

Natural Gas Fundamentals

What's Changing and the Impact on Pricing



Our Purpose

To *Be A Fuel For Good*® by caring for our customers and employees and elevating our industry and communities.

Our Mission

To be the energy provider of choice by delivering exceptional value, service and simplicity.

Our Values



Do What's Right

Lead with integrity, honor commitments and interact openly to build and maintain trust.



Own It

Take responsibility and action to deliver the optimal solutions for our customers and organization.



Serve Others

Operate through a lens of service to support customers, employees and our communities.



Be Better Together

Embrace the diversity of our people by nurturing inclusion and respect for collective success.



Keep Growing

Create a culture of resiliency where we seek opportunities to learn, grow and adapt.



\$2B+
annual revenue

A subsidiary of

5%

of profits go to
support children in
need every year

\$5.8M

donated in
2025

425+
employees



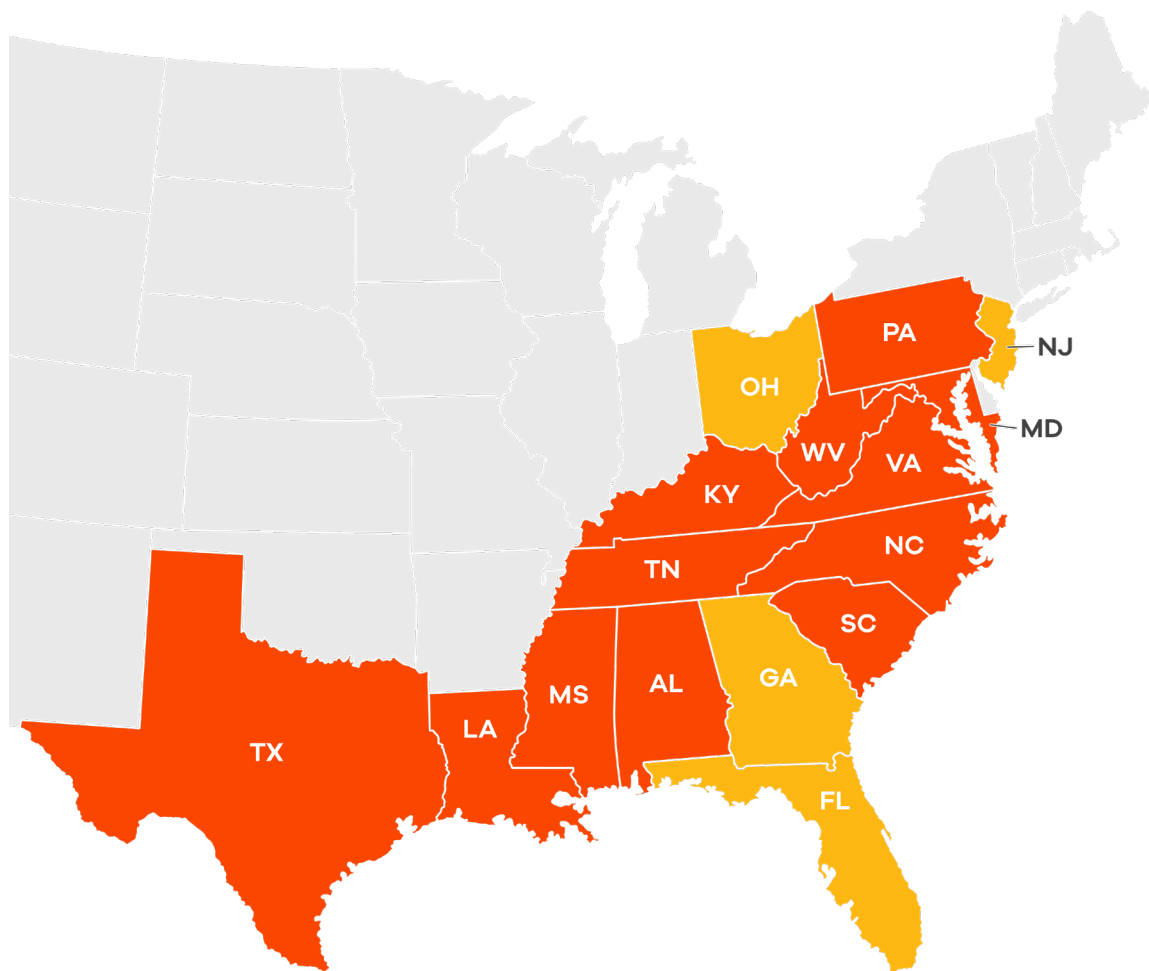
#15
on AJC Top
Workplaces list for
mid-size companies

