

# 2023-2024 IRP Technical Conference

## January 24, 2023



**Dominion  
Energy<sup>®</sup>**

# 2023 IRP Schedule

## Jan 24, 2023 – 10:00 AM to Noon

- Review IRP Standards and Guidelines
- Review 2022 PSC Order regarding IRP
- Pricing Update

## April 4, 2023 – 10AM to Noon

### **CONFIDENTIAL MEETING**

- Wexpro Matters (Confidential)
- System Integrity
- Rural Expansion Update

## April 25, 2023– 10:00 AM to Noon

- Heating Season Review
- Gas Supply Hedging
- Transportation and Storage Planning
- LNG Operations Update

## May 2, 2023 – 1:30 PM to 3:30 PM

- RFP Review (Confidential)
- Sustainability Update
- Long-Term Planning
- IRP Project Detail Discussion

## Jul 11, 2023 – 10:30 AM to Noon

- Final Presentation

# IRP Standards and Guidelines (2009)

Guideline	Update
Changes to customer growth models	IRP Report – Customer & Gas Demand Forecast Section
Changes to linear programming optimization (LPO) model (SENDOUT)	IRP Report – Final Model Results Section
Changes to DSM models	IRP Report – Energy Efficiency Section
Supply/demand forecasts, SENDOUT and DSM results	IRP Report – Customer & Gas Demand Section
Gas quality and gas storage issues	IRP Report – Gathering, Transportation, & Storage Section
Changes to Gas Network Analysis (GNA) models	IRP Report – System Capabilities and Constraints
GNA model results	IRP Report – System Capabilities and Constraints
Integrity management issues	IRP Report – Integrity Management Section
Other issues	Scheduled as needed

# Review of 2022 PSC Order Regarding IRP

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- Per the Utah Public Service Commission Order, dated January 6, 2023:
  - *“Based on our review of the 2022 IRP, the comments and recommendations submitted by DPU and OCS, and given the lack of opposition, we conclude the 2022 IRP generally complies with the Standards and Guidelines.”*

# 2023-2024 IRP Outline

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- Executive Summary
- Introduction
- Customer and Gas Demand Forecast
- System Capabilities and Constraints
  - Long-Term Planning
- Distribution System Action Plan
- Integrity Management
- Environmental Review
- Purchased Gas
- Cost-of-Service Gas
- Gathering, Transportation, and Storage
- Supply Reliability
- Sustainability
- Energy Efficiency
- Model Results
- Guidelines
- Appendix
- Glossary

# January 9, 2023 Stakeholder Meeting

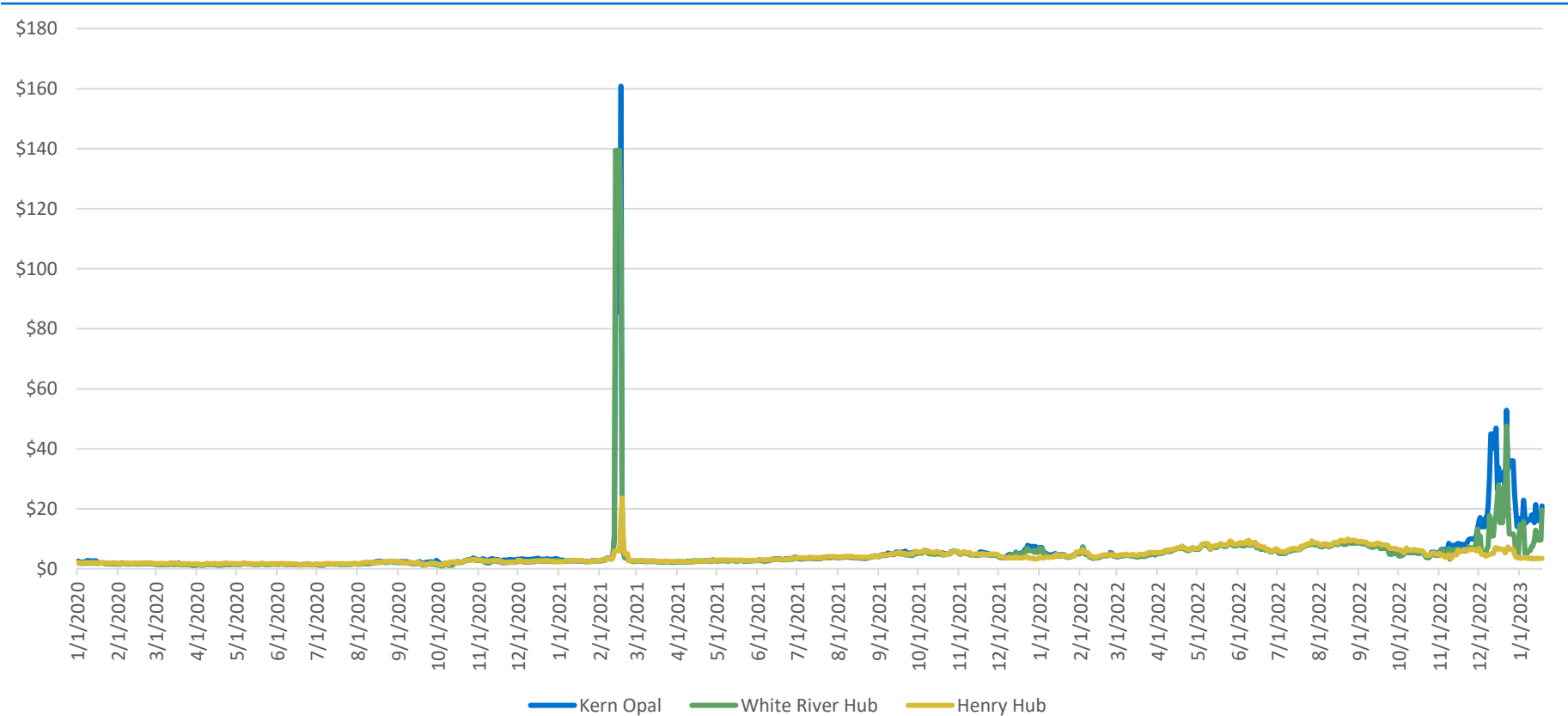
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- Attended by representatives from DEUWI, the Office, and the Division
- LNG Update
  - The Company confirmed that an update on the operations of the LNG facility will be included in the 2023-2024 IRP
  - This update will also be a topic in an IRP Technical Conference
- Supply Hedging
  - The Company confirmed that a discussion on the current supply/pricing situation will be included in the 2023-2024 IRP
  - This update will also be a topic in an IRP Technical Conference

