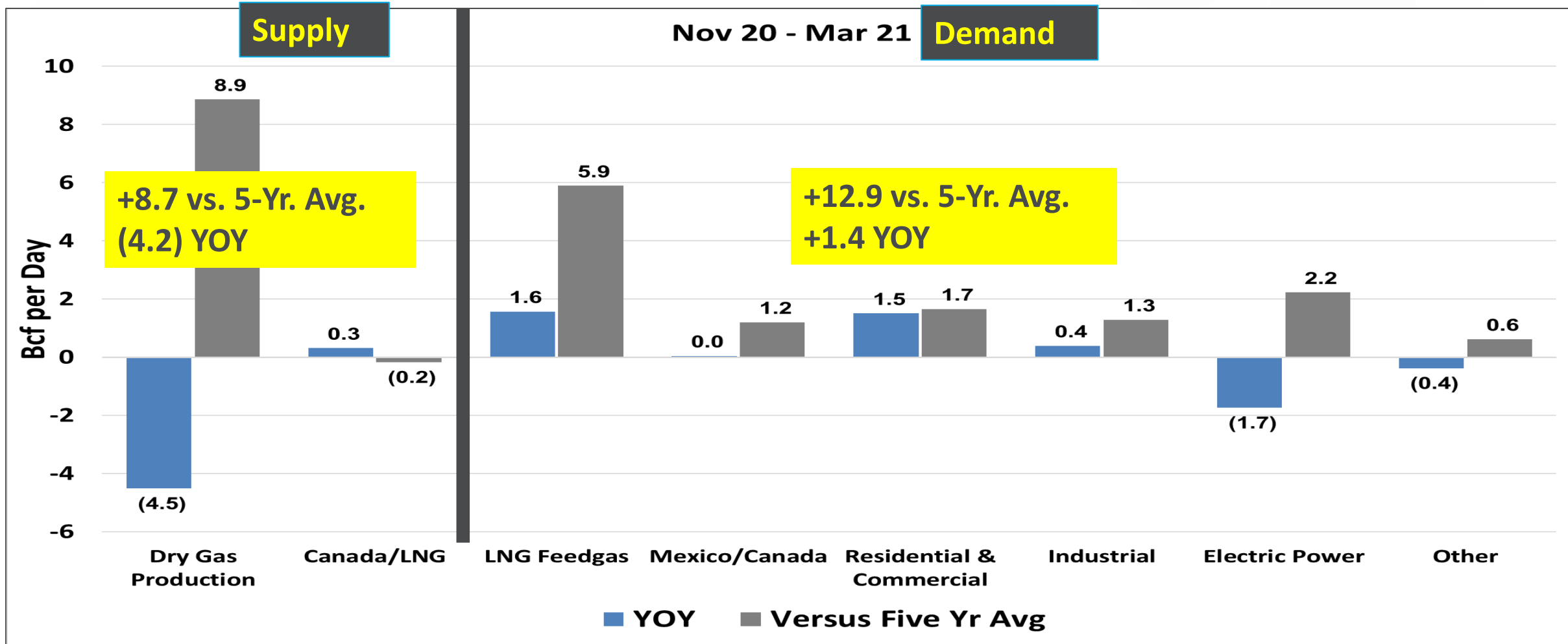
Impact of COVID-19 & Uri on Total NG Demand



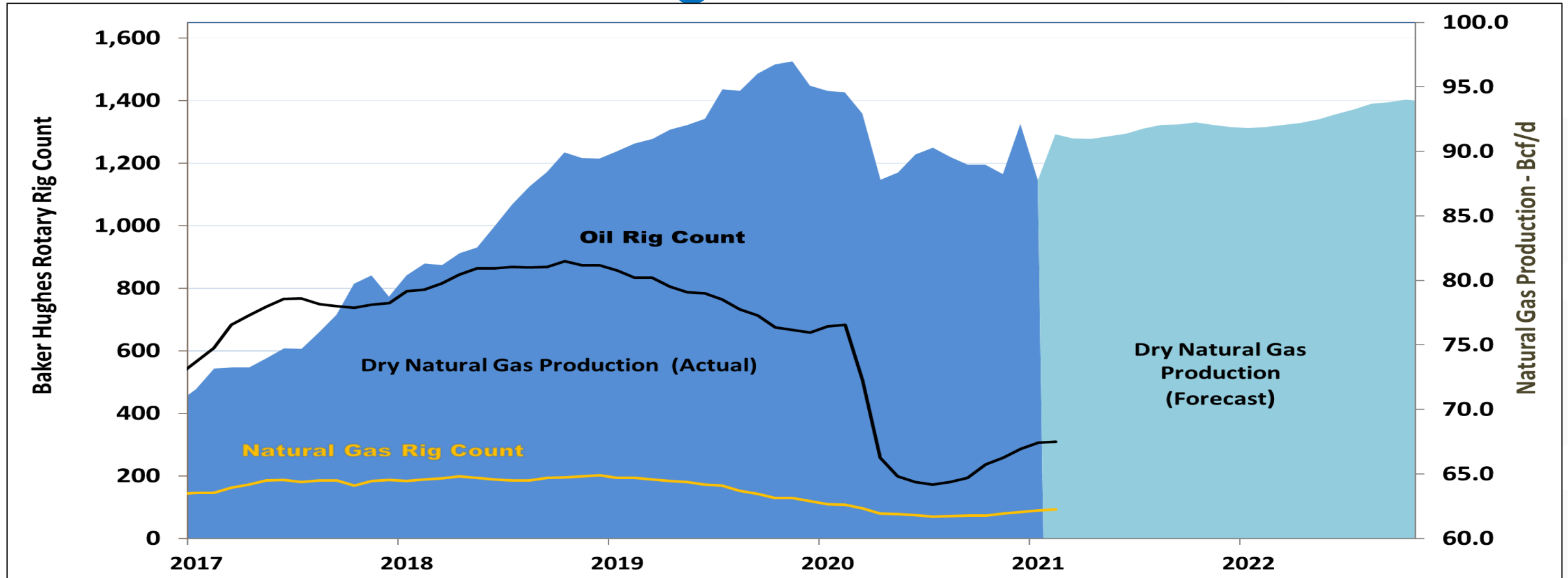
Winter 2020 – 2021 Supply vs. Demand Balance

