INDUSTRIAL ENERGY CONSUMERS OF AMERICA

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WHO WE ARE

- Natural gas marketing company based in Chesapeake, VA
- Exclusively work with industrial and large commercial clients on their natural gas supply, pipeline capacity requirements, and any associated arbitrage opportunities
- Mid-Atlantic company, whose service territory includes Virginia, Maryland, DC, Delaware, North Carolina, West Virginia, and Pennsylvania
- Small but mighty, Enspire is a women-owned small business, but we are big on experience, with over 60+ years of combined experience in natural gas supply and deliveries in the Mid-Atlantic, managing natural gas requirements of 40 Bcf+ per year for over 250+ industrial clients

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TOP THREE OPPORTUNITIES

1. **Natural gas commodity prices remain historically low**

   As of 9 AM on yesterday, NYMEX Calendar 2019 was trading at $3.004, Calendar 2020 was trading at $2.7045, and Calendar 2021 was trading at $2.639.

   Only 2015 and 2016 settled lower at $2.664 and $2.46 for the calendar year in the past 10 years.

2. **Excess available pipeline capacity may allow industrials to negotiate reduced rates and terms on new pipeline projects.**
3. **Industrials that maintain the ability to switch to alternate fuels, and make sure they have the proper permitting to allow economic fuel switching, can take advantage of price spikes in natural gas as opposed to seeing higher costs from incremental needs/ usage swings.**

TOP THREE CHALLENGES

1. **Competition for limited pipeline capacity**

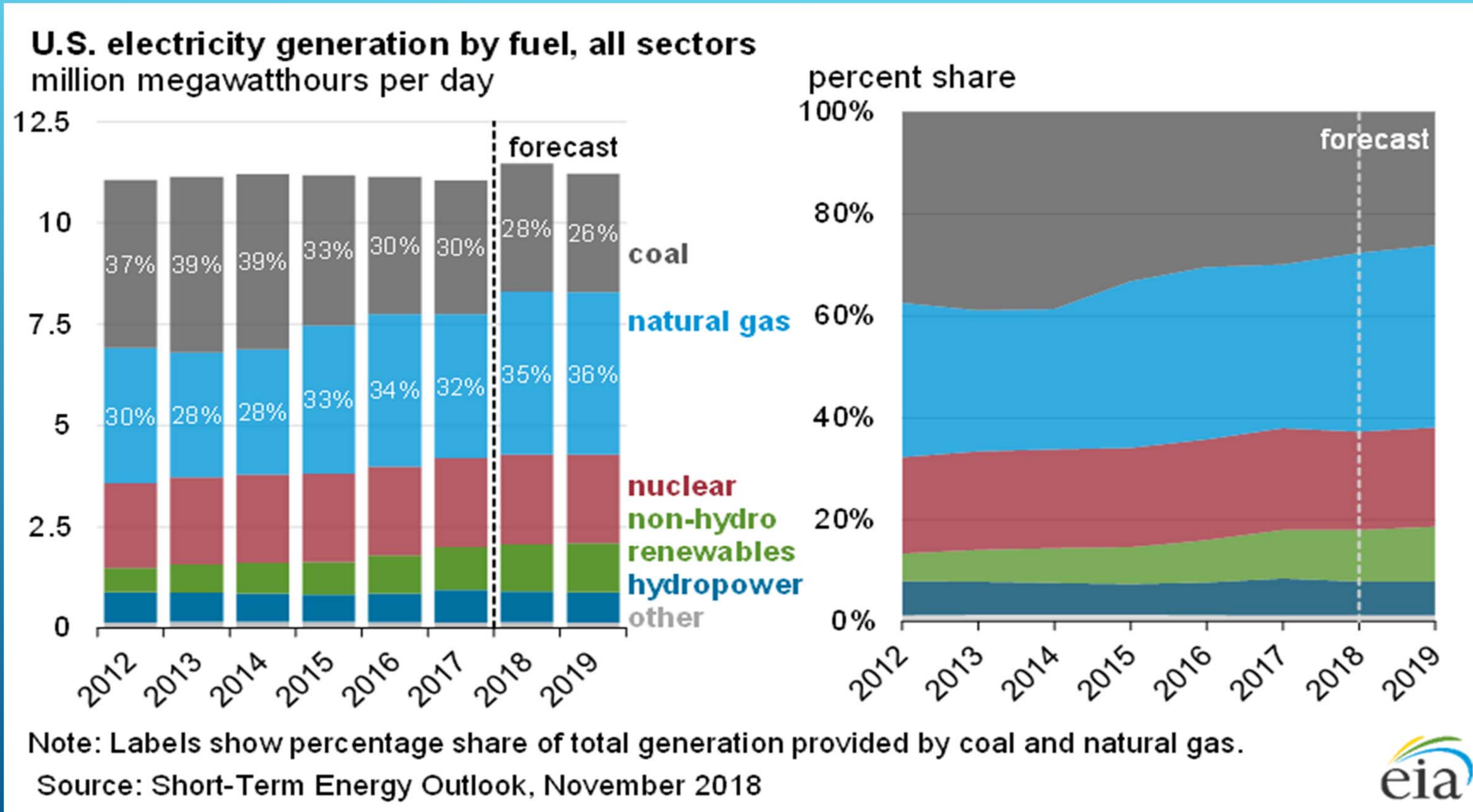
   Demand for natural gas for power needs and LNG exports continues to grow, but many crucial pipeline projects to support growing demand have been delayed significantly or cancelled.

