

NGA Market
Forum
May 3, 2018



impossible

Disclaimer

Forward Looking Statements



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Agenda

- Canaport
- LNG and this winters numbers
- Review Eastern Supply and declining Nova Scotia Offshore
- Update on U.S. and Global LNG – What have we learned so far?
- Final Thoughts

CANAPORT™ LNG

Supplying the Northeast market



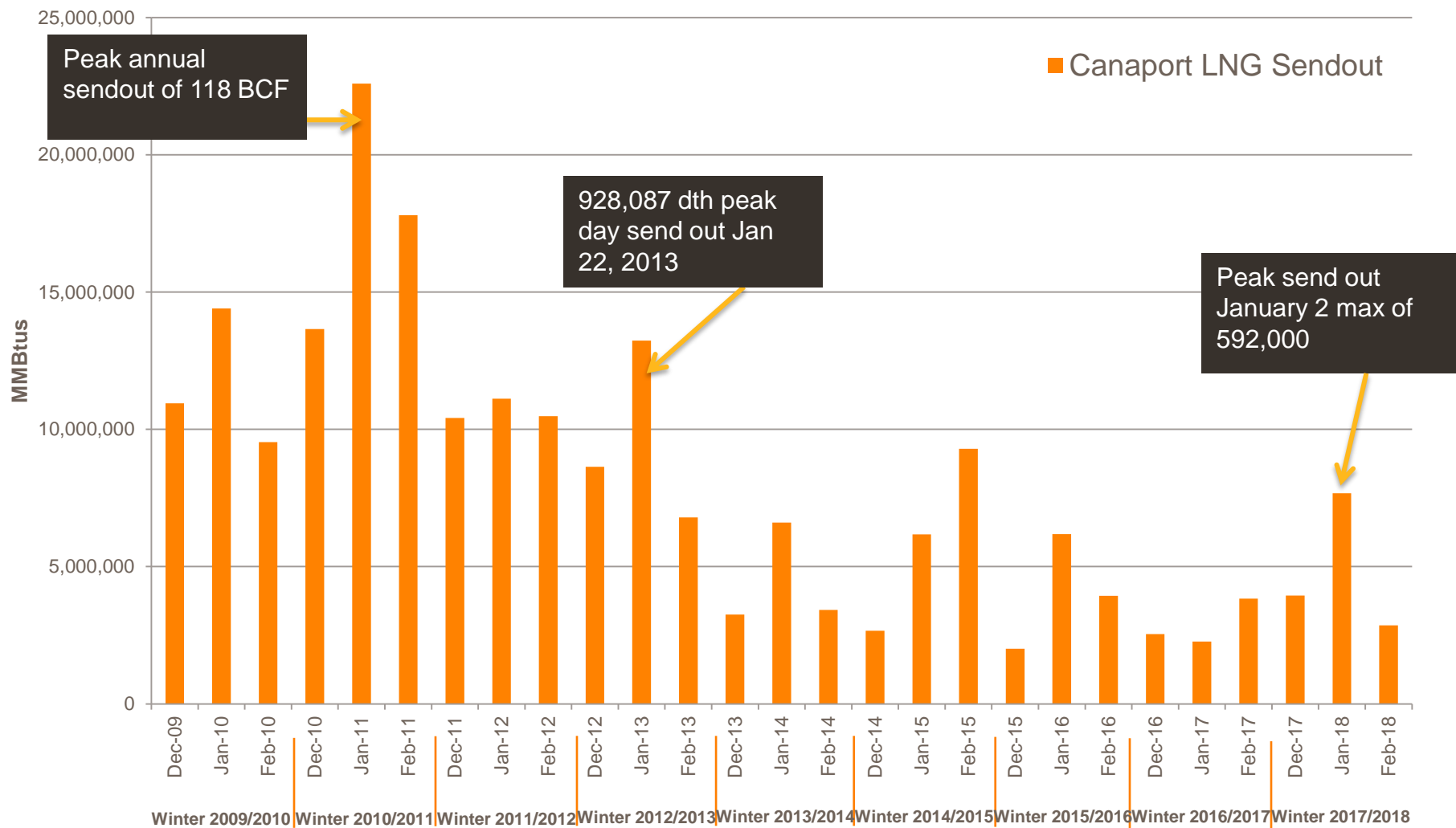
- ✓ Repsol operates the Canaport™ LNG (“Canaport”) receiving and regasification terminal in Saint John, New Brunswick and holds a 75% equity interest in the facility.
- ✓ Repsol holds 100% of the regasification (1.2 Bcf/d) and storage (10 Bcf) capacity.
- ✓ The New England market consumes ~5 Bcf of natural gas on a peak winter day.
- ✓ 2018 ISO-NE Fuel Study considers Canaport as a key component for Fuel supply for the NE.