2.8 Bcf/d Short vs. 20/2019 winter

4.2 Bcf/d Short vs. 5-yr. avg

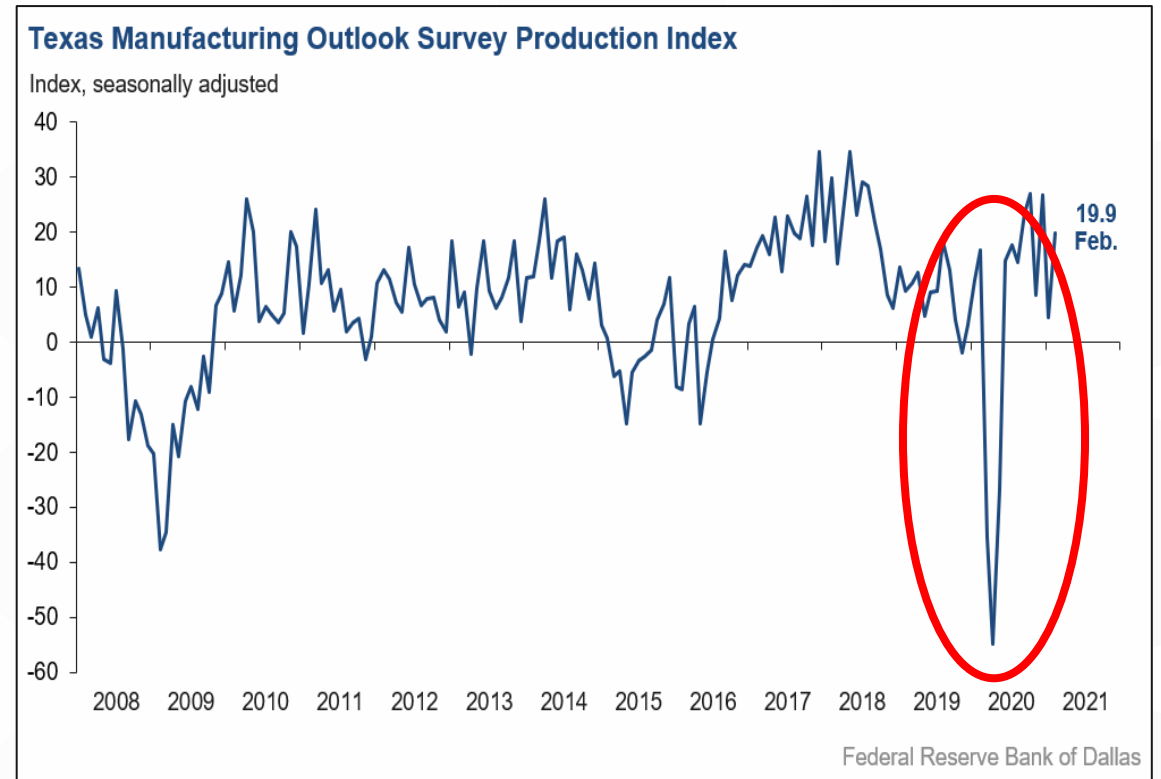
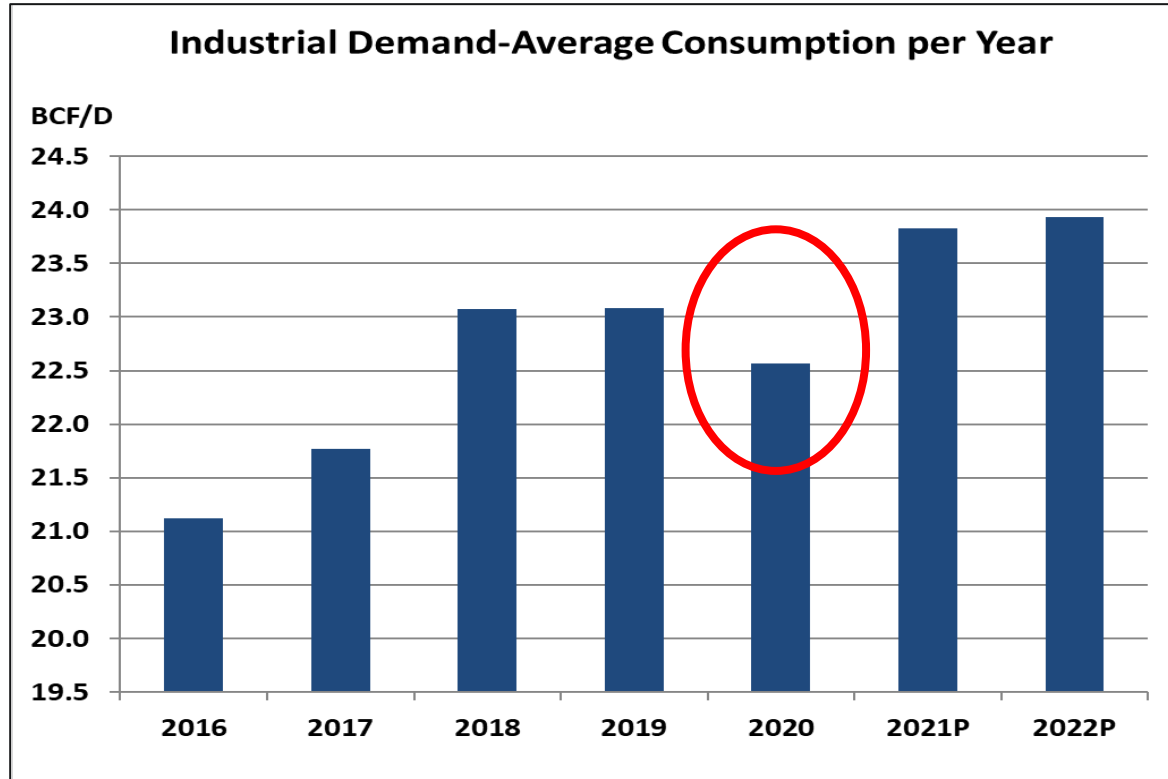


U.S. Production and Rig Counts



- The current oil rig count is 309. That is 370 lower than last year, but a significant increase from August 2020 that saw oil rig count fall to 172.
- There are currently 92 gas rigs in operation, down 20 from last year, but up 20 from the lows in summer 2020. Gas rigs in operation U.S. dry gas production averaged approximately 88.5 Bcf/d for 2019 up 7 Bcf/d from 2018.
- Production currently stands at 92 Bcf/d after hitting an all-time high daily output total of 95 Bcf/d in January 2020.