\$100M

invested in solar
community projects

#1

Retail market share in
Georgia and Florida



- = Retail Choice and Wholesale
- = Wholesale

16

States serviced in the South,
Mid-Atlantic and Midwest

~500k

Retail and wholesale
customers

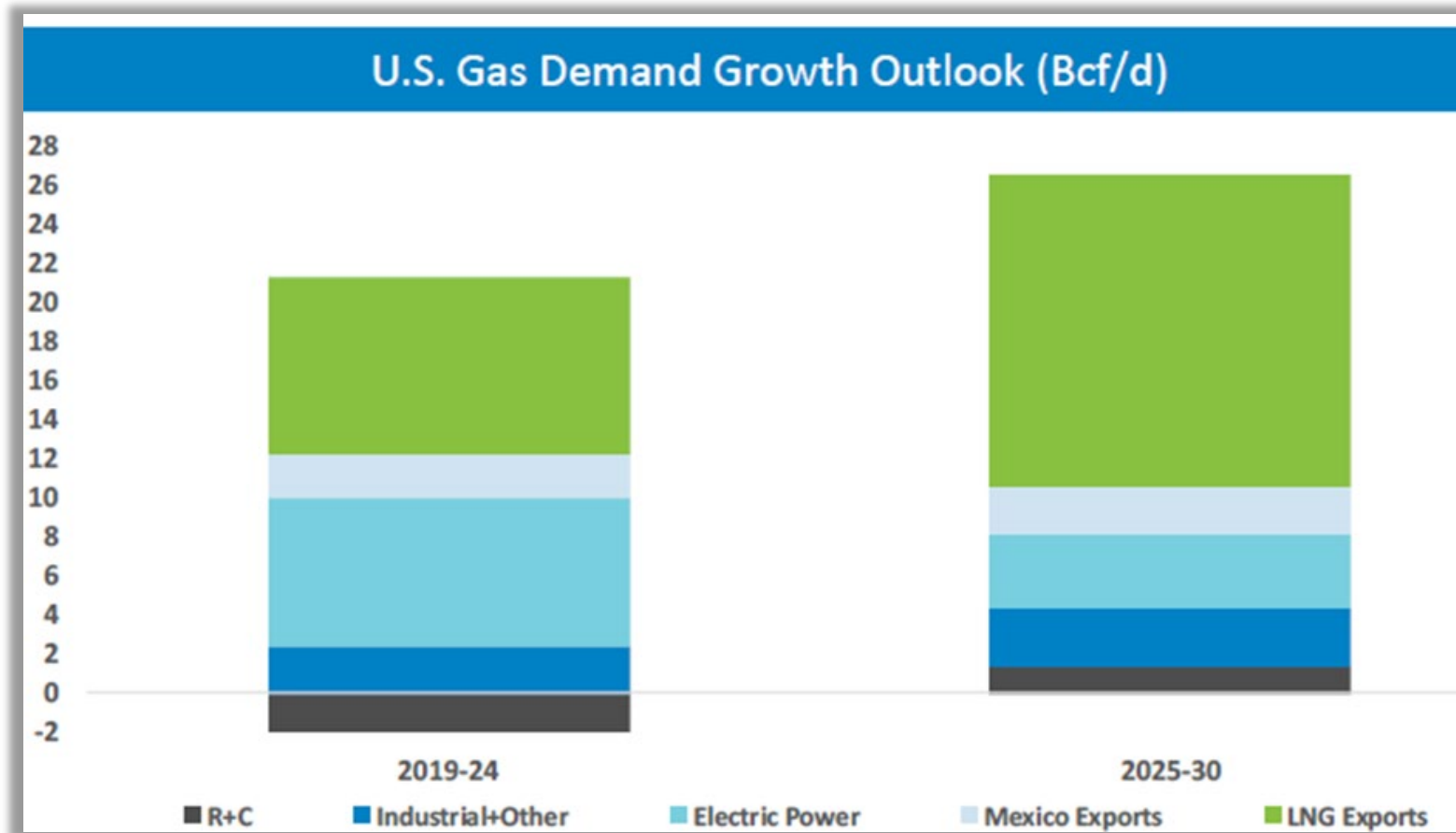
~400 Bcf

Supplied per year

30+

Pipelines and hubs used to
deliver natural gas

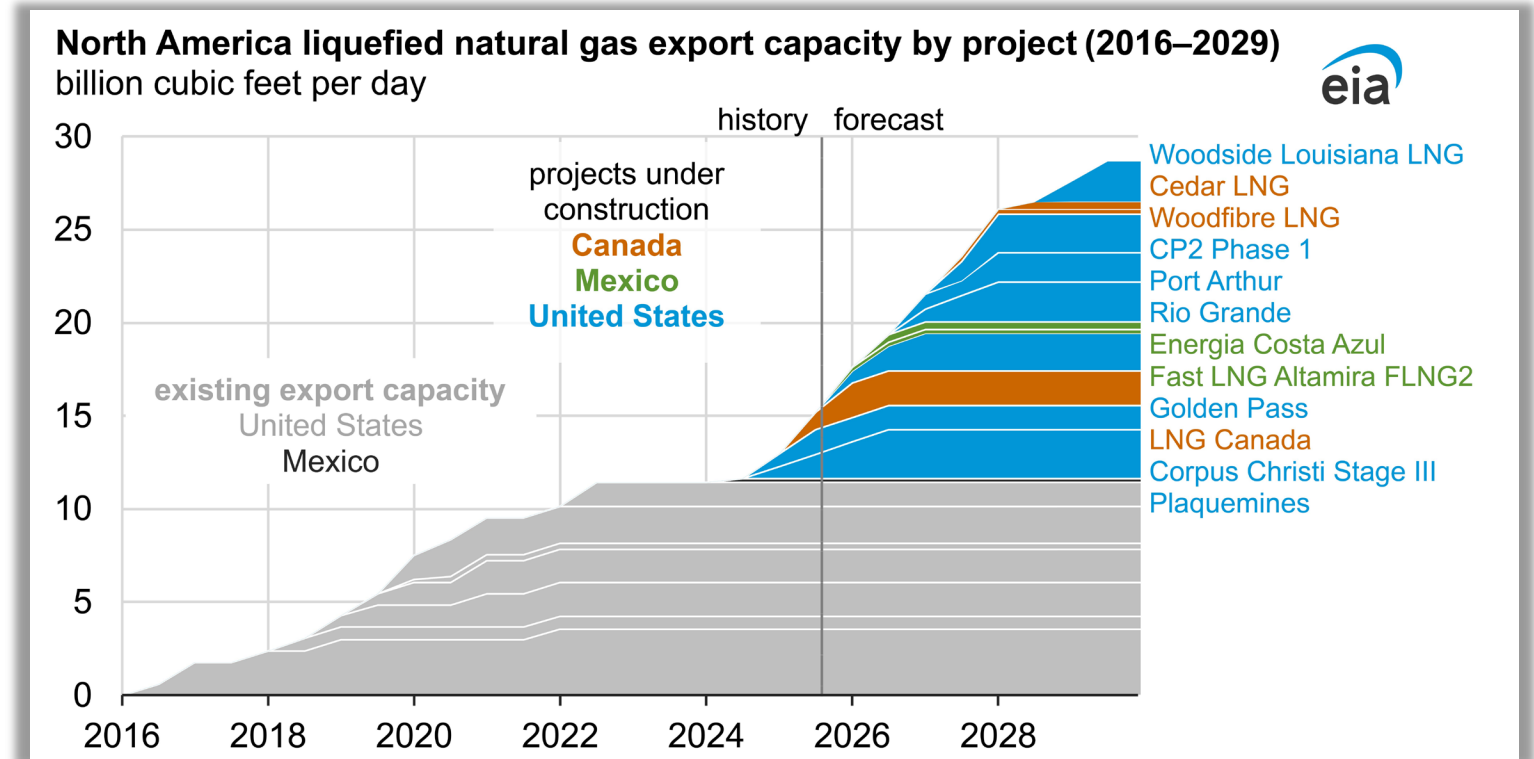
Natural gas demand is projected to increase 26% by 2030.



LNG Exports make up the largest sector of demand growth.

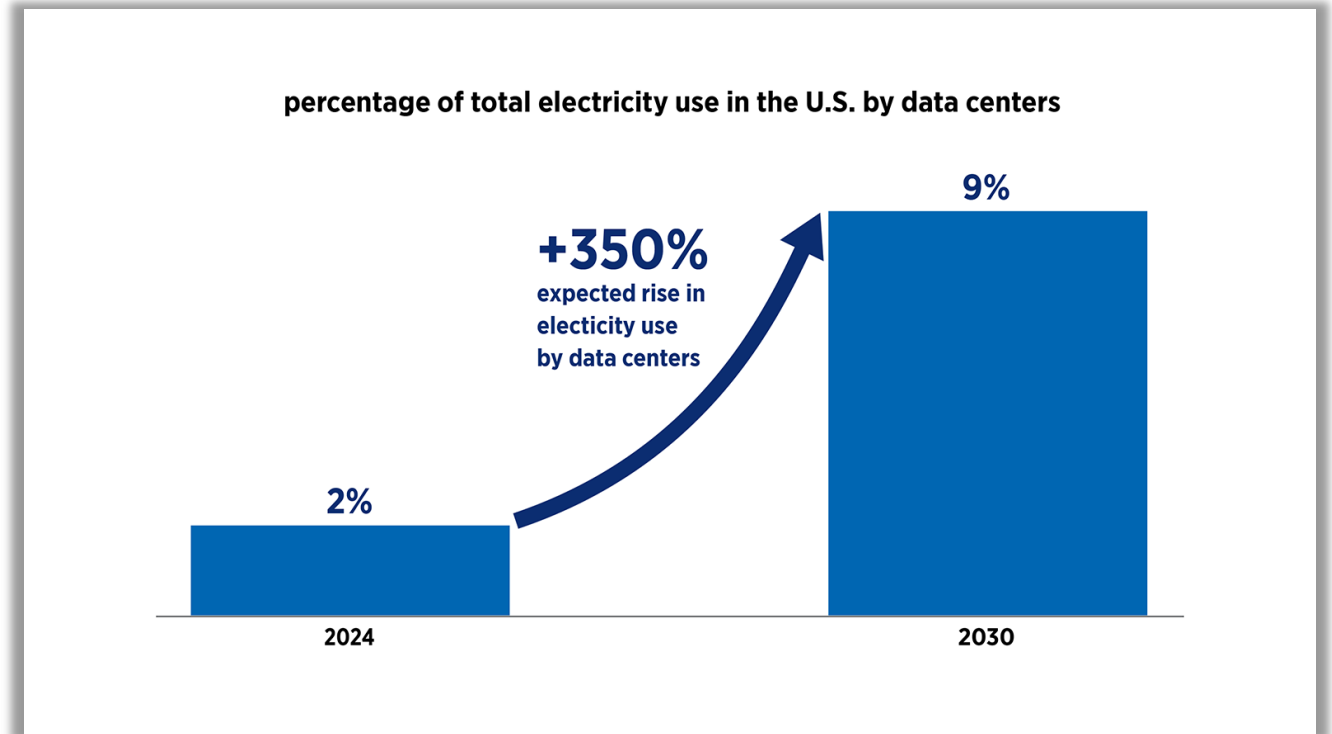
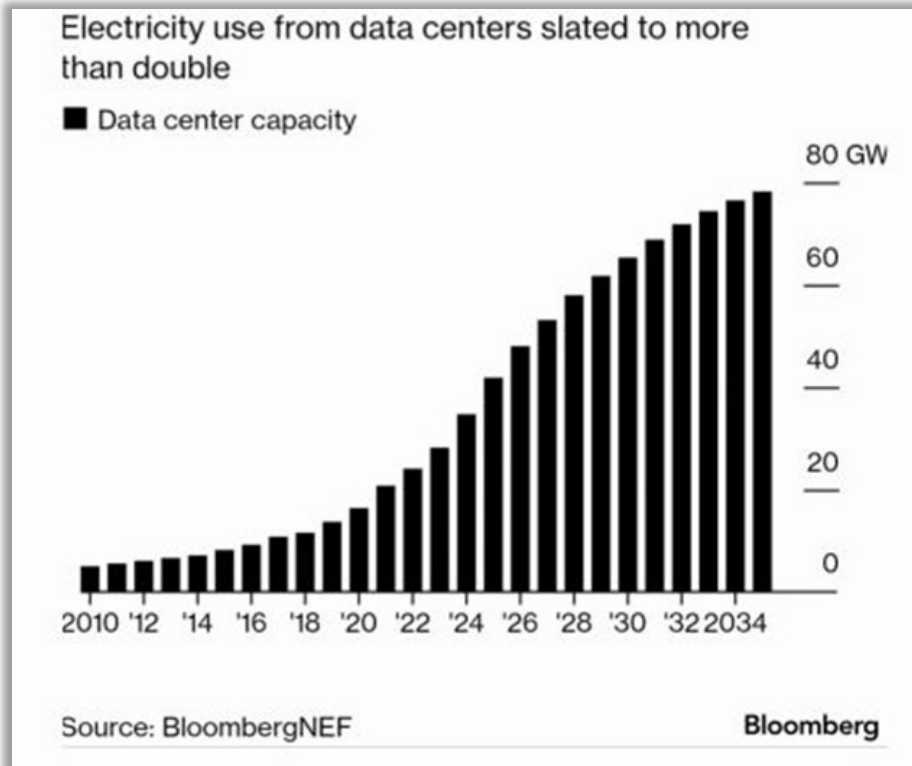
LNG exports have grown 18% this year, sparking new capacity projects.