   Industrials are typically buying basis/ capacity on a short-term basis (2 years or less) and are on IT rates with their LDCs.

   Future pipeline projects face increased regulatory hurdles, public opposition, and higher costs than current capacity markets.

2. **Changing requirements for natural gas in power generation will impact the summer and winter gas requirement peaks, potentially leading to non-incentives for building storage levels in the April- October window, forcing a further shift to higher winter prices.**

3. **LDCs continue to move toward penalty rates that are based on a multiple of the daily index price in a market, leading to steep increases in spot market pricing on high demand days.**


U.S. electricity generation by fuel, all sectors
million megawatthours per day
12.5
10
7.5
5
2.5
0
forecast
37%
39%
39%
33%
30%
30%
28%
26%
30%
28%
28%
33%
34%
32%
35%
36%
coal
natural gas
nuclear
non-hydro
renewables
hydropower
other
2012
2013
2014
2015
2016
2017
2018
2019
percent share
100%
80%
60%
40%
20%
0%
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2012
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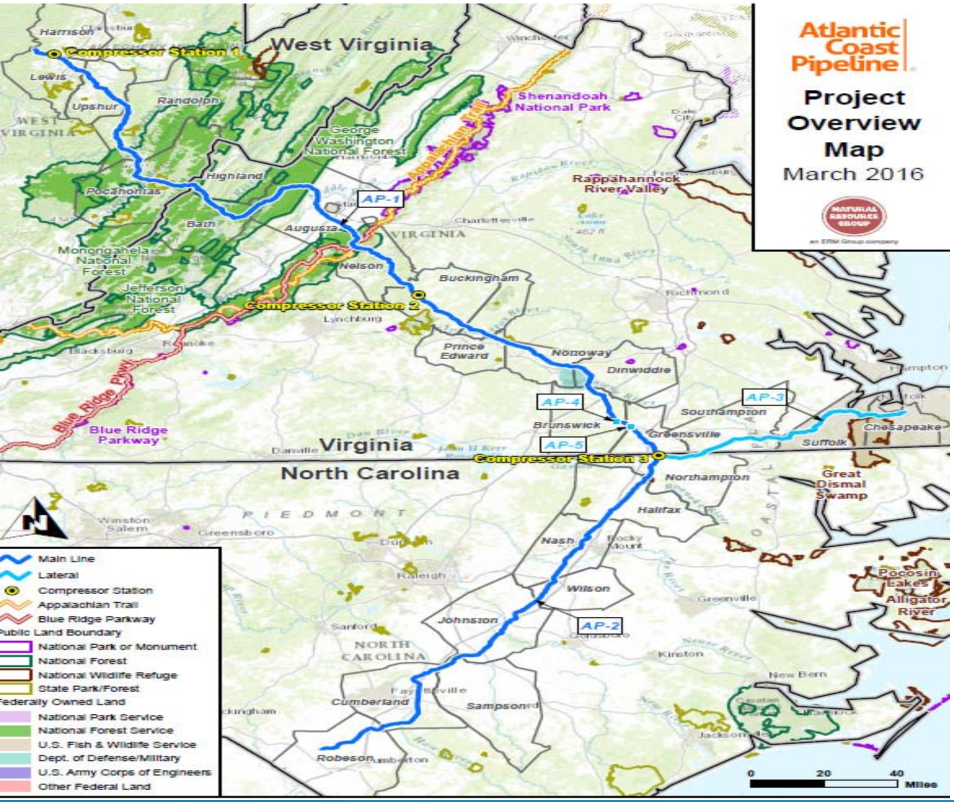
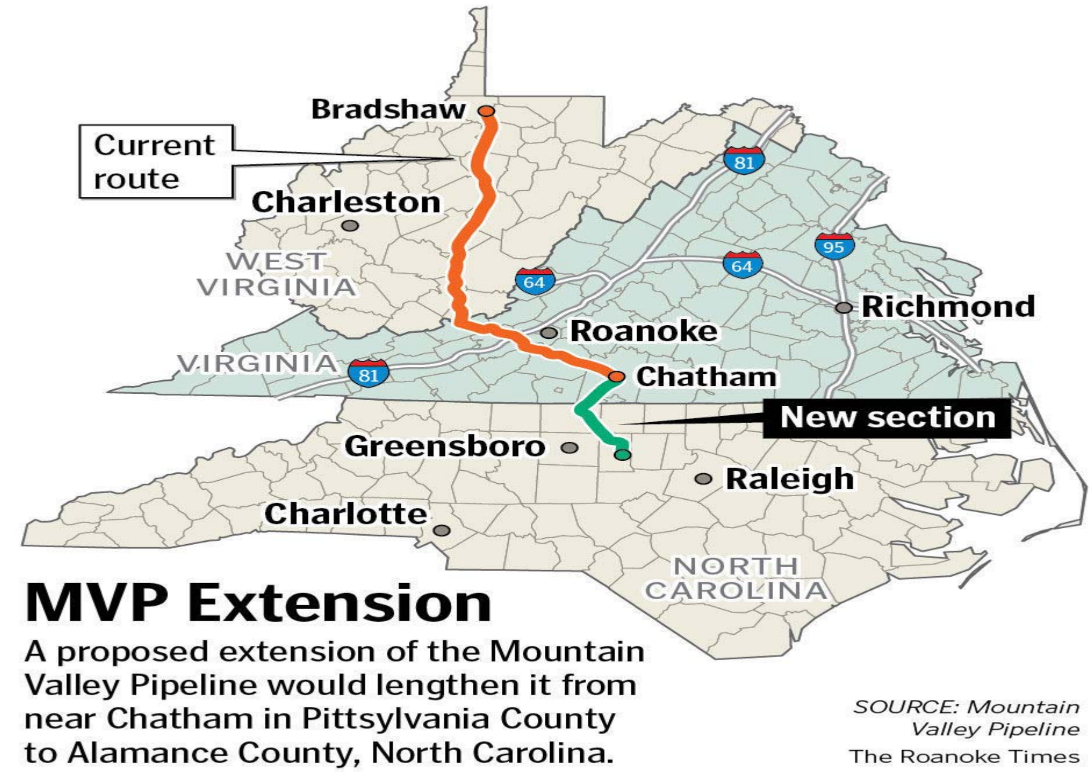
Note: Labels show percentage share of total generation provided by coal and natural gas.
Source: Short-Term Energy Outlook, November 2018
eia