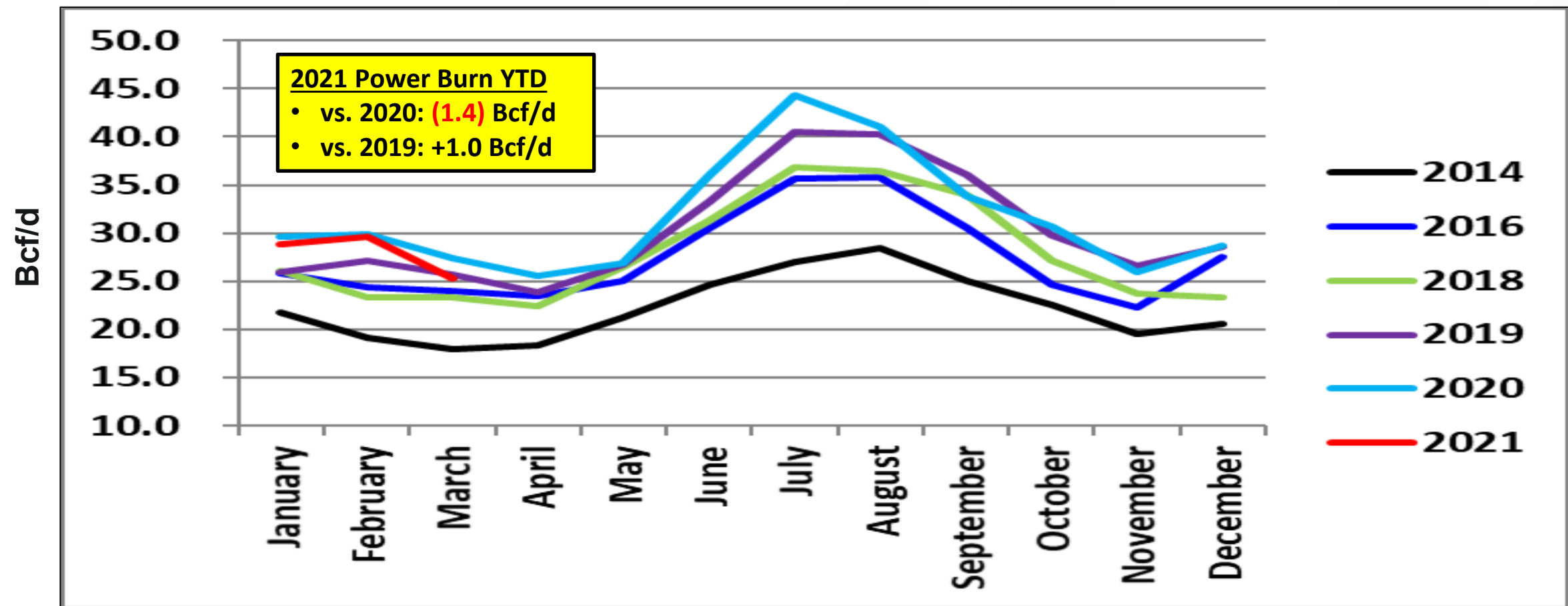
Industrial Demand



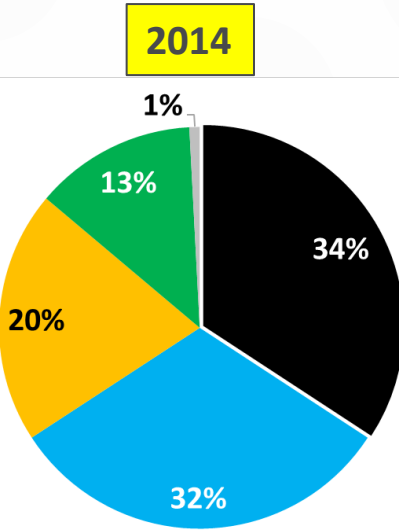
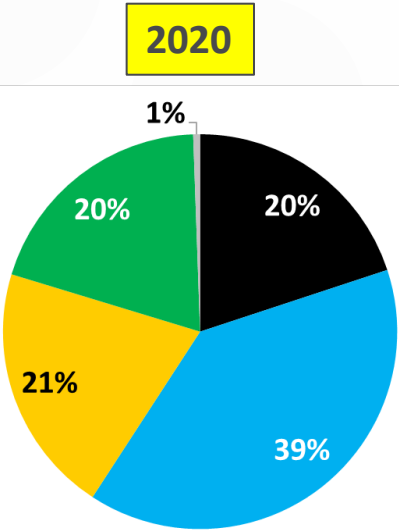
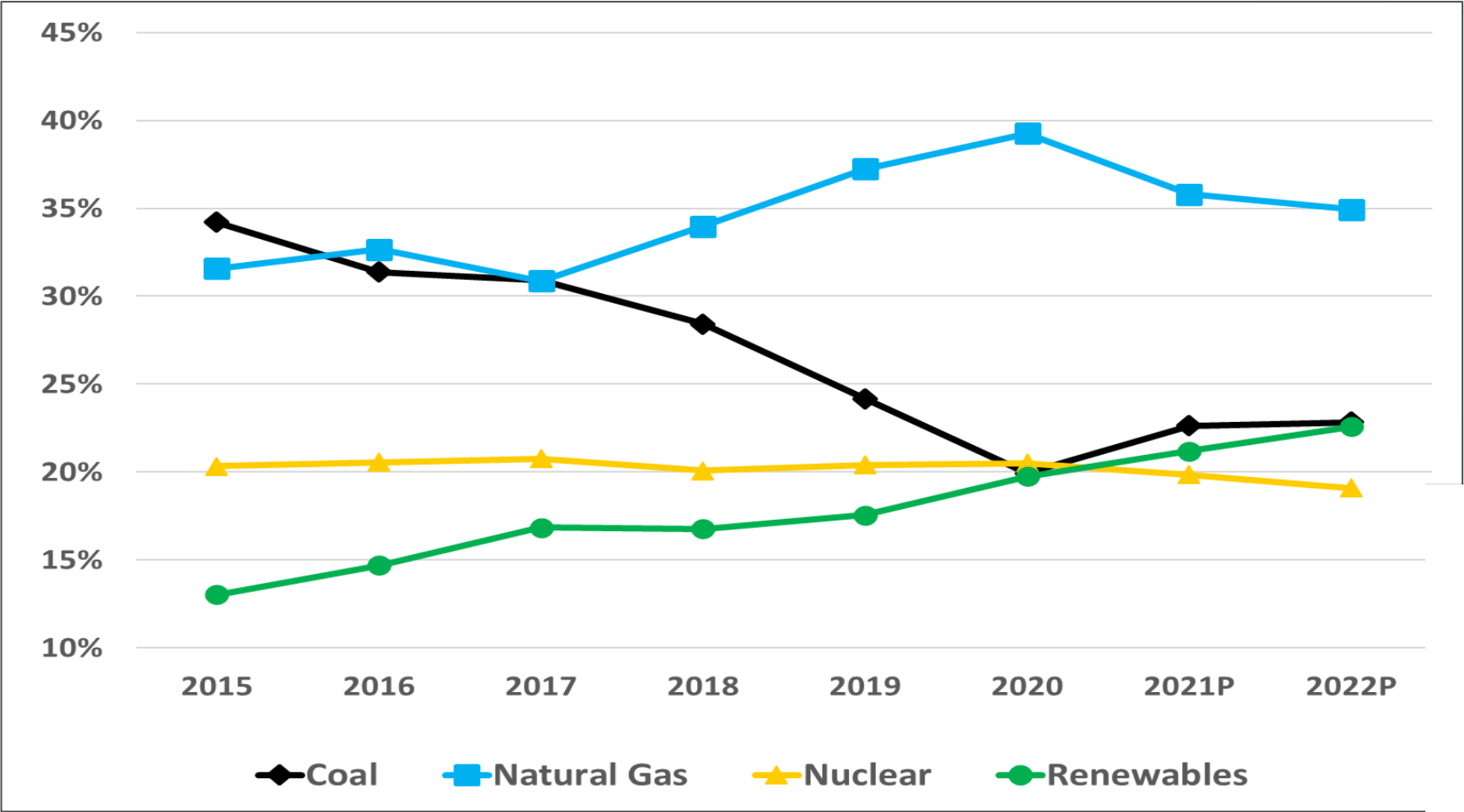
- Industrial demand **WAS** projected to rise in 2020...but that was before the coronavirus unleashed its assault on the global economy.
- Texas Manufacturing Outlook Survey Production Index rose to a 12-month high in early 2019 but slipped throughout the year before plummeting southward in early 2020 on the heels of the economic shutdown across the U.S.
- Economic activity has recovered as rates of COVID-19 infection have diminished, but not to the levels of 2019, but the fallout from winter storm Uri could be significant as manufacturers must manage through the pain of extreme energy costs in many areas.