- U.S. LNG exports will rise over 60% in the next 5 years.
- U.S. doubling export capacity in the next 2.5 years to over 25 Bcf/d
- Some projections show 30+ Bcf/d by 2030 with continued growth



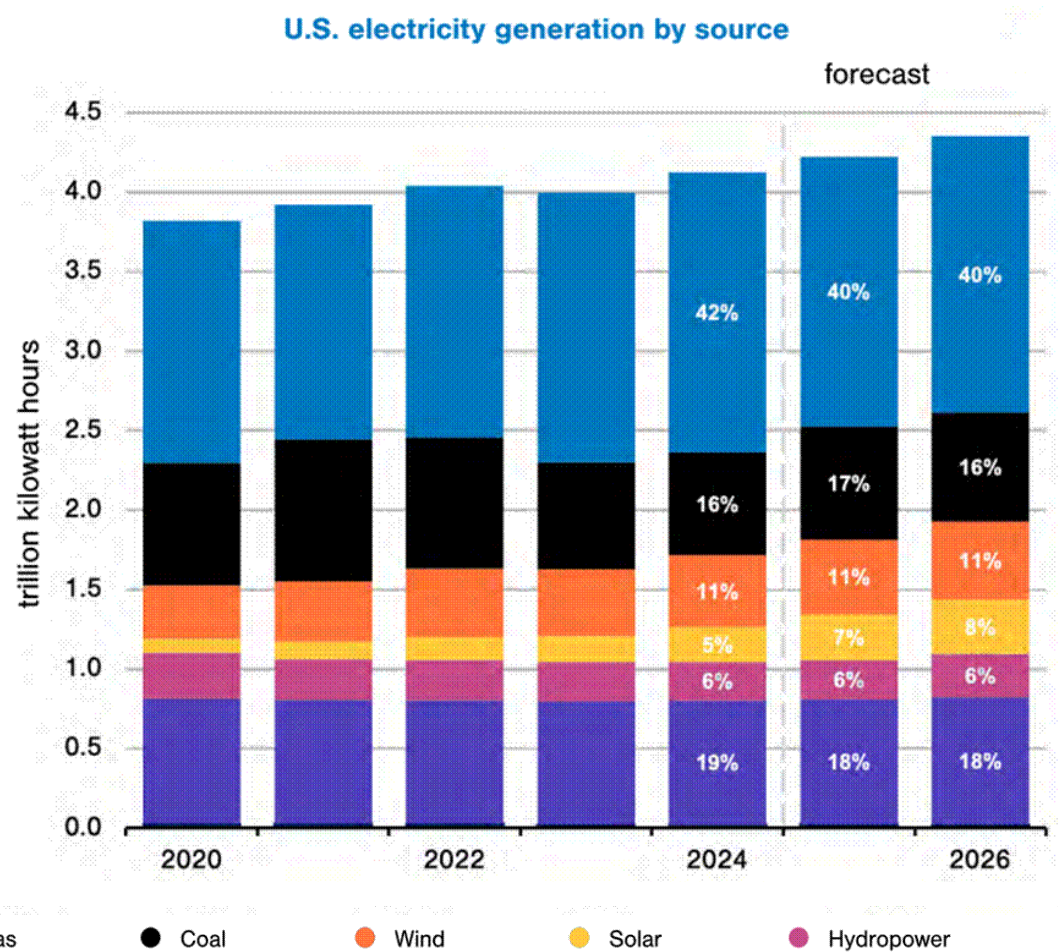
Energy Information Administration

With the rise of AI, data centers have become the leading source of electric load growth.



Chevron, March 2025

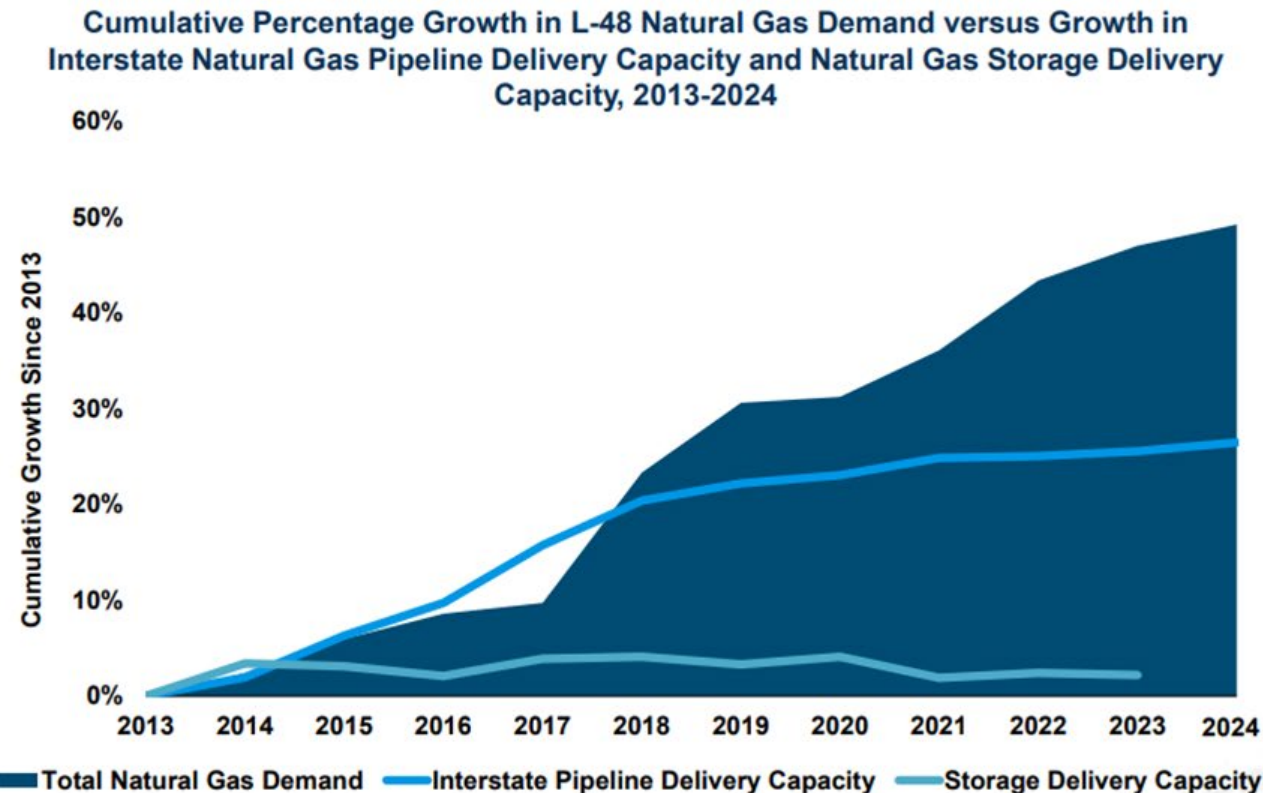
Natural gas will continue to be the leading source of fuel for electricity generation.



NGSA 2025-2026 Winter Outlook

- Though growing, wind and solar still make up less than 20% of KWh production in the U.S.
- With 36% of operational coal capacity set to retire before 2032, reliance on gas will increase even further.
- Utilities and IPPs are relying on natural gas to meet data center demand.

However, natural gas infrastructure growth has not kept pace with new demand.



Since 2013 demand for gas has grown by

▲ **49%**

while infrastructure to deliver gas has increased by

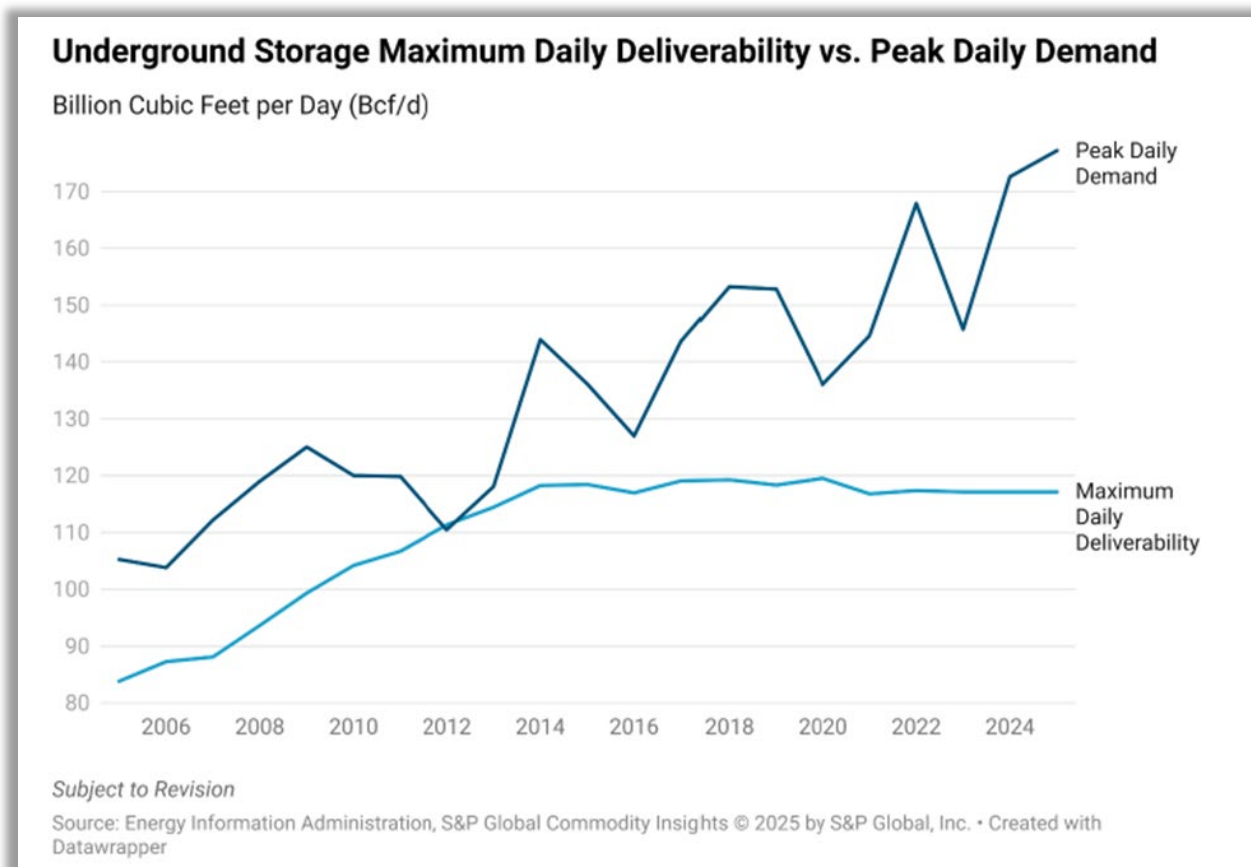
▲ **26%**

and storage delivery capacity has grown by

▲ **2%**

Source: U.S. Energy Information Administration (EIA).
Note: 2023 is the most current data for storage delivery capacity from the EIA.