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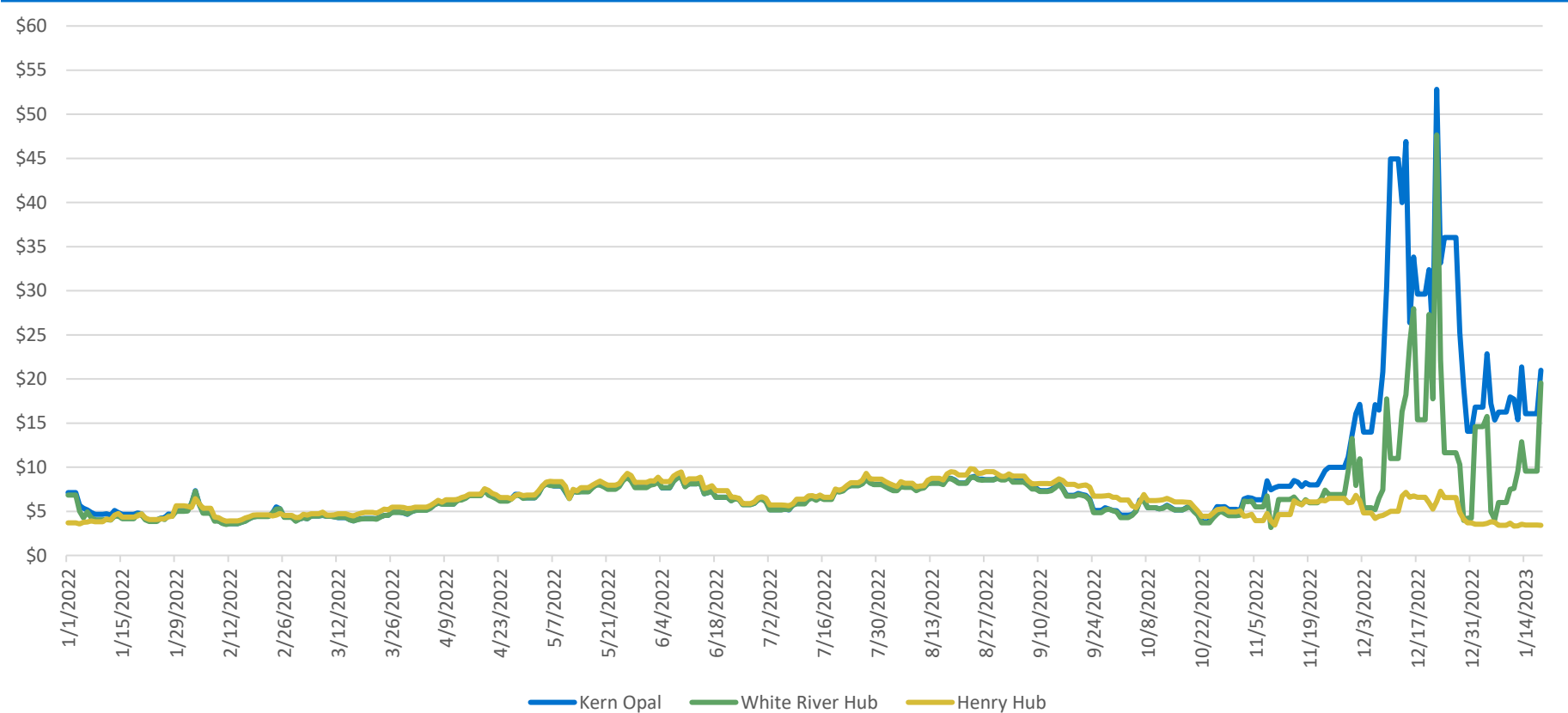
# Pricing Update