CANAPORT – HISTORICAL SEND OUT

Winter 2009/2010 to Winter 2016/2017

Dec-Jan-Feb

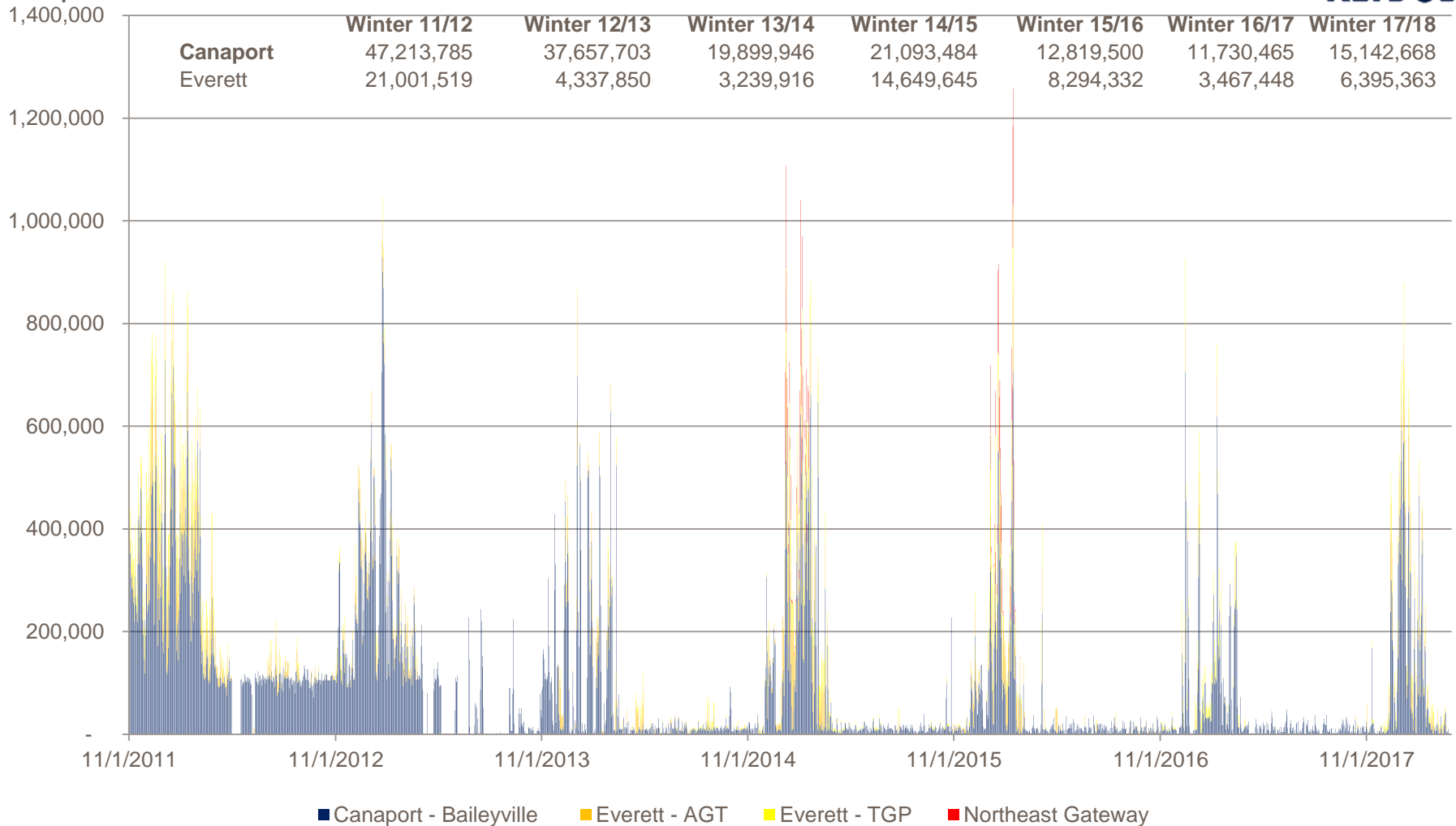


NE LNG by the Numbers

- Excludes Mystic and LNG Trucking

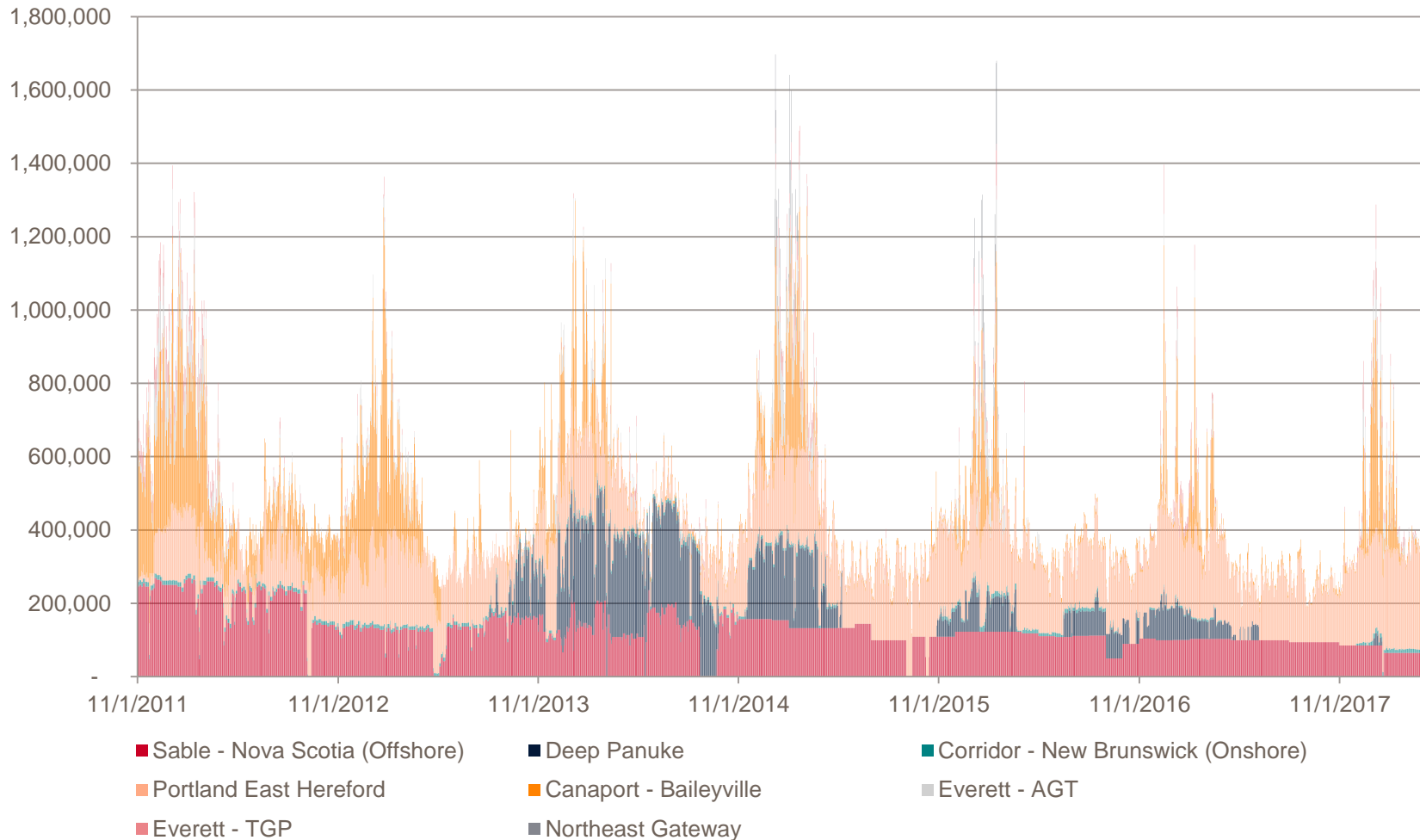


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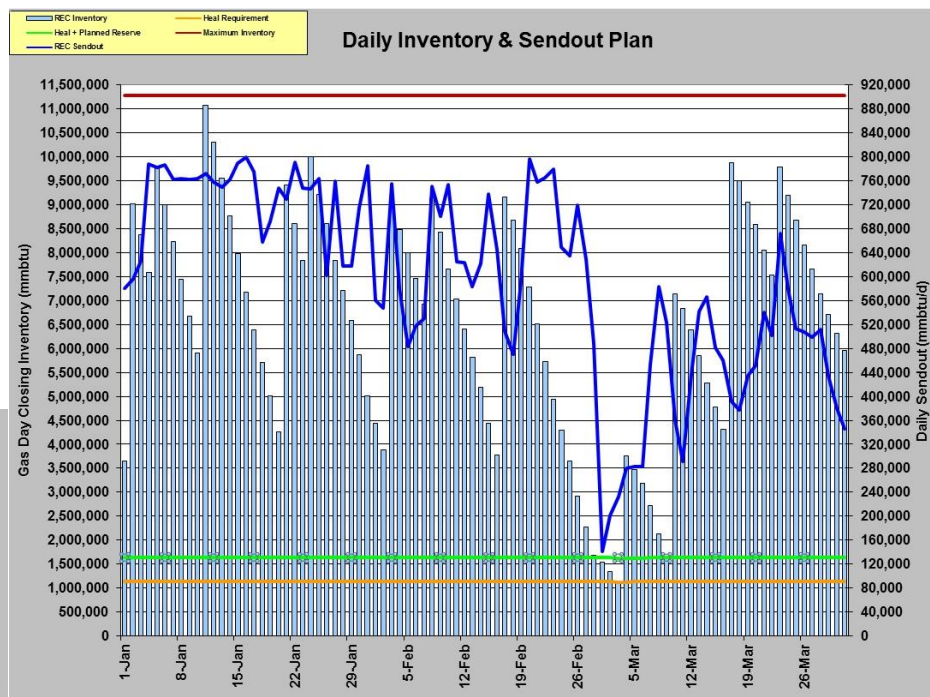
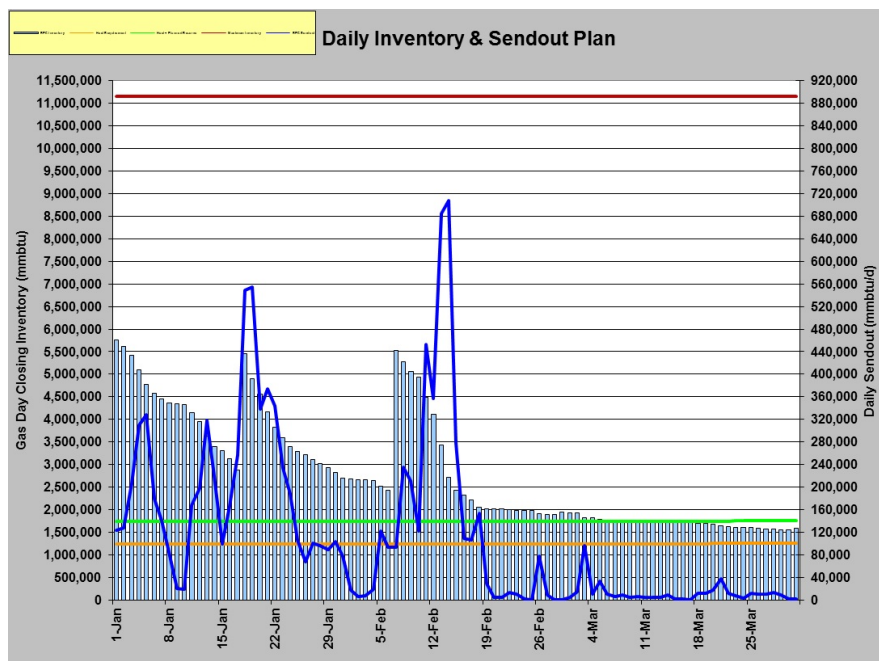
East to West Supply

Declining Offshore – LNG Peaks



LNG Logistics Logistics Logistics

Significant coordination and logistics required to ensure LNG is available for Peak Days. Need meaningful signals and commitments.



Financial Risks

AGT Forward for December - \$5.85
Price of Landed LNG - \$9.00

As evidenced this winter Repsol will not arrange for cargos without commitment from downstream markets.

U.S. LNG – Status Update



US LNG Expected to make up the largest forecasted demand component in the US. 10 BCF/d of Demand by 2020.

Sabine Pass

- Trains 1-5:
- 22.5 MTPA
- ~3.2 Bcf/day

Cameron

- Trains 1-3:
- 14.95 MTPA
- ~2.1 Bcf/day

Freeport

- Trains 1-3:
- 15 MTPA
- ~2.2 Bcf/day

Corpus Christi

- Trains 1-2 plus modular:
- 9.25 MTPA
- ~1.3 Bcf/day

Cove Point

- Train 1:
- 5.25 MTPA
- ~.82 Bcf/day

Elba Island

- Modular:
- 2.5 MTPA
- ~.36 Bcf/day

U.S. LNG

What have we learned so far?