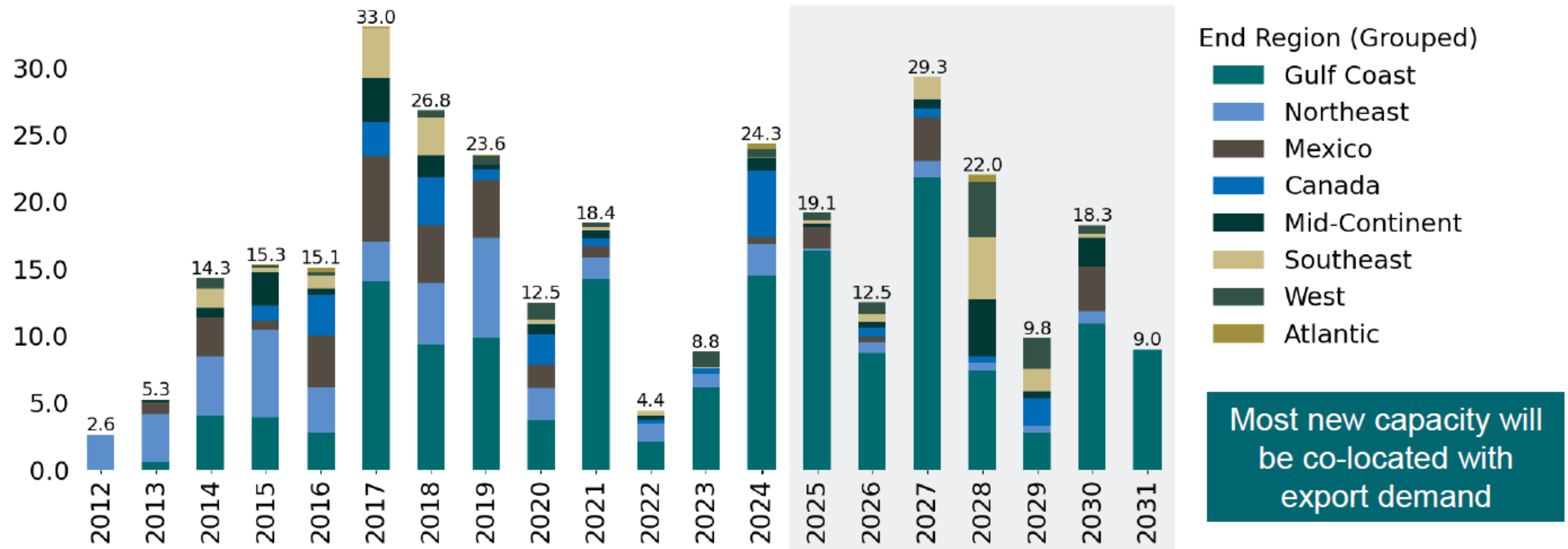
Storage in particular has remained relatively flat.



Relative to demand, storage capacity is near all-time lows.

120 Bcf/d of Planned Pipeline Capacity Expansions by 2031

North American Natural Gas Pipeline Capacity Expansions by End Region (Grouped)
Billion Cubic Feet per Day (Bcf/d)



Source: S&P Global Commodity Insights, ©2025 by S&P Global Inc., Chart: American Gas Association

Pipeline Expansion Project Details

Pipelines Affecting Southeast

Transco

- AL to GA Connector | 64k | 4Q25
- SE Enhancement | 1,597k | 4Q27

Southern Natural (SNG)

- South System 4 | 1,323k | 4Q28/4Q29

Upstream Pipelines (helping SNG Transco St-65/85 basis)

Tennessee (TGP)

- MS Crossing (MSX) | 2,100k | 4Q28

Boardwalk (Gulfsouth)

- Kosci Junction | 1,160k | 2Q29

Transco

- TX to LA Energy Pathway | 364k | 2Q25

Quantities in Dths

Infrastructure improvements are facing headwinds.

Geographic Imbalances

Most new capacity projects are located in the Gulf Coast to serve LNG demand, while interstate projects remain a challenge.

Major Constraints

The Transco pipeline corridor (Appalachia-Southeast-Mid-Atlantic) is constrained from both directions, creating a “demand island”.

Project Cancellations and Delays

Regulatory and legal hurdles may be easing some, but still create challenges for system expansions.

Project Costs

New pipeline projects are significantly more expensive — costs per mile have risen nearly 90% over the last few years for some projects.

Putting It All Together: We're in For a Bumpy Ride

Supply:

The U.S. has abundant reserves and a low cost of production, making us the largest producer of this foundational fuel

Infrastructure:

Pipelines and storage have not been sufficiently expanded, creating bottlenecks. Future expansion will take time and will be costly.

We are likely to see upward pressure on natural gas prices and increased volatility

Demand:

Forecasts predict unprecedented growth in gas demand, largely from power plants and LNG exports

Thank you!



Email: mhensley@enspireenergy.com

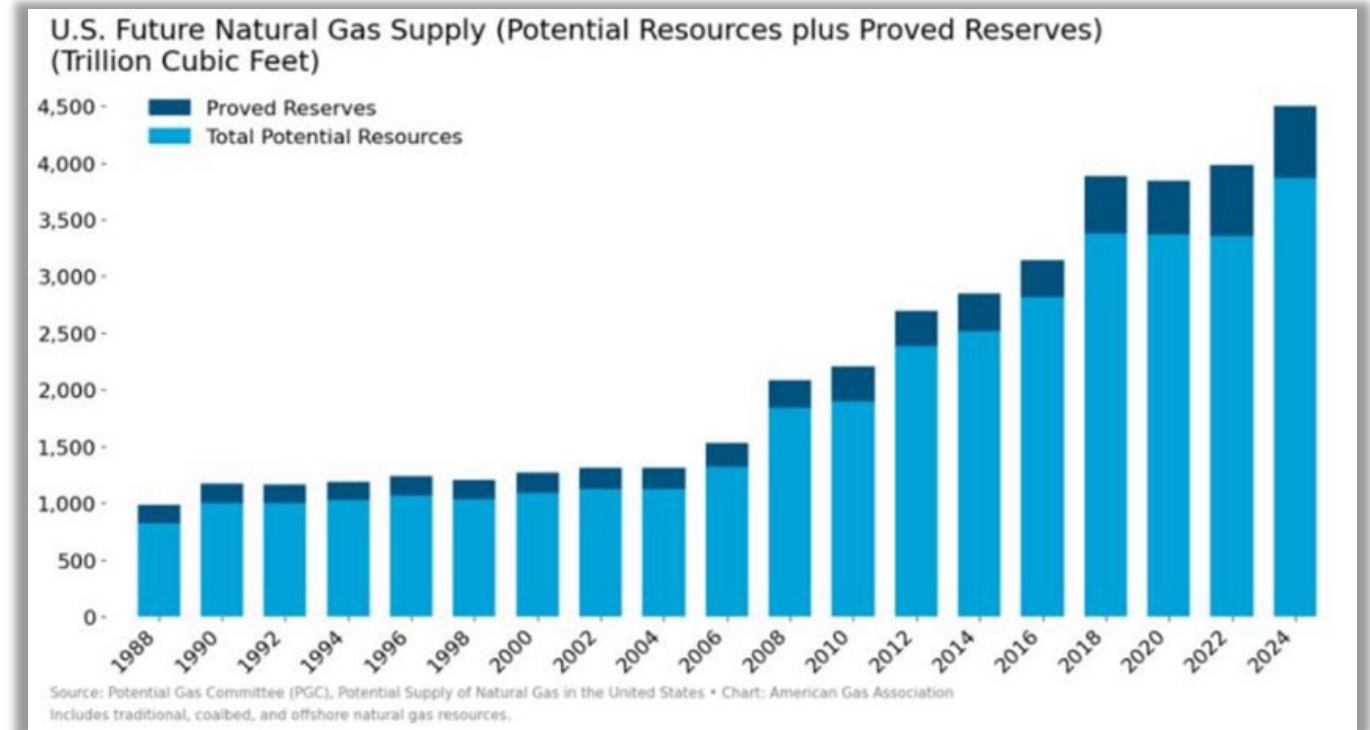
Office: 757-963-9123 x2

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Appendix

The Shale Revolution has dramatically increased our supply outlook.

- 4,562 Tcf total future natural gas supply (reserves + resources)
 - ~50% increase from 2008-2024, tripling from 06-24, from start of our business.
- At current demand forecasts, the American Gas Association expects U.S. natural gas resources to last 100+ years.
- Near-term supply is ample, but inventory may tighten post-2035, particularly in the Marcellus, Haynesville and Utica.