Power Generation Demand by Month

Calendar Year Average Price	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	\$ 4.42	\$ 2.46	\$ 3.09	\$ 2.63	\$ 2.08	\$ 2.74



Electricity Generation by Fuel Source



Source: EIA STEO

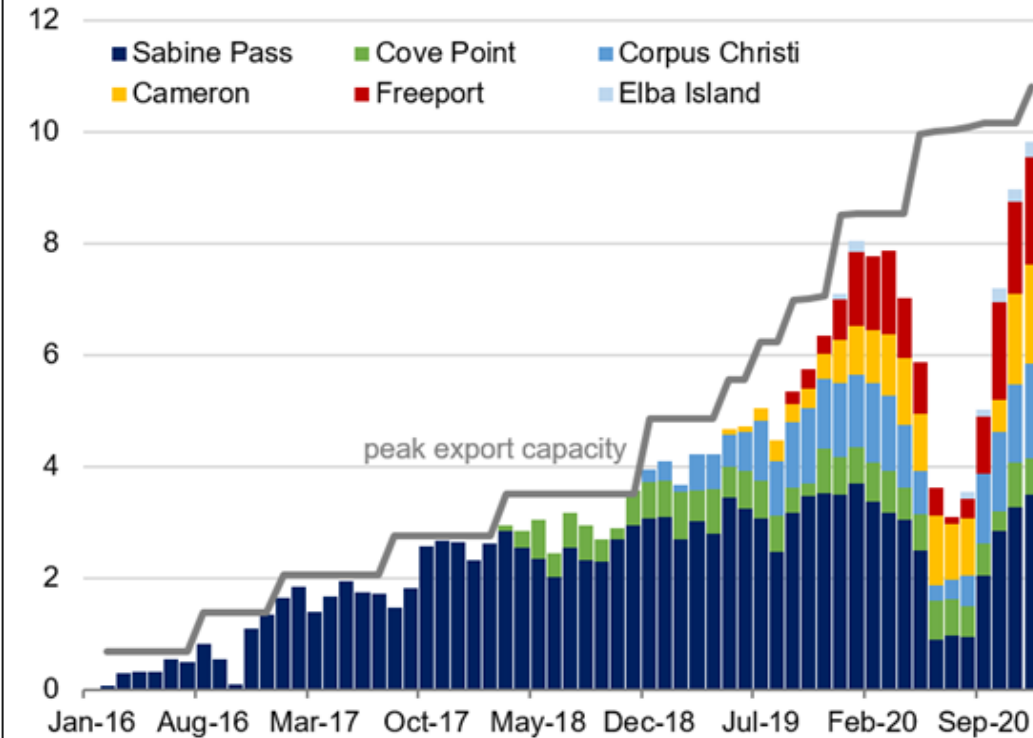
Changing Energy Landscape and Uncertain Regulatory Climate

- **Moratorium on drilling on Federal land puts 4 Bcf/d of production at risk**
- **Potential for future bans on hydraulic fracking?**
- **Environmental hurdles for natural gas pipelines**
- **Pipeline Rate Cases**
- **Green New Deal**

LNG Feedgas Forecast & Risks

U.S. liquefied natural gas exports by terminal (Jan 2016–Dec 2020)

billion cubic feet per day



Sources: U.S. Energy Information Administration, U.S. Department of Energy
LNG Reports, and Bloomberg Finance, L.P.
 Note: Export volumes for November and December 2020 are EIA estimates based on vessel shipping data provided by Bloomberg Finance, L.P. Estimated export volumes are based on LNG-carrying capacity of LNG vessels filled at 95%.