- Ramp up is just beginning
 - Exported less than 13 million tonnes in 2017
 - ~70 million tonnes once all projects now under construction are completed
- 3.5% of the marketed gas production in 2017
 - Little tension so far between domestic industry and exports
 - 12% of total marketed gas production by 2020
- “Feels” like a more flexible supply
 - Transparency – pricing is known (so far), clear it isn't U.S. DOE priced and reported a range of \$3.165 to \$6.165/MMBtu by cargo from Sabine in November
 - No destination restrictions
 - Buyers not obligated to purchase gas – fixed fee payment
- As we look forward we still have no idea how U.S. LNG will be marketed

1a. Shipments of Domestically-Produced LNG Delivered (Cumulative starting from February 2016 through January 2018)



| | Country of Destination | Type of Export | Number of Cargos | Volume (Bcf of Natural Gas) | Percentage of Total U.S LNG Exports (%) |
|--|------------------------|----------------|------------------|-----------------------------|---|
| 1. | Mexico* | Vessel | 53 | 178.2 | 18.5% |
| 2. | South Korea | Vessel | 47 | 161.6 | 16.8% |
| 3. | China | Vessel | 40 | 134.2 | 13.9% |
| 4. | Japan | Vessel | 19 | 68.1 | 7.1% |
| 5. | Chile* | Vessel | 19 | 58.1 | 6.0% |
| 6. | Jordan* | Vessel | 14 | 46.2 | 4.8% |
| 7. | India | Vessel | 12 | 41.4 | 4.3% |
| 8. | Turkey | Vessel | 11 | 37.3 | 3.9% |
| 9. | Argentina* | Vessel | 11 | 32.9 | 3.4% |
| 10. | Spain* | Vessel | 11 | 32.3 | 3.4% |
| 11. | Kuwait | Vessel | 8 | 27.3 | 2.8% |
| 12. | Brazil* | Vessel | 9 | 26.8 | 2.8% |
| 13. | Portugal* | Vessel | 8 | 26.5 | 2.7% |
| 14. | Egypt | Vessel | 5 | 16.9 | 1.8% |
| 15. | U.A.E. | Vessel | 5 | 16.8 | 1.7% |
| 16. | Dominican Republic | Vessel | 4 | 11.6 | 1.2% |
| 17. | Italy | Vessel | 3 | 9.8 | 1.0% |
| 18. | Taiwan | Vessel | 3 | 9.0 | 0.9% |
| 19. | Lithuania | Vessel | 2 | 6.8 | 0.7% |
| 20. | Pakistan | Vessel | 2 | 6.5 | 0.7% |
| 21. | Poland | Vessel | 1 | 3.4 | 0.4% |
| 22. | United Kingdom | Vessel | 1 | 3.4 | 0.4% |
| 23. | Thailand | Vessel | 1 | 3.1 | 0.3% |
| 24. | Netherlands | Vessel | 1 | 3.0 | 0.3% |
| 25. | Malta* | Vessel | 1 | 0.9 | 0.1% |
| Total Exports by Vessel | | | 291 | 962.4 | |
| 26. | Barbados | ISO Container | 89 | 0.3 | 0.0% |
| 27. | Bahamas | ISO Container | 4 | 0.0 | 0.0% |
| Total Exports by ISO | | | 93 | 0.3 | |
| Total Exports by Vessel and ISO | | | 384 | 962.7 | |

US LNG Cargos Make Their Way Across the Globe



Cargos From Sabine Pass 2017



Global LNG

Is Gas Global Yet?



- Global commodity, like Oil?
 - In global market, shocks reverberate globally
 - Price around the world the same
 - Gas prices, by contrast, are all over the place
- Changes today seem profound and transformational
 - LNG trade is expanding rapidly
 - Growing market for buying and selling
 - Barriers to entry have fallen
 - Gas prices are set increasingly on their own terms

FINAL THOUGHTS

- ✓ LNG has been an integral and important source of natural gas for New England
- ✓ Recognized by the ISO in the Fuel Study as a viable RELIABLE alternative
- ✓ Pay for performance scheduled to replace winter reliability program – intended to incent power generators to contract for fuel
- ✓ Repsol has successfully provided winter peak gas supply services to the New England market for several years now, and it is poised to provide multi-year peaking services in the years to come.
- ✓ ISO filed its Waiver Request related to the Mystic Units
 - ✓ Potential that Exelon will seek to recover costs of the Everett facilities as part of this process
- ✓ LNG needs meaningful market signals and “pre-arranged” logistics to ensure adequate supplies are available in NE, on peak winter days

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THANK YOU