Storage Expansions

Permits Received

- Mississippi Hub – 34 Bcf
- Golden Triangle – 14 Bcf

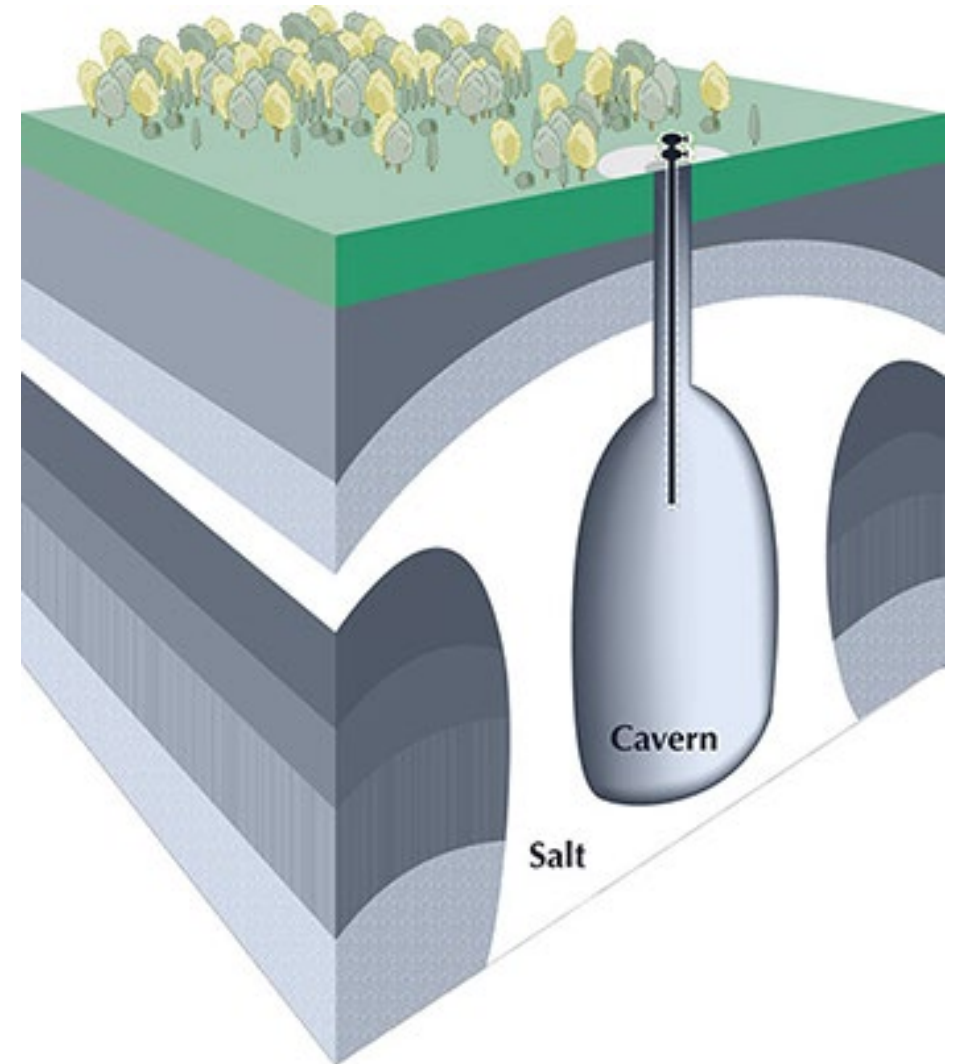
In Permitting

- NGPL (on system) – 10 Bcf

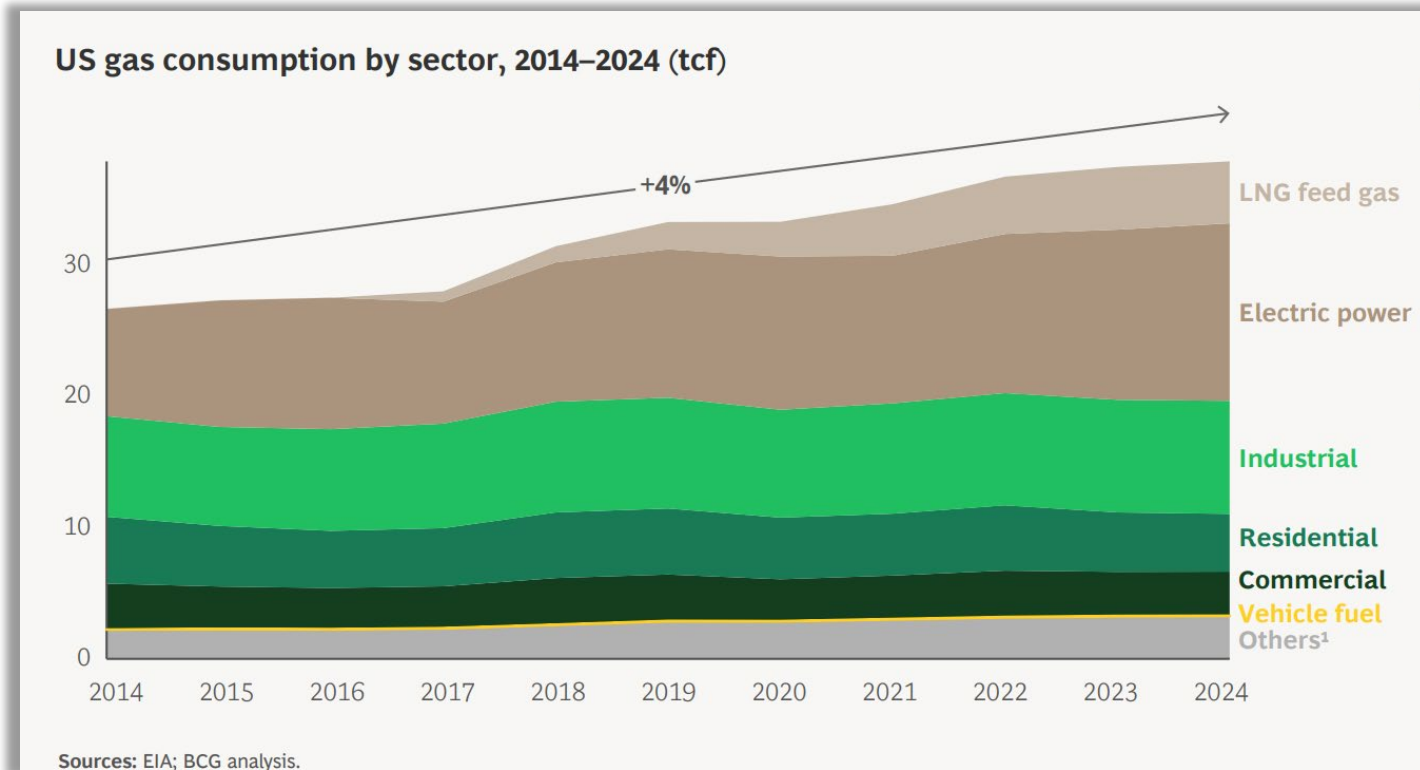
In Development

- Black Bayou Energy Hub – 34 Bcf
- Pine Prairie** – 10 Bcf
- Freeport Energy Storage (FRESH) – 26 Bcf

**Williams acquired six storage sites in 2024 from Hartree Partners.



LNG exports and electric power are largest sources of gas demand.

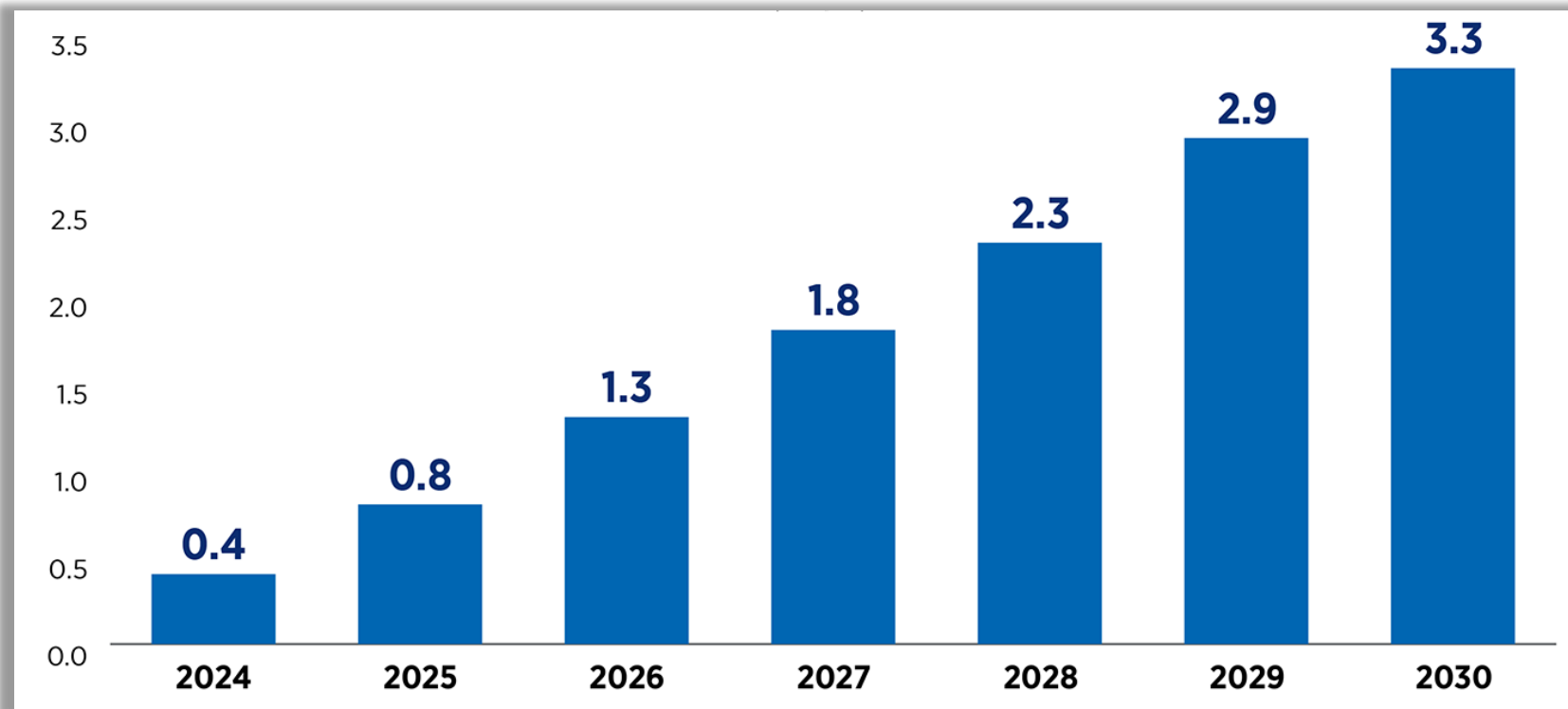


- By 2030, gas demand is expected to increase to 47 tcf (up another 27% from 2024 levels)¹
- Half of this increase is forecasted to come from gas exports, followed by electric power and industrial consumption