# Daily Spot Pricing

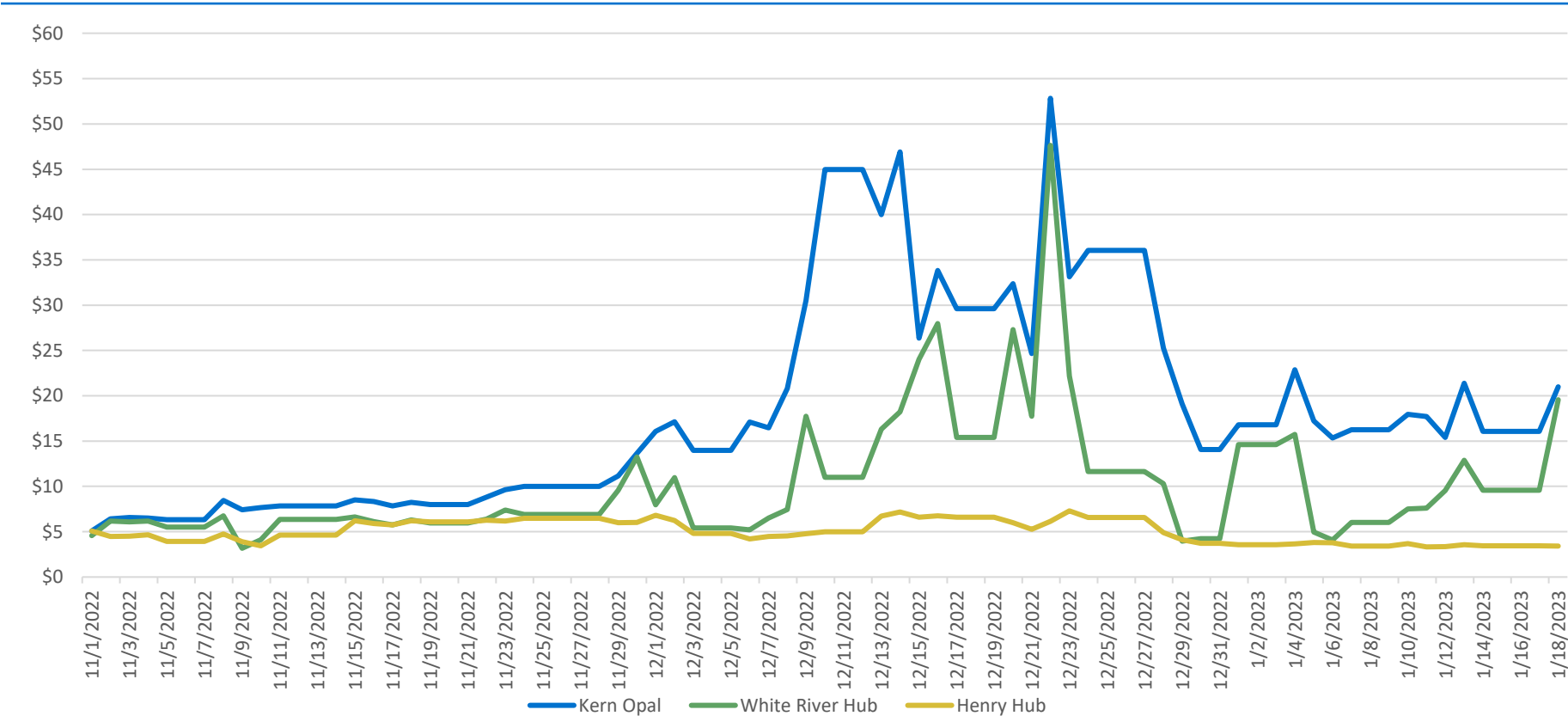




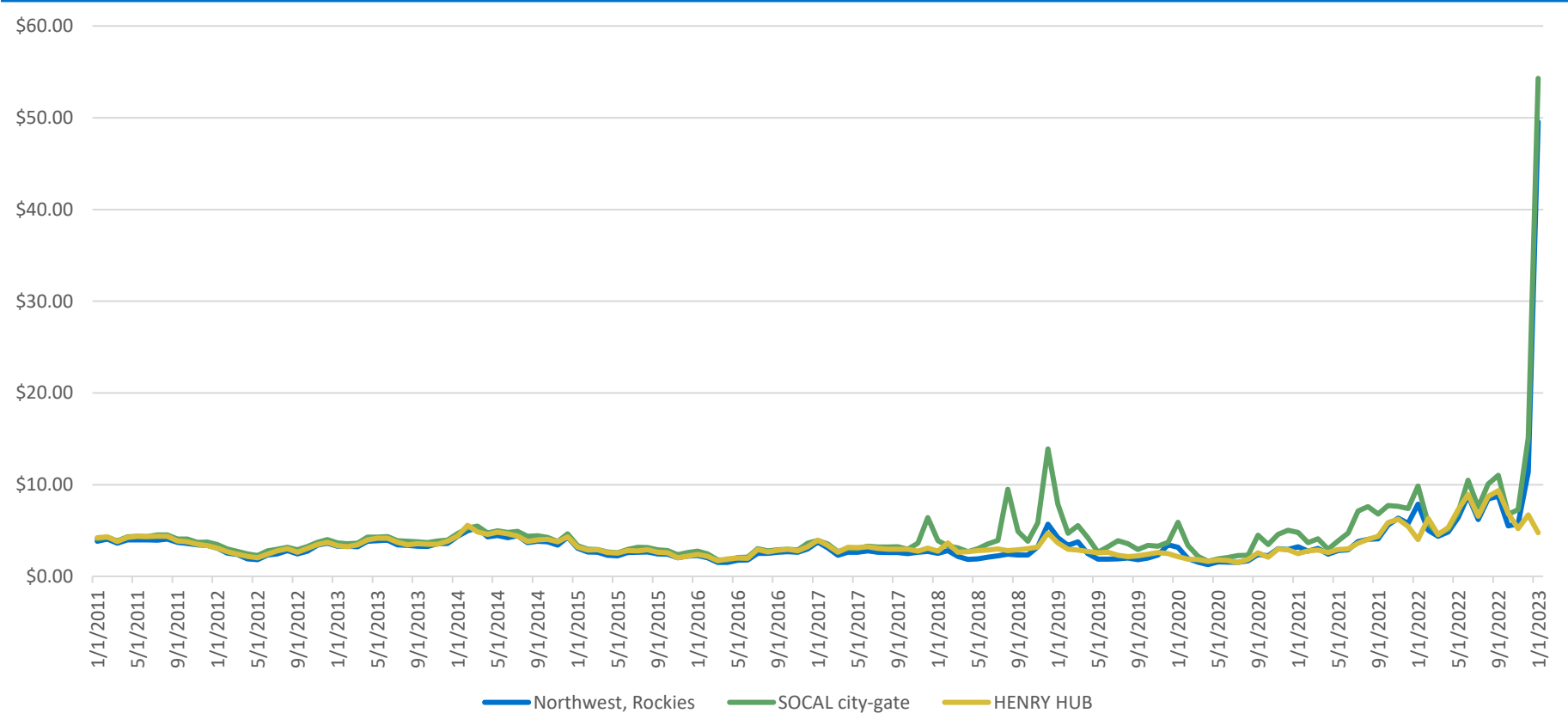
# Daily Spot Pricing



# Daily Spot Pricing

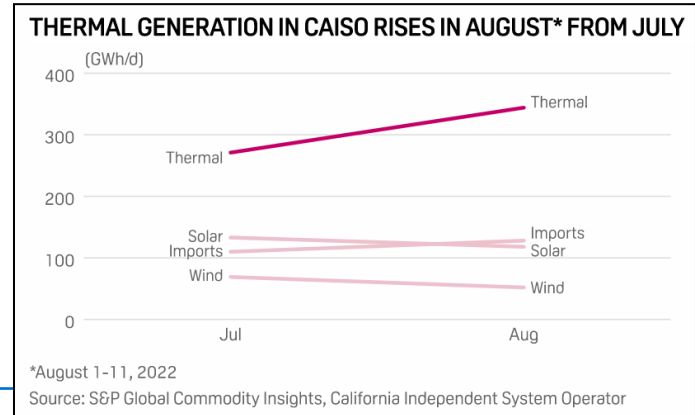


# Monthly Pricing



# Why?

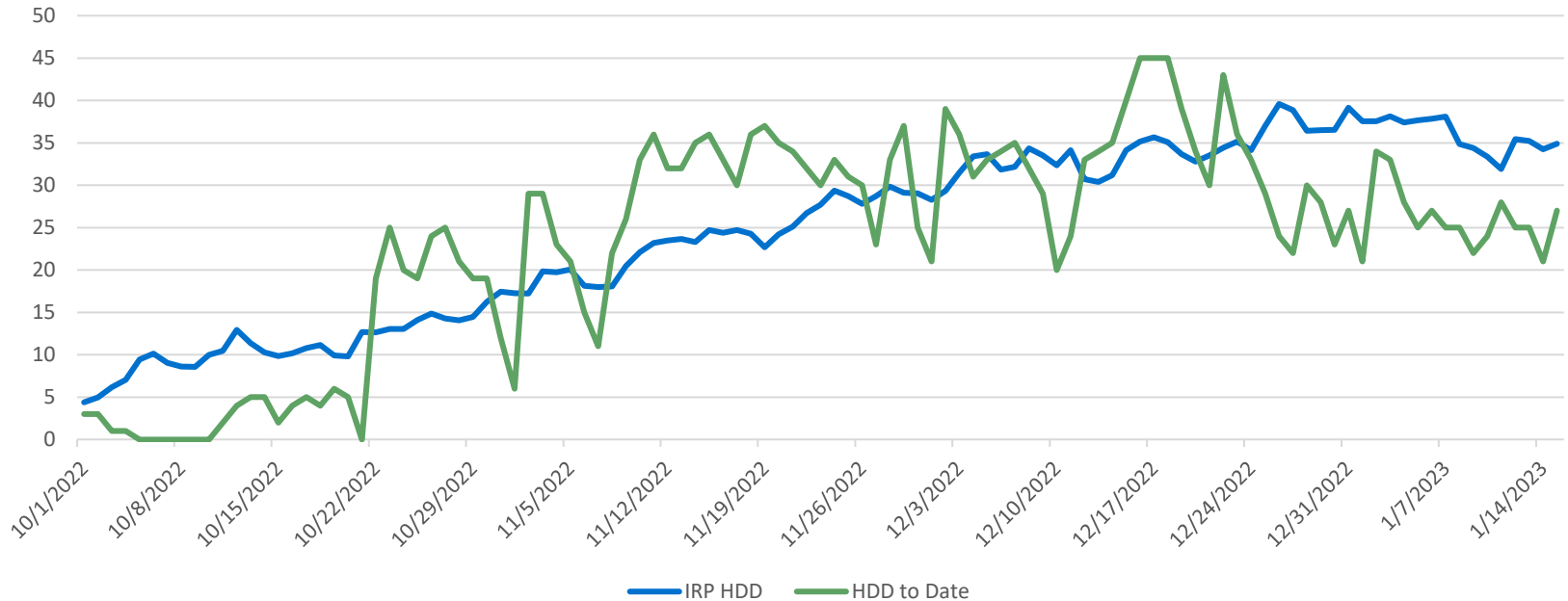
- Demand...
  - Weather in the west, including the PNW, last summer was hot and dry
    - Reduced availability of hydro power generation, including reductions of imported hydro power into CA from the PNW
    - Increased demand for power generation- much of which was met by increased natural gas fired generation due to the reduction of coal plants
    - September heat wave –
      - Up to 60% of fuel mix was natural gas



# Why?

- Demand...