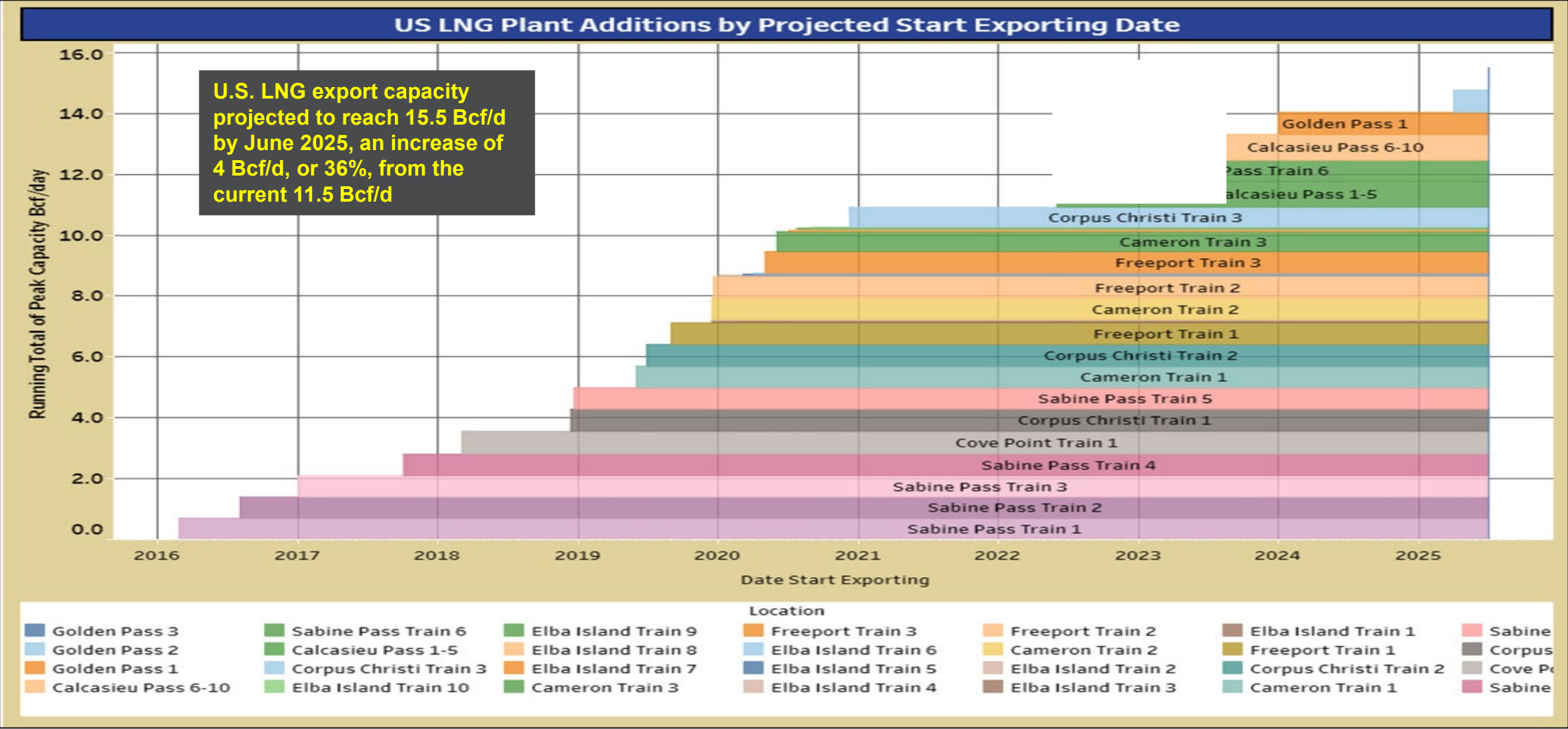
U.S. monthly and annual natural gas exports by pipeline and LNG (2016–2022)