¹ Source: Range Resources, 7/2025

Natural gas will be essential for fueling the AI boom

Cumulative Physical Natural Gas Demand Potential for
Data Centers by 2030 (Bcf/d)

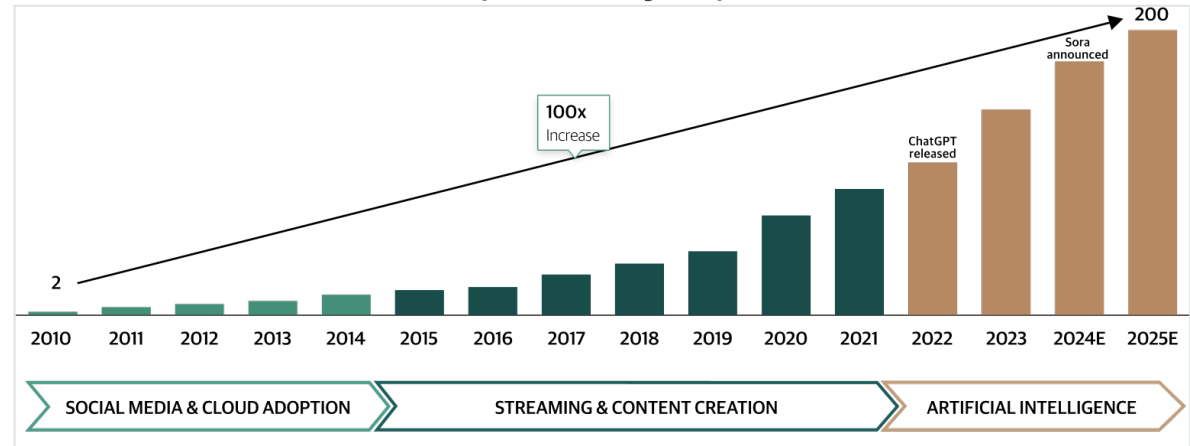


Chevron, March 2025

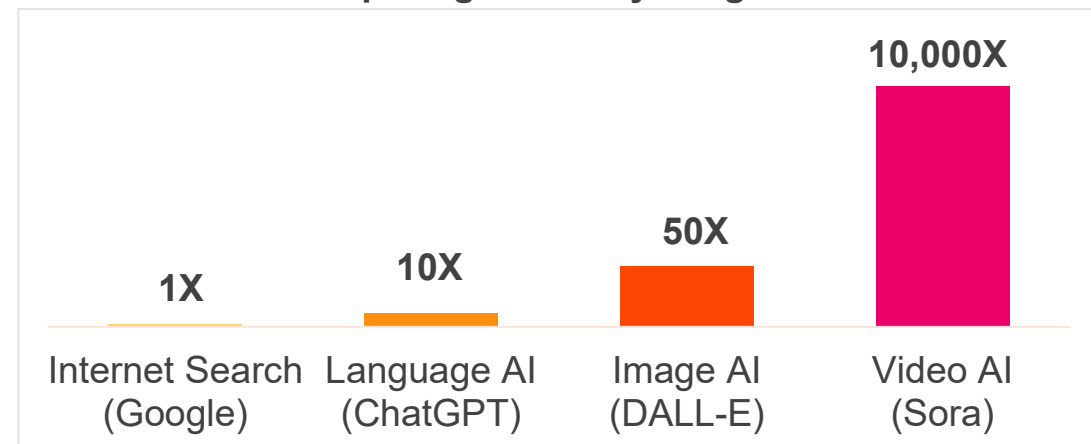
Why so much energy for AI?

- AI and cloud computing drive exponential power needs compared to traditional search
- Data centers use 10–50x more energy per square foot than typical offices.
 - Thousands of servers need 24/7 running and cooling

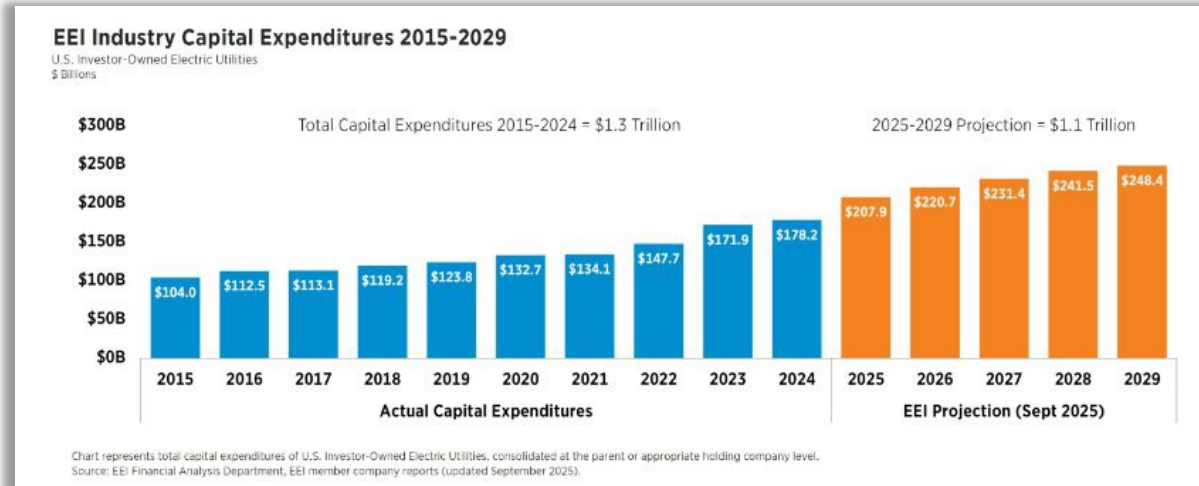
Data Created, Consumed and Stored
(in Zettabytes)



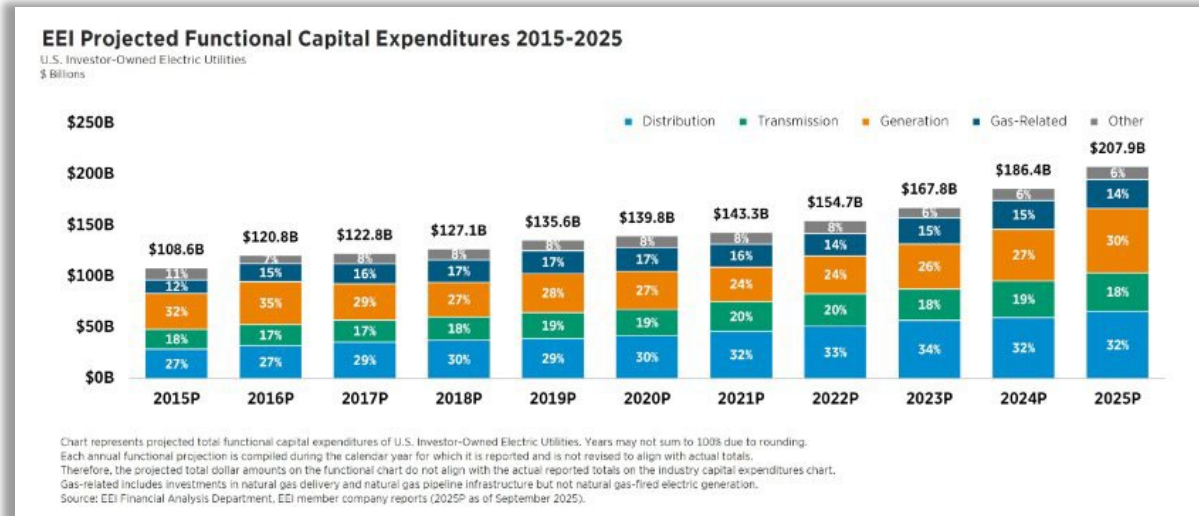
Computing Needs by Program



Growing electric demand calls for increased power capacity.