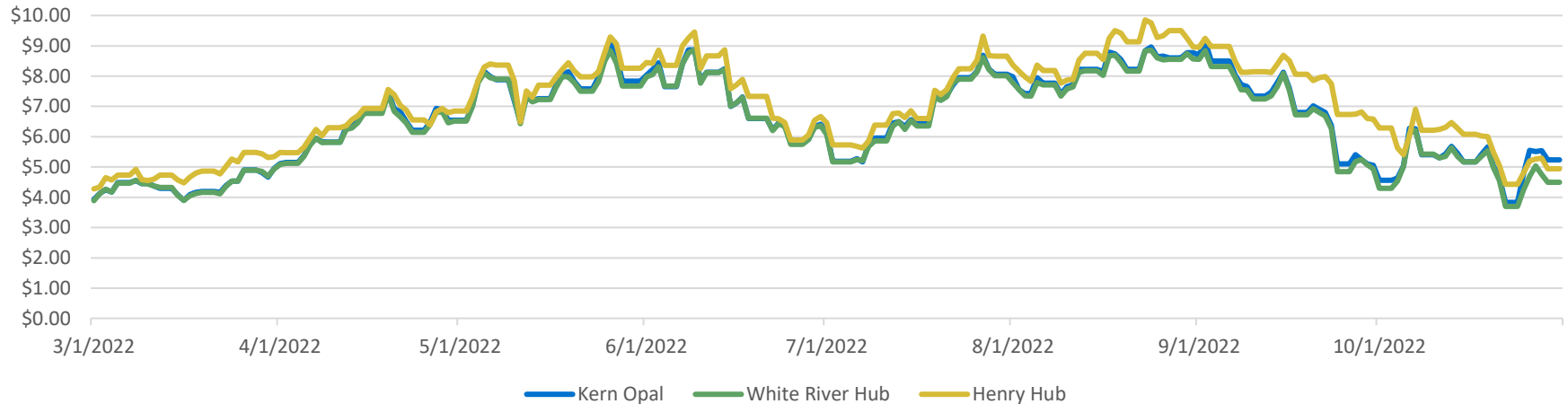
- Colder-than-normal winter



# Why?

## ■ Supply...

- Summer pricing was high due to overall US supply/demand dynamics in part due to LNG exports to Europe

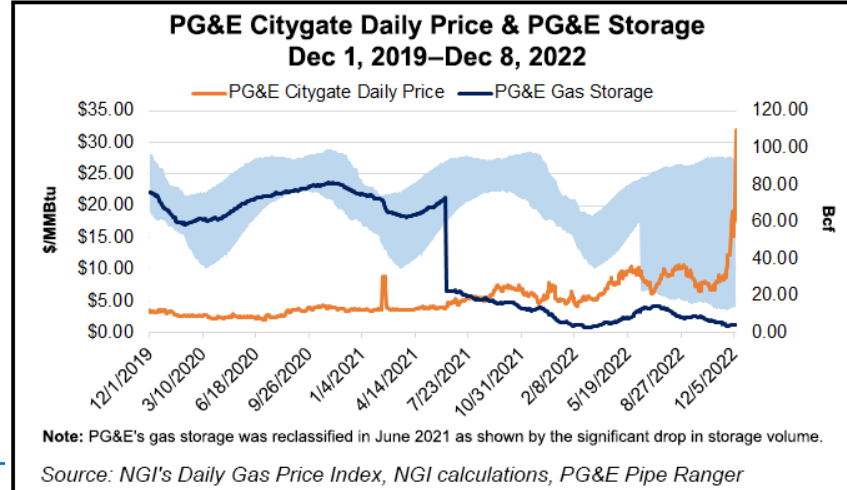


- Natural gas flows to Southern California from the Permian Basin have been reduced due to the shut down of El Paso Natural Gas's Line 2000 since August 2021