billion cubic feet per day



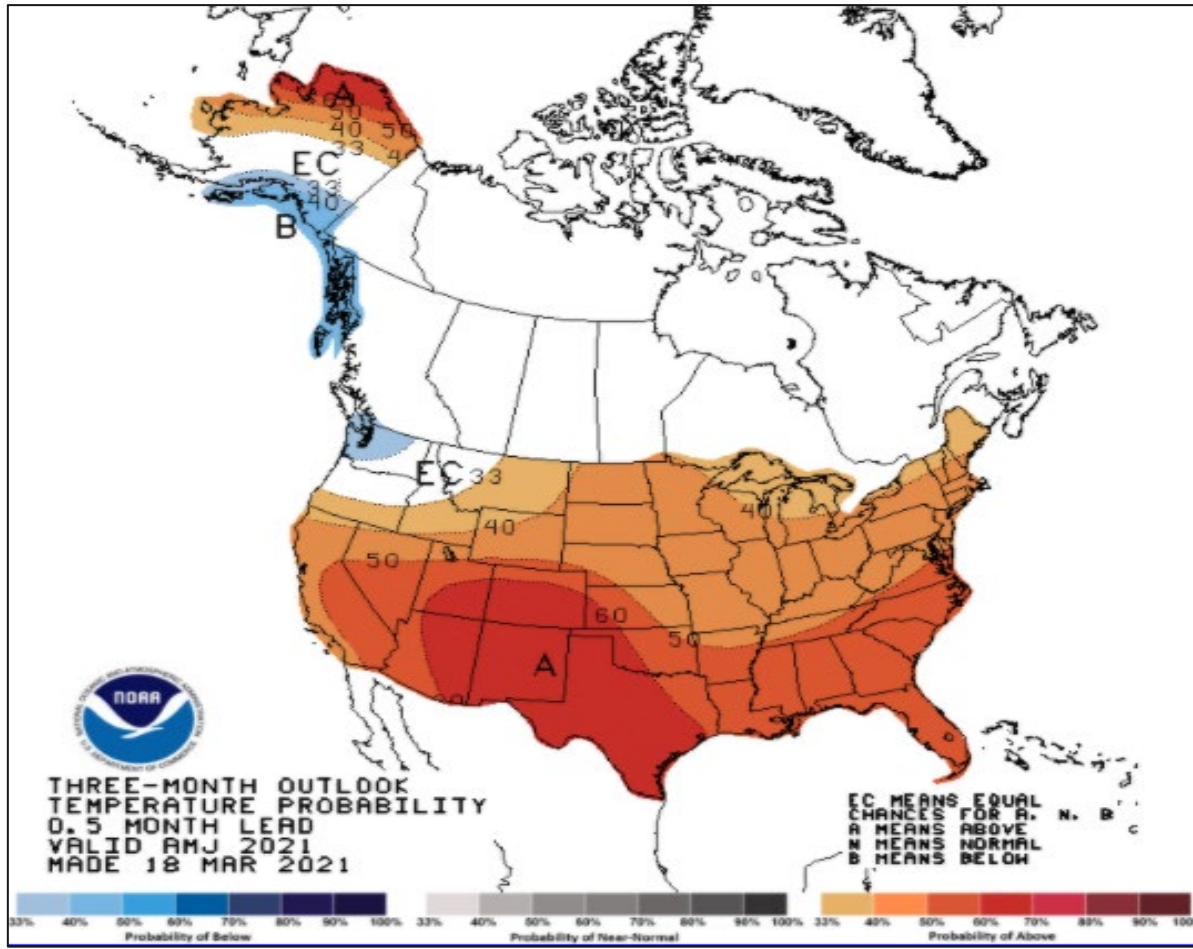
LNG Feedgas Forecast & Risks

Bcf/d

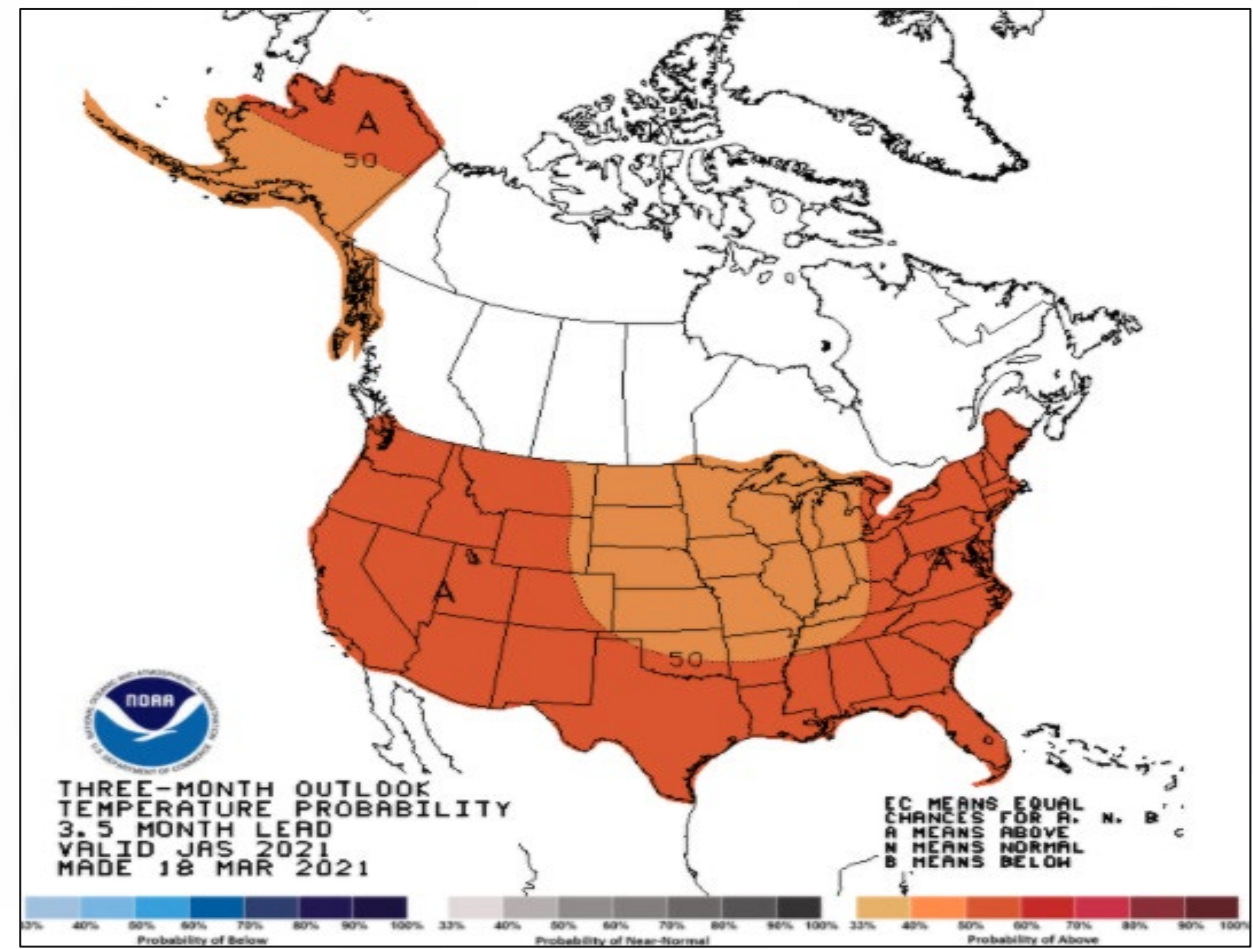


NOAA Summer 2021 Temperature Outlook

April 2021 – June 2021 Forecast



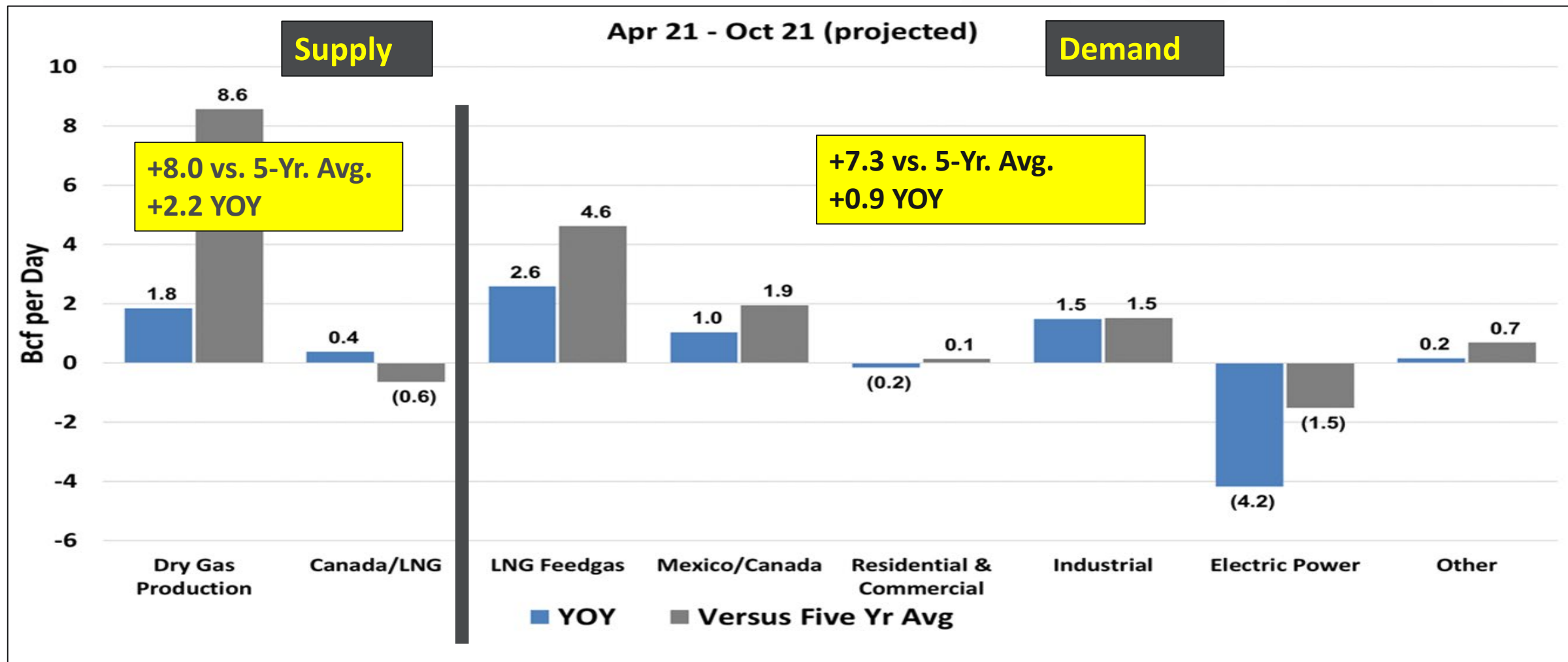
July 2021 – September 2021 Forecast



US Injection Season Forecasted Gas Balances

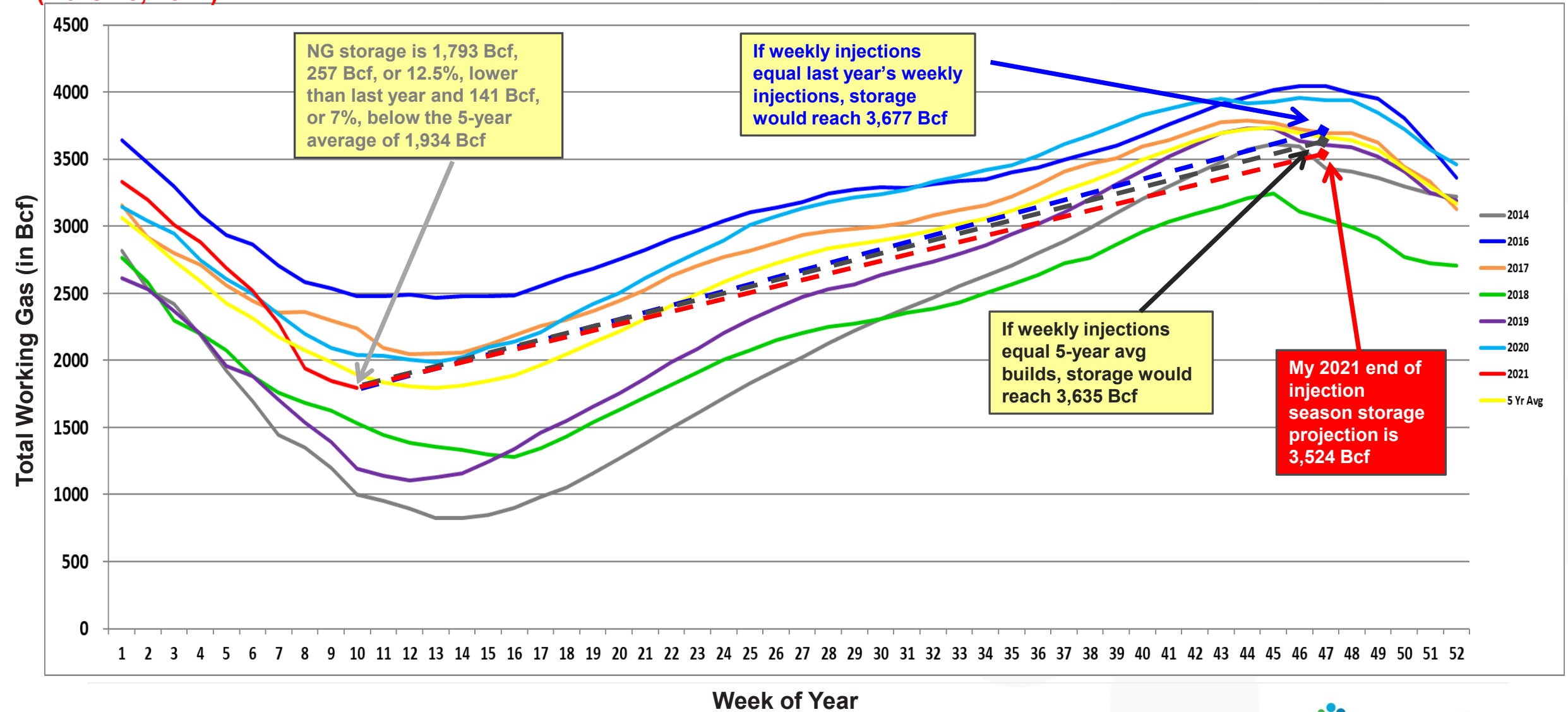
1.3 Bcf/d Long vs. 2020 summer

0.7 Bcf/d Long vs. 5-year avg.

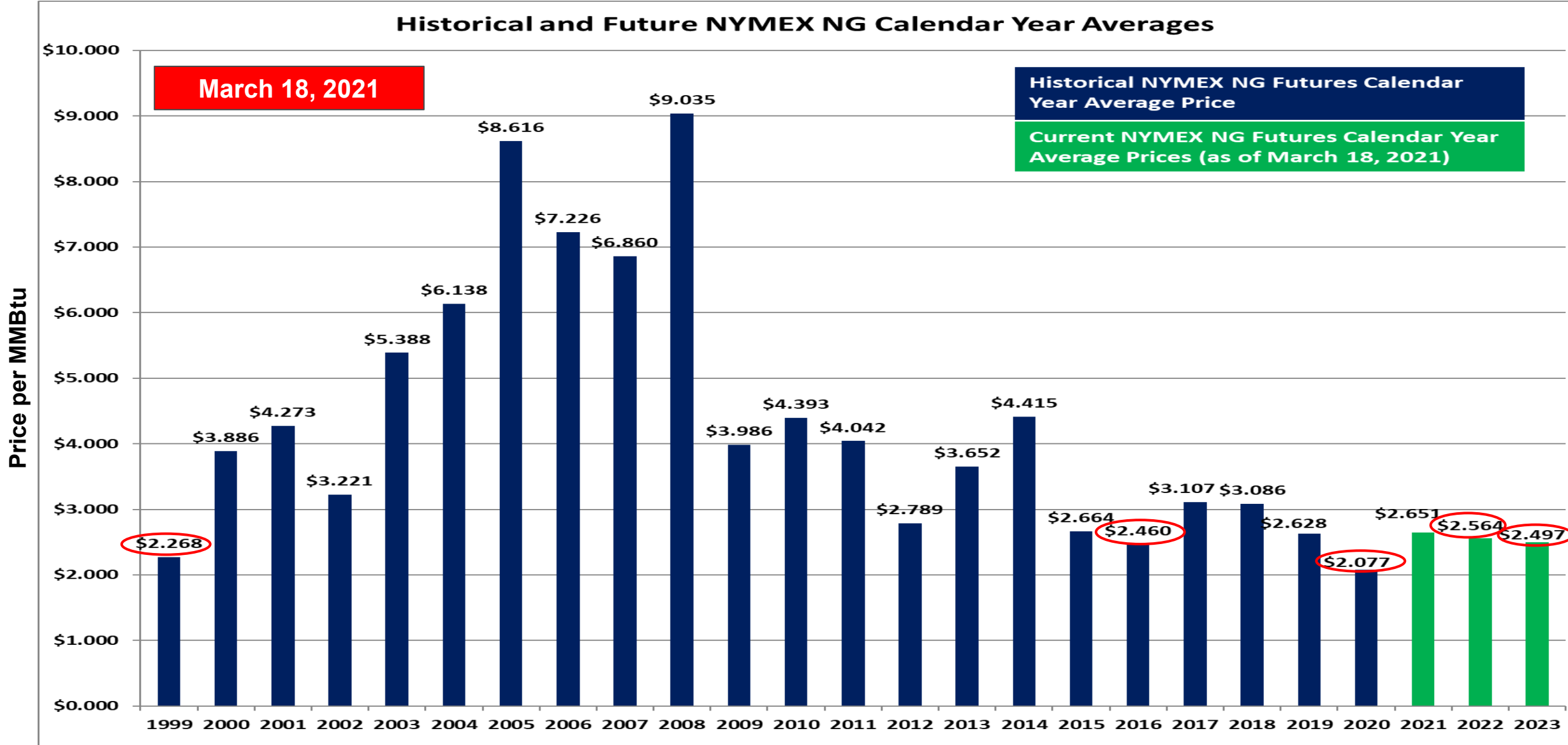


U.S. End-of-Summer Storage Scenarios

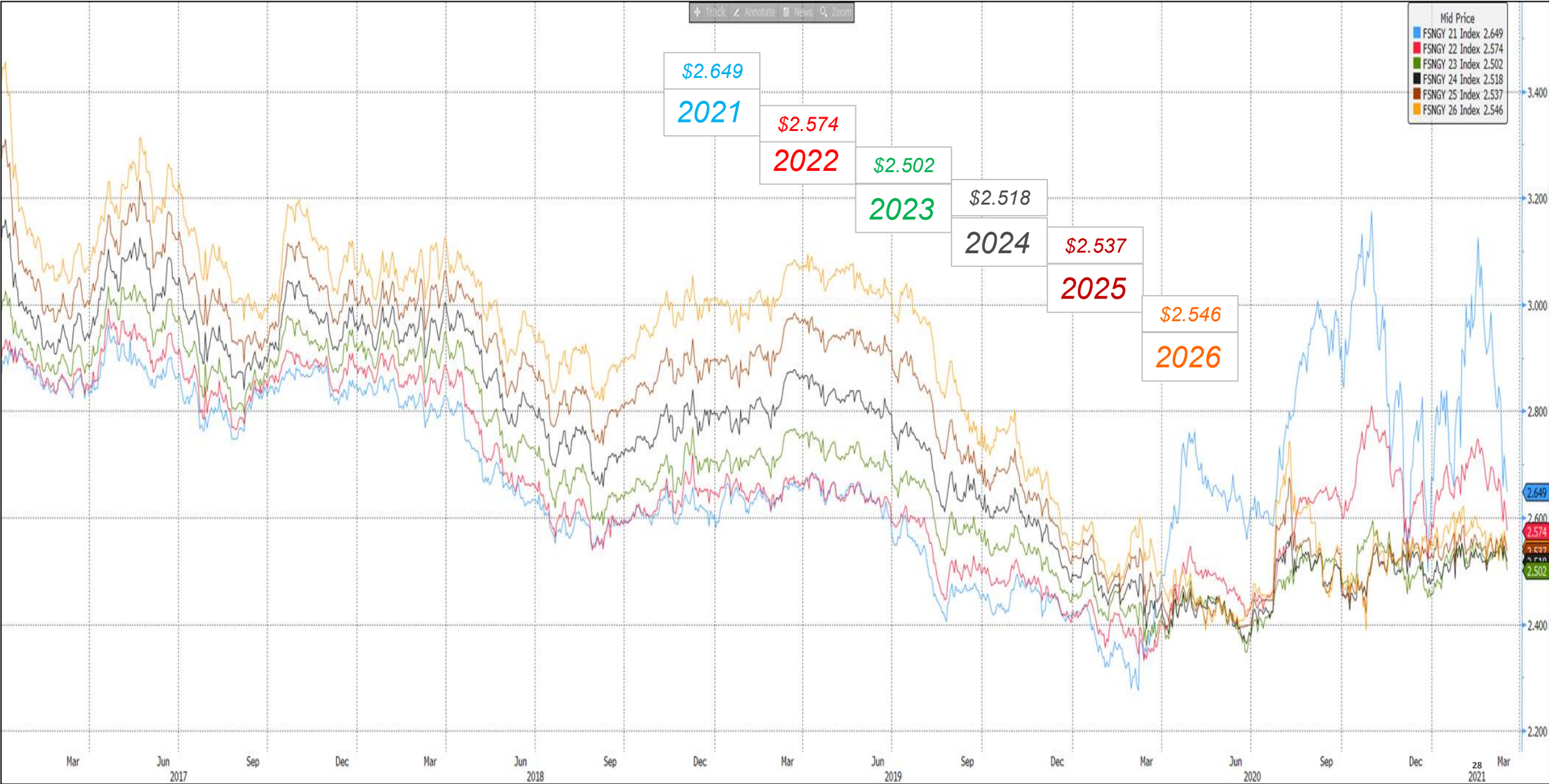
(March 5, 2021)



NYMEX Historical and Forward Calendar Year Average Prices



NYMEX NG Futures – Calendar Year Strip Average Prices



Source: CME NG Settlements March 18, 2021

Key Takeaways

- **Higher crude prices and global economic recovery spurring rebound in U.S. production**