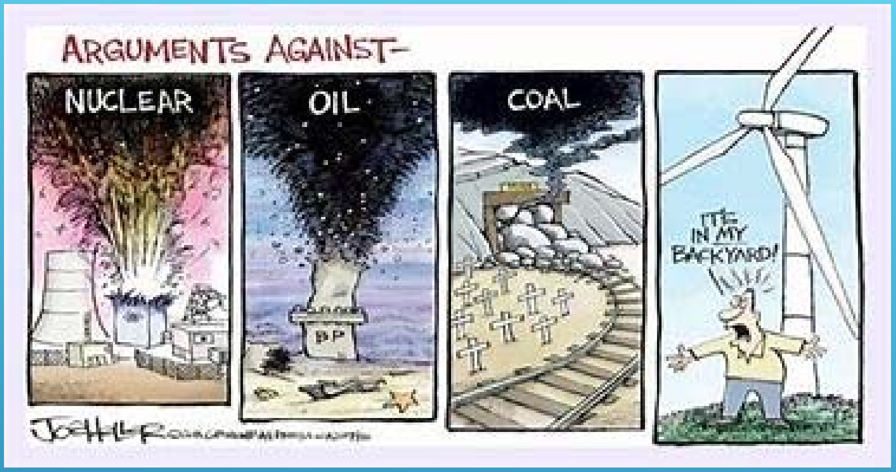


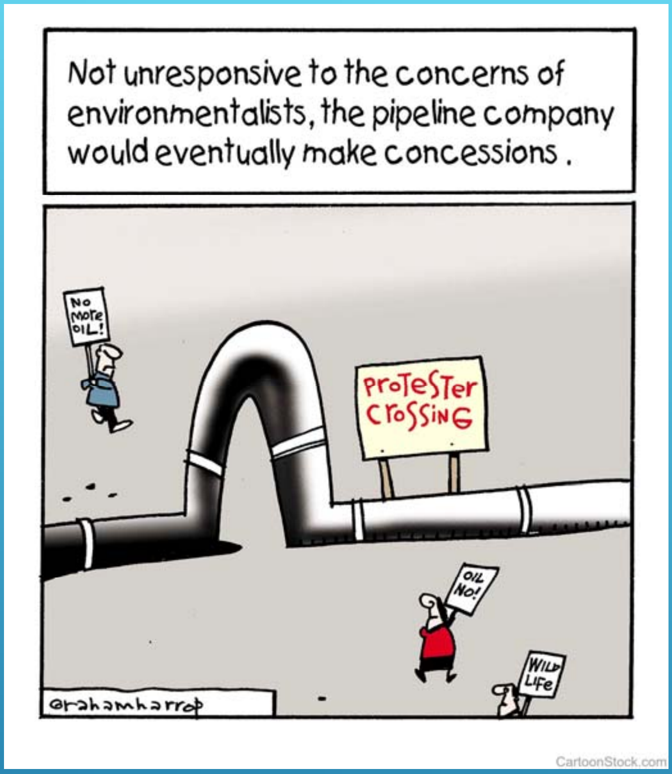


Atlantic Coast Pipeline and Mountain Valley Pipeline

Atlantic Coast Pipeline (ACP) is a 1.5 BCF/day project to move natural gas from a supply header project in the Marcellus to natural gas utilities and power generation needs in Virginia and North Carolina. Delayed from a November 2018 start, to a potentially late 2019 start for the supply header portion, and a 2020 start for the remainder of the pipeline. Newest setback, Virginia has delayed an air permit decision for a compressor station in Buckingham County, which had already received FERC approval and approval from the Buckingham Board of Supervisors after a year of public review. A federal appeals court has also stayed a US Army Corps of Engineers permit allowing West Virginia water crossings for the project pending legal review. The costs of the pipeline have jumped from $6 billion to an expected $7 billion.

Mountain Valley Pipeline (MVP) is a 2 Bcf/day project to move natural gas from West Virginia down through Virginia and includes a new 73 mile extension for delivery to PSNC in North Carolina. Also originally expected to start in November 2018, the project has been delayed until late 2019, with an expected start of 2020 for the segment to NC. Newest setback, US Army Corps of Engineers suspended the pipeline's authorization to cross water bodies in West Virginia in October, after their approval to cross streams and wetlands in Virginia was also suspended. Opponents of the NC expansion are seeking a FERC investigation on whether there is an actual need for the extension to PSNC.





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