# Why?

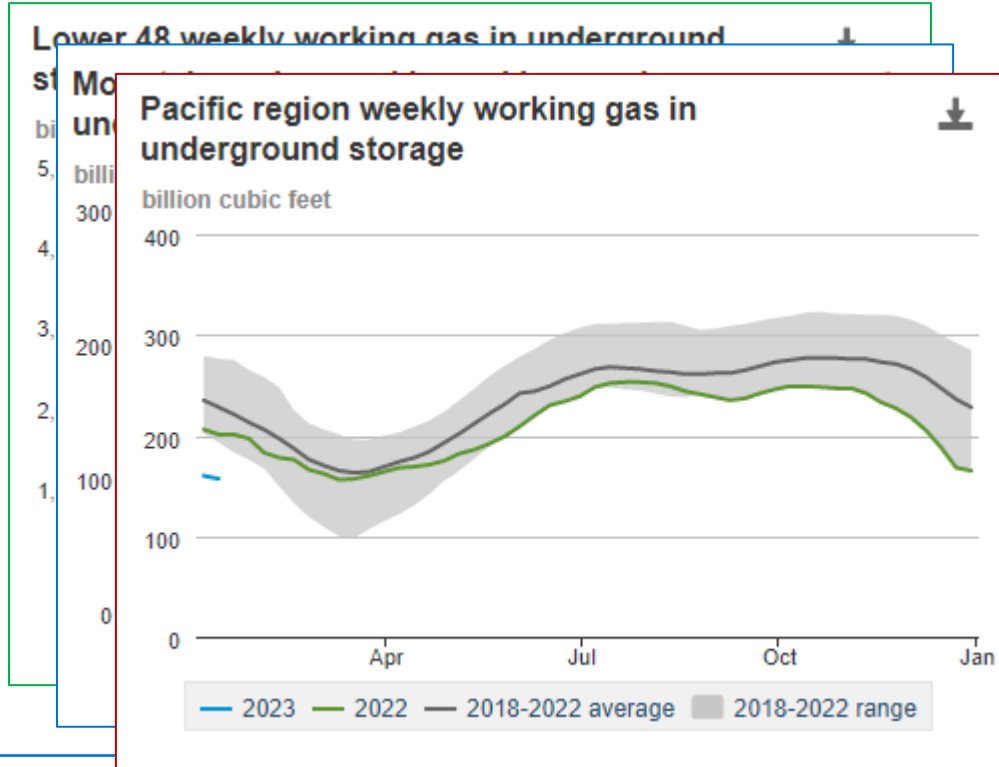
- Storage...

- Summer 2021 – PG&E reclassified 51 Bcf of storage from working gas to cushion gas
  - Part of a shift in how PG&E will operate storage
    - Storage for reliability not pricing offsets



# Why?

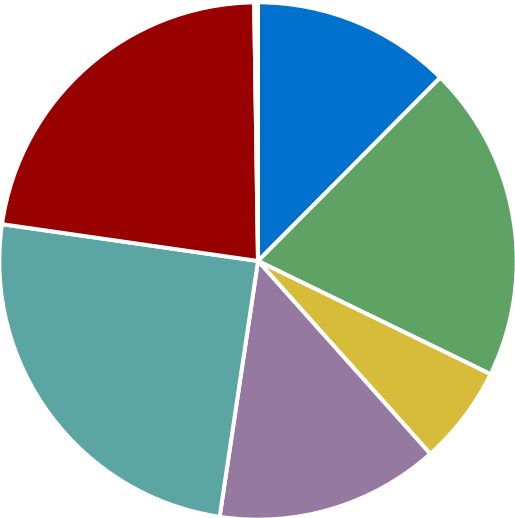
- Storage...





# 2022-2023 Design Day Supply Portfolio

	Volume (Dth)	%
Wexpro Production	155,000	12.4%
Storage Withdrawal	246,000	19.8%
Baseload Deals - Fixed Price	77,000	6.2%
Baseload Deals - Monthly Index	174,000	14.0%
Spot Purchases - Daily Index	310,050	24.9%
Peaking Deals - Daily Index	280,000	22.5%
Baseload Deals - Daily Index	2,950	0.2%
	<b>1,245,000</b>	