 - U.S. production showing resiliency in the face of COVID-19 and Uri
- **Power gen demand faces headwinds from higher NG prices and regulatory threats**
 - Higher prices this summer vs. 2020 could limit power burns
 - Renewable energy is the current hot topic
- **LNG exports will continue to set new records, but susceptible to demand-side volatility**
 - Impacted by many factors, including U.S. vs. Asia/Europe price spread, regulatory hurdles, GOM storms, global economic and domestic and foreign weather
- **Uncertain regulatory climate will have an impact on fossil fuels**
- **Will gas inventory reach adequate pre-winter level?**
 - Last time storage entered winter below 3,500 Bcf was 2018 and prices rallied to \$5
- **Current forward curve for NG Futures through 2026 is below \$2.70**
 - How long will the low- price environment last?

2021 March Madness Predictions



NATIONAL CHAMPION

Symmetry Energy Solutions Receives 2019 Mastio Quality Award

Symmetry Energy Solutions (formerly CenterPoint Energy Services)

Ranked #1 Nations Top Major Natural Gas Supplier in 2018 and 2019

This achievement is awarded for excelling in:

- Reliability
- Customer service
- Consistency of Account Management
- Market expertise of personnel
- Accuracy of nominations
- Trustworthiness of personnel
- Price competitiveness
- Ease of initiating gas purchases
- Open and honest communications
- Exceeding Industry Benchmarks and overall Customer Satisfaction



***Natural Gas Marketer Study
23rd Edition – 2019***

***Overall Winner Major
Marketer Category***

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