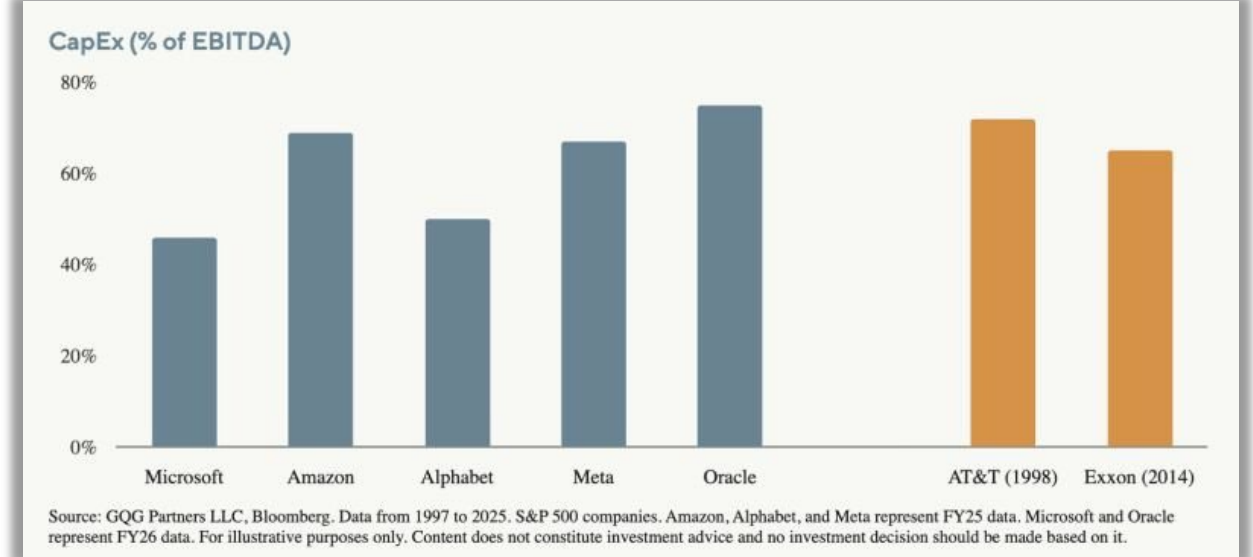
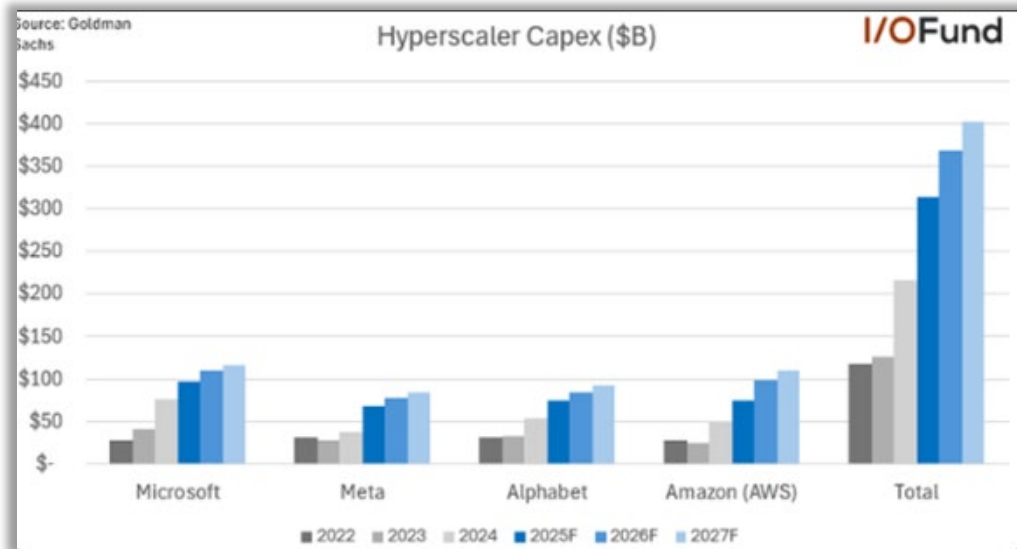


- According to Edison Electric Institute, electric IOUs are on pace to spend more on CapEx in the next 5 years than the last 10.



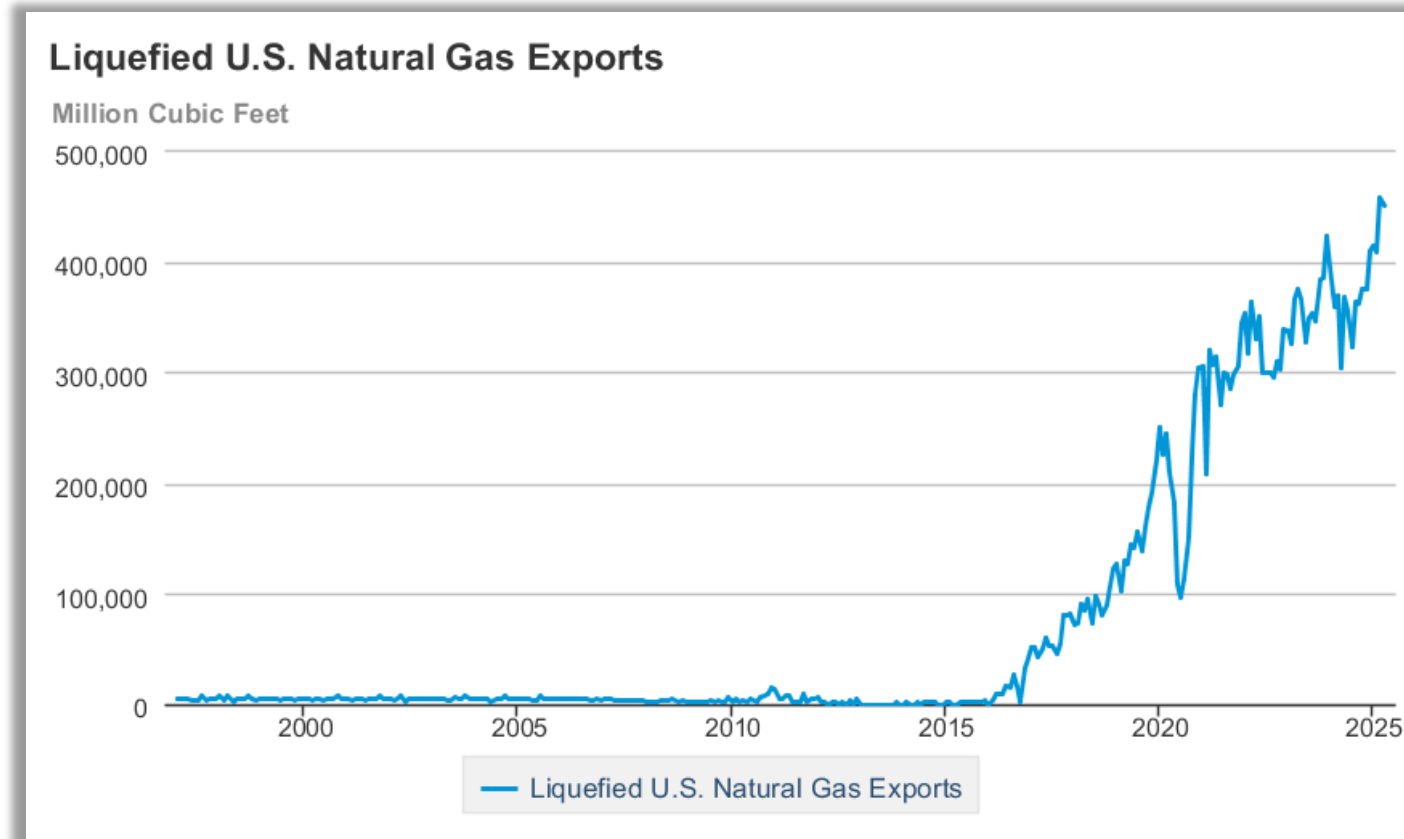
- Of the nearly \$208B investment in more energy- and cost-efficient infrastructure, gas-related costs make up 14%.

Risk Profiles of Hyperscaler Investments are Changing



- Hyperscaler capital expenditures are projected to more than double by 2027 to up to \$1.15 trillion.
- Up to this point, they spent their own money.

U.S. LNG exports have increased and will rise 60%+ in the next 5 years.



LNG export growth forecasted at 18% in 2025.

LNG use is rising as a marine fuel.

Demand for ships fueled by LNG to at least double by 2030.

Alternative fuel options like LNG will help meet the industry's emission reduction goals.

Number of ships that can be fuelled by LNG

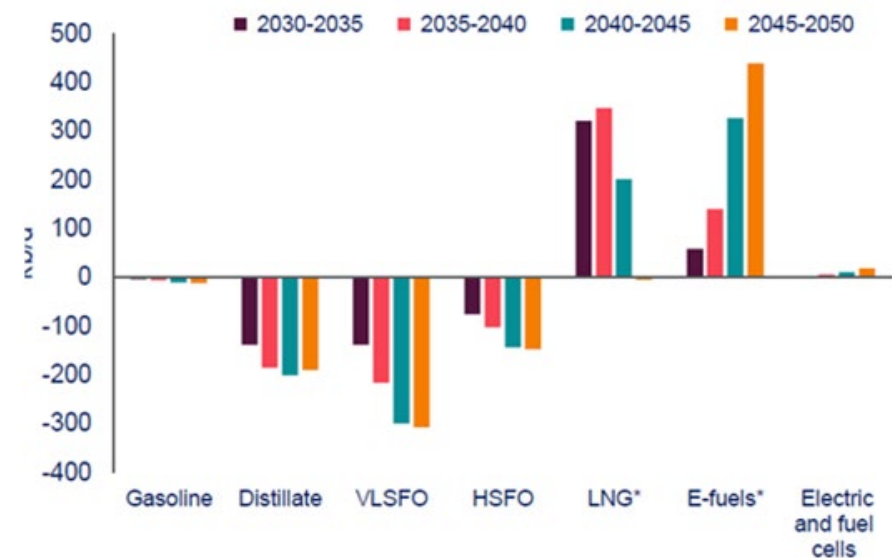
The global fleet will expand sharply by 2030

(unit: count)