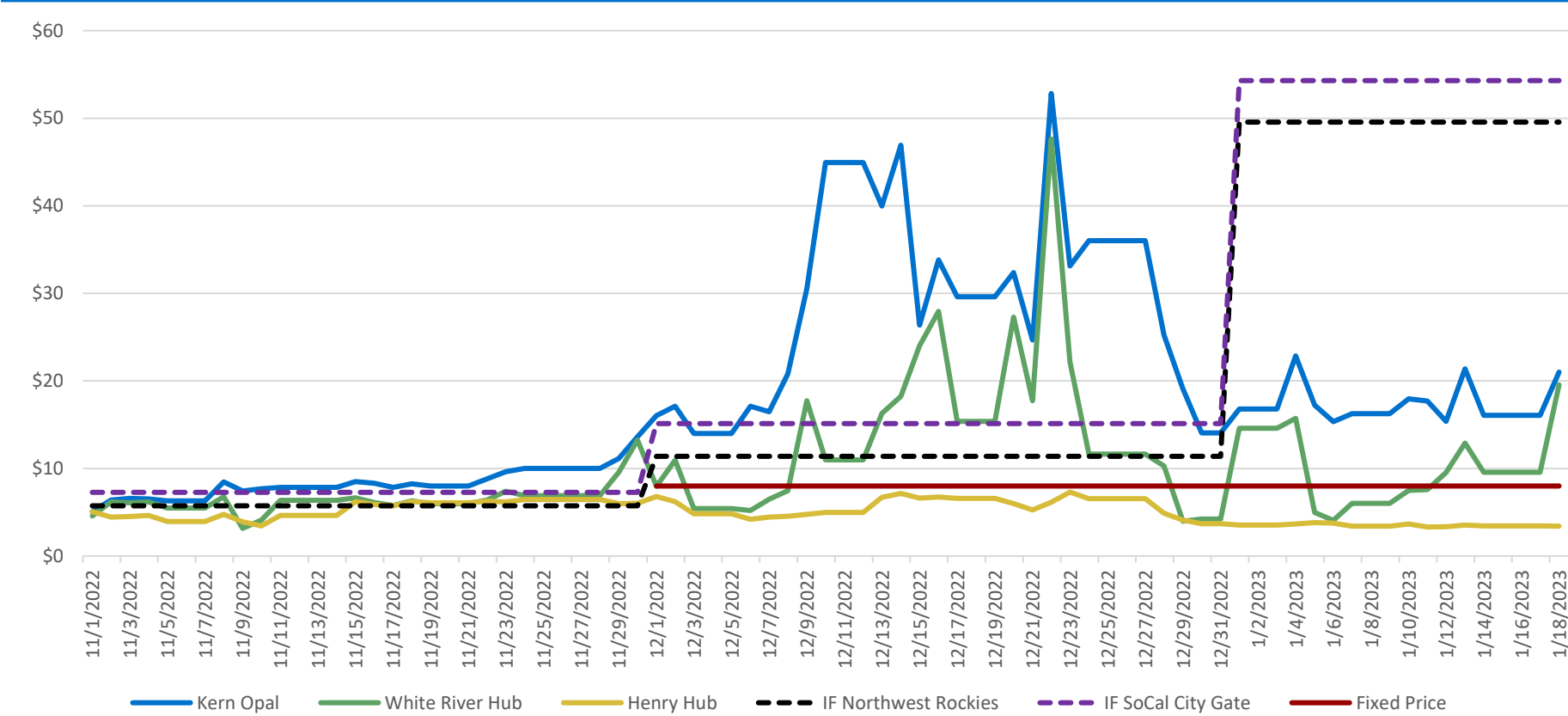
## 2023-2024

55,000	Northwest, Rocky Mtns
30,000	Socal Gas City Gate
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85,000	

## 2024-2025

30,000	Northwest, Rocky Mtns
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30,000	

# 2022-2023 Supply Pricing



# Fixed Daily Costs

	December		January		February		Potential February Cost				
	Vol	Cost	Vol	Cost	Vol	Cost	\$10	\$20	\$30	\$40	\$50
Baseload FOM - Northwest Rockies	104	\$1,185	104	\$5,155	59		\$590	\$1,180	\$1,770	\$2,360	\$2,950
Baseload FOM - Socal Gas	70	\$1,060	70	\$3,801	67		\$670	\$1,340	\$2,010	\$2,680	\$3,350
Baseload Converted to Fixed (Feb)					75	\$1,448	\$1,448	\$1,448	\$1,448	\$1,448	\$1,448
Baseload Fixed Price*	77	\$616	77	\$616	77	\$616	\$616	\$616	\$616	\$616	\$616
	251	\$2,860	251	\$9,572	251	\$2,064	\$3,324	\$4,584	\$5,844	\$7,104	\$8,364