Data Source: DNV Alternative Fuels Insights Platform

Five-year change in global marine fuel sales



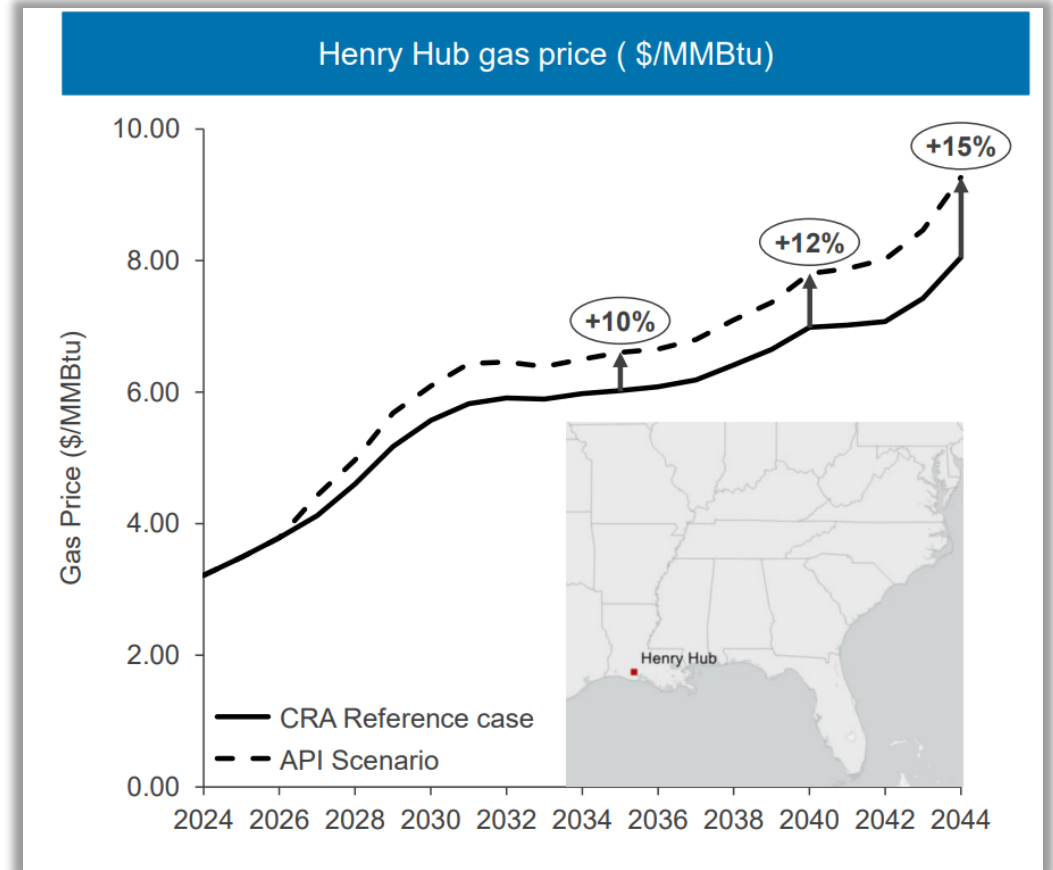
Without new natural gas pipeline capacity in the Southeast, fuel and electric power costs are likely to rise.

Cost Increase without Expanded Natural Gas Pipeline Capacity			
Region	Category	2035	2044
PJM DOM	Local Gas Price Increase (%)	12.1%	19.6%
	Electric Generation Cost Increase (%)	6.9%	8.6%
	Total Electric Service Cost Increase (%)	4.0%	5.0%
	Annual Electric Bill Impact (\$)**	+\$98	+\$150
SERC SE	Local Gas Price Increase (%)	9.8%	15.5%
	Electric Generation Cost Increase (%)	10.3%	12.8%
	Total Electric Service Cost Increase (%)	5.4%	5.9%
	Annual Electric Bill Impact (\$)**	+\$115	+\$137
SERC VACAR	Local Gas Price Increase (%)	12.1%	19.6%
	Electric Generation Cost Increase (%)	2.7%	9.9%
	Total Electric Service Cost Increase (%)	1.6%	5.7%
	Annual Electric Bill Impact (\$)**	+\$37	+\$155
SERC TVA	Local Gas Price Increase (%)	8.0%	12.9%
	Electric Generation Cost Increase (%)	0.6%	3.3%
	Total Electric Service Cost Increase (%)	0.3%	1.3%
	Annual Electric Bill Impact (\$)**	+\$5	+\$25

Charles River Associates American Petroleum Institute Southeast Report .
Jan. 10, 225.

Near Future Scenarios

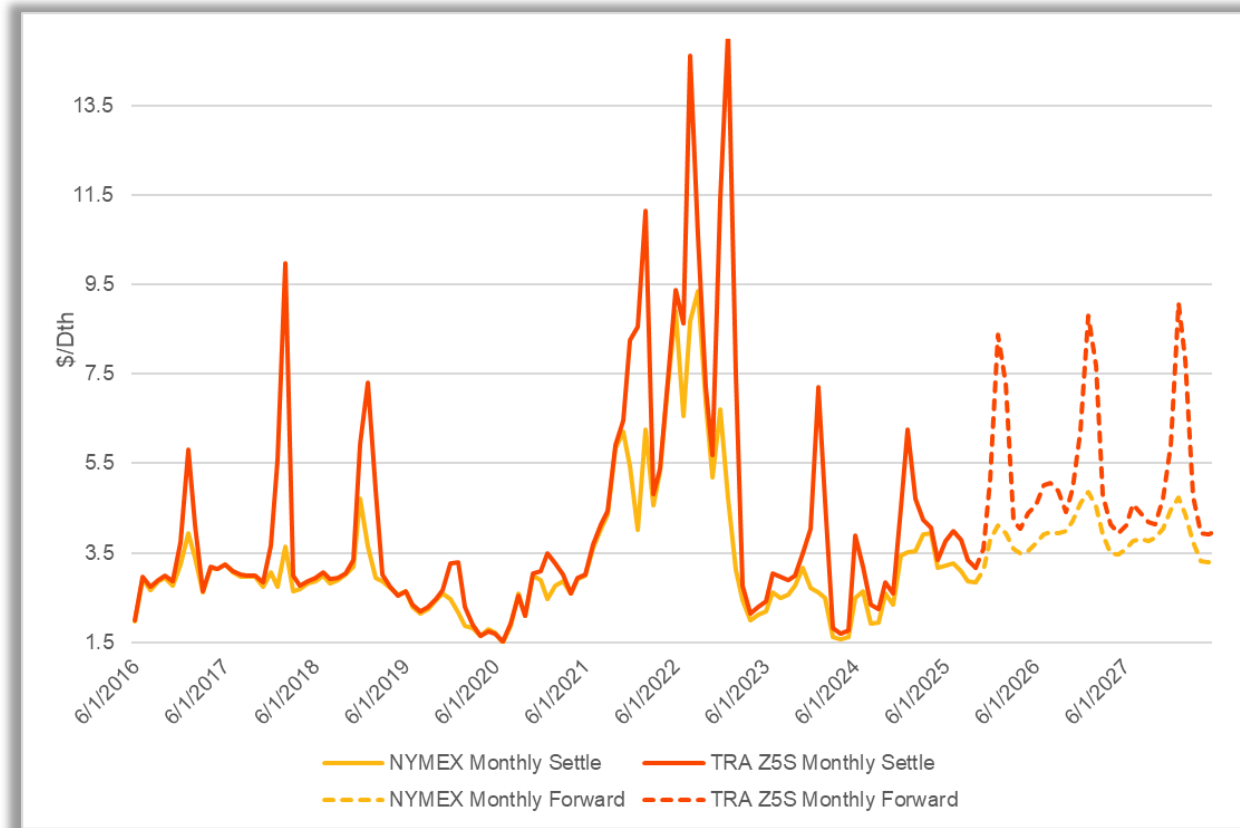
- Despite record production and storage surplus, natural gas prices have climbed steadily alongside demand growth.
- Demand will surpass current production levels and create a demand/supply gap of 24 BCF per day in the future.



Charles River Associates American Petroleum Institute Southeast Report .
Jan. 10, 225.

The outlook for delivered prices: higher and more volatile.

$$\text{Delivered Gas Price} = \text{NYMEX} + \text{Transportation Basis}$$



- Transportation Basis (the difference between the orange and yellow lines) has emerged as a more significant factor for the pricing that end users pay.
- Due to pipeline constraints, basis in southeastern markets can be particularly volatile, especially in the winter and summer.
- Large non-firm customers may be exposed to high daily prices when the pipelines declare operational flow orders.

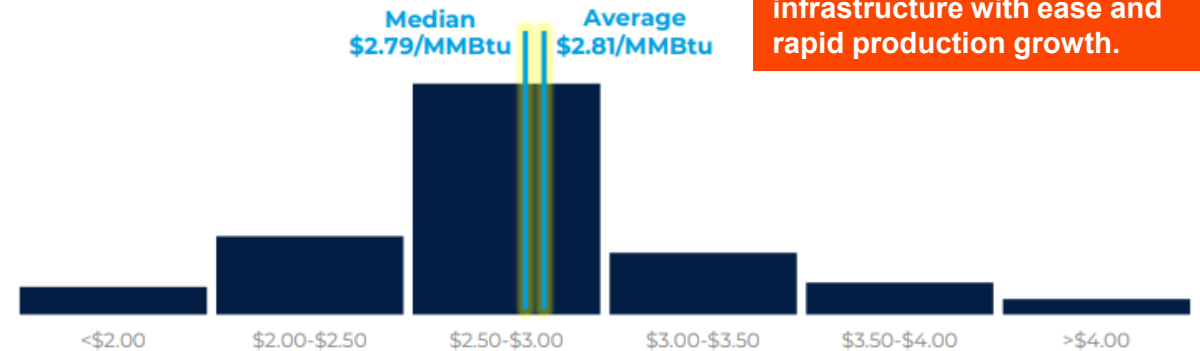
Market Characteristics Have Changed

- Continued volatility
- Higher price floor
- Higher lows compared to recent history

“When demand grows 3-4X but the supply of qualified suppliers is fixed, the equation changes. In infrastructure booms, we see massive capital chasing limited execution capacity. This requires expertise and physical coordination across construction, utilities, and investors at an unprecedented scale.”
--attribution

DISTRIBUTION OF HENRY HUB DAILY SETTLES

2014 – 2019 ERA OF STABILITY



2020+ ERA OF VOLATILITY