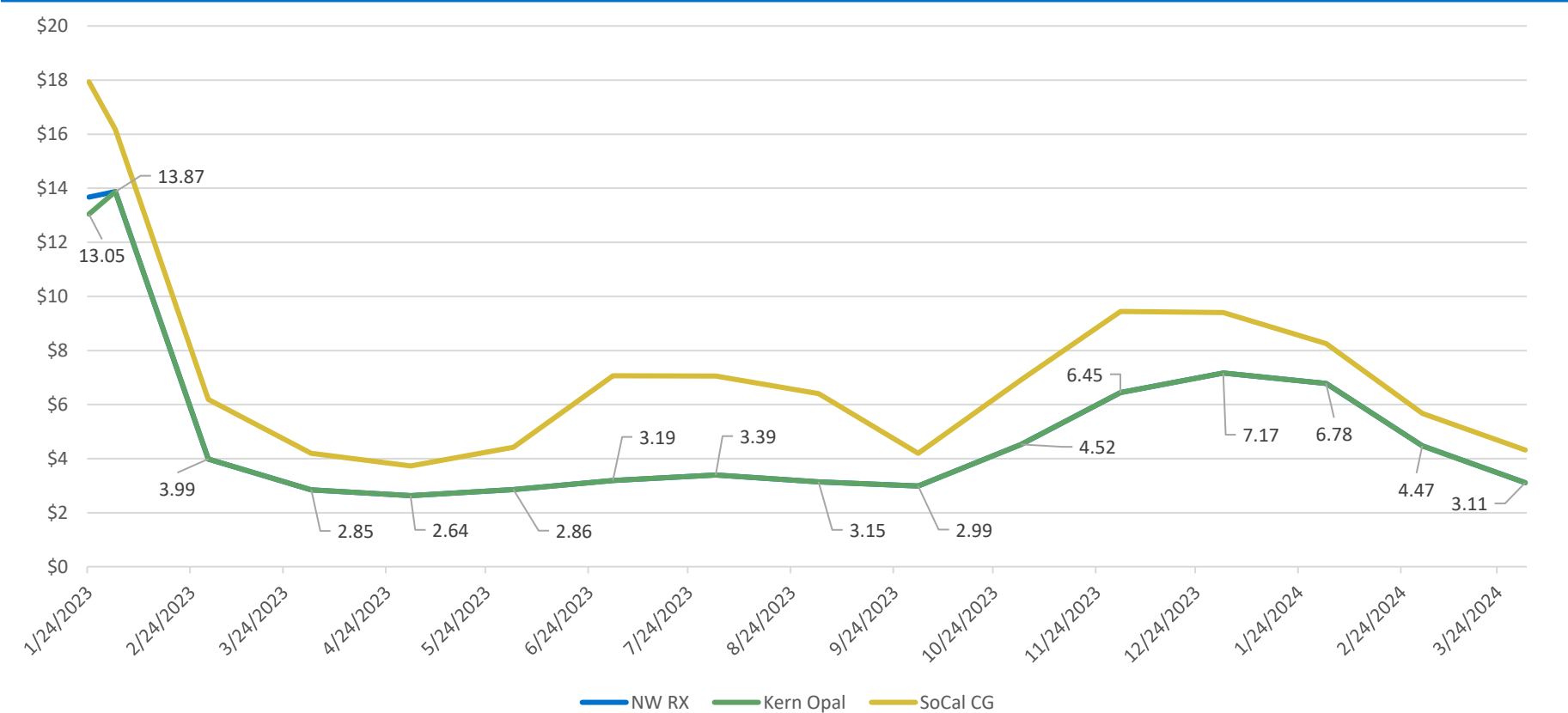
Vol = 1,000 Dth/day

Cost = 1,000 \$/day

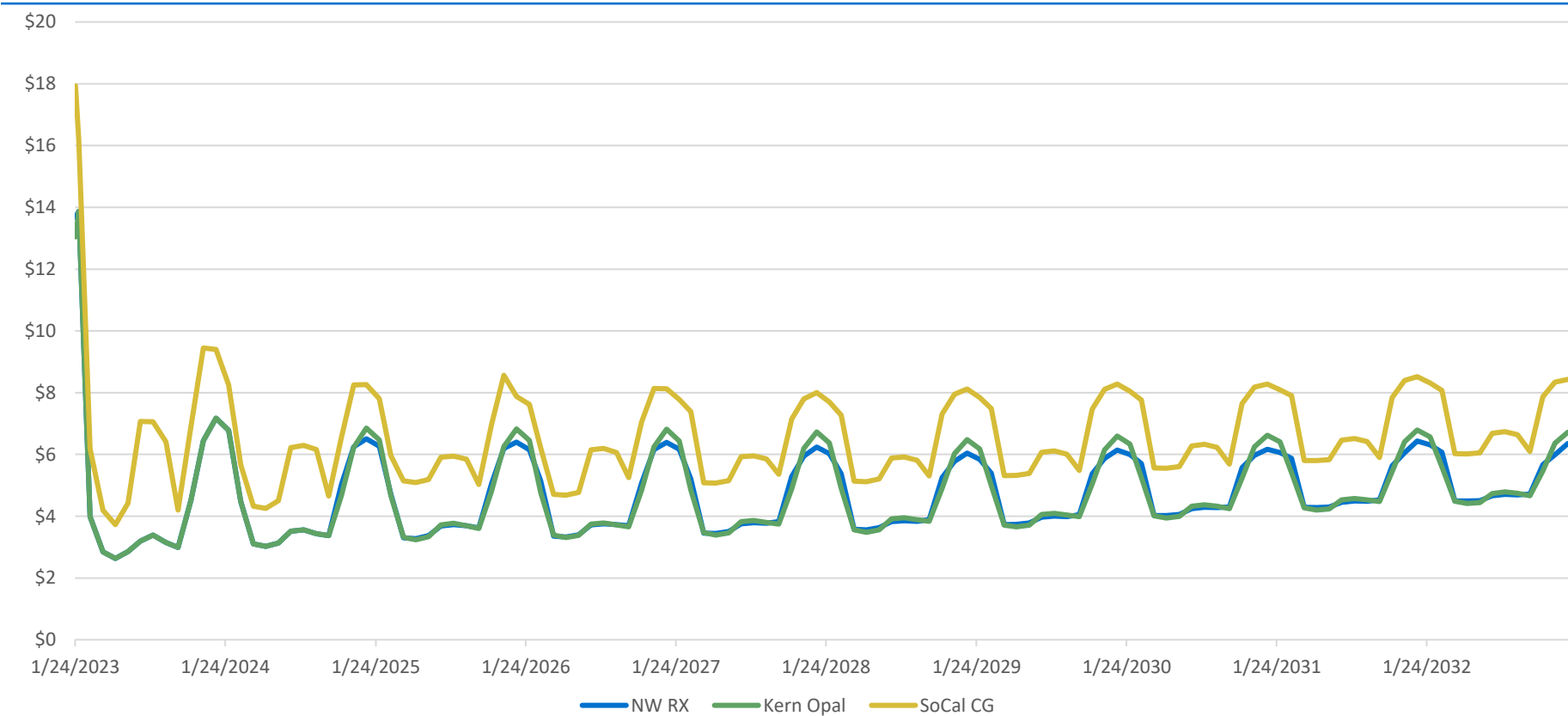
\*All costs are approximate cost/Dth – Not exact pricing of deals

Note: 2,950 Dth/day of baseload at daily price index not included in analysis

# Future Curve – January 20, 2023



# Future Curve



# Going Forward

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- El Paso Natural Gas Line 2000 work to be completed in January 2023.
  - Will be back in service after PHMSA approval
  - Increased supply to Southern California
- Short-Term
  - Colder weather forecasted for the end of January and early February
- Long-Term
  - Overall US supply/demand dynamics expected to shift toward and oversupply position
    - downward pressure on pricing
  - Drought conditions seem to be improving in the West with a wet winter
    - This could increase availability of hydro-power generation
  - Pending future pricing – DEUWI may look for opportunities to fix pricing on baseload contracts currently at monthly index pricing

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# Questions?