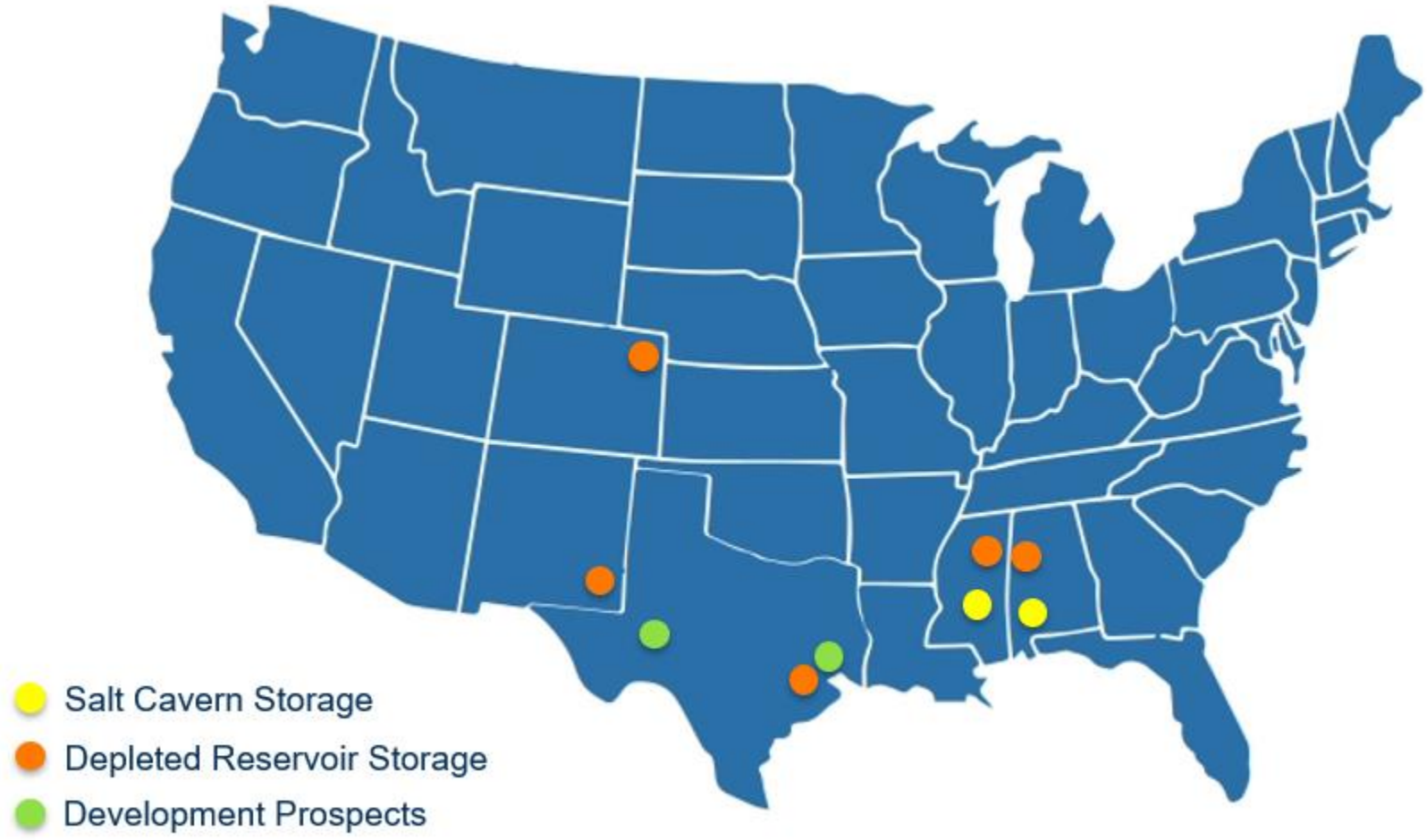
Gas-Electric Partnership

Houston TX

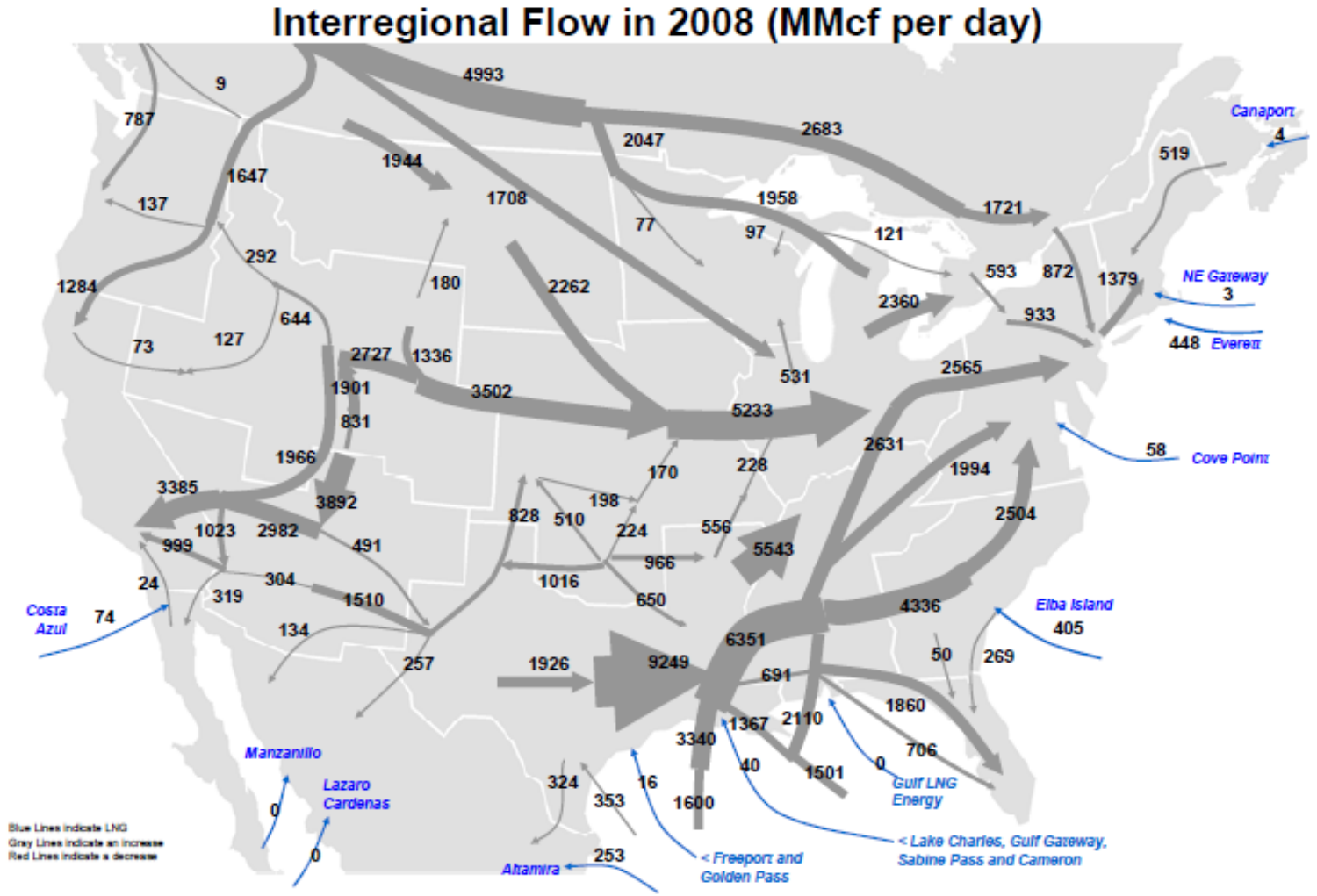
February 5th, 2020

Natural Gas Storage Assets



Sponsored by ArcLight Capital Partners and the largest privately owned gas storage company in the US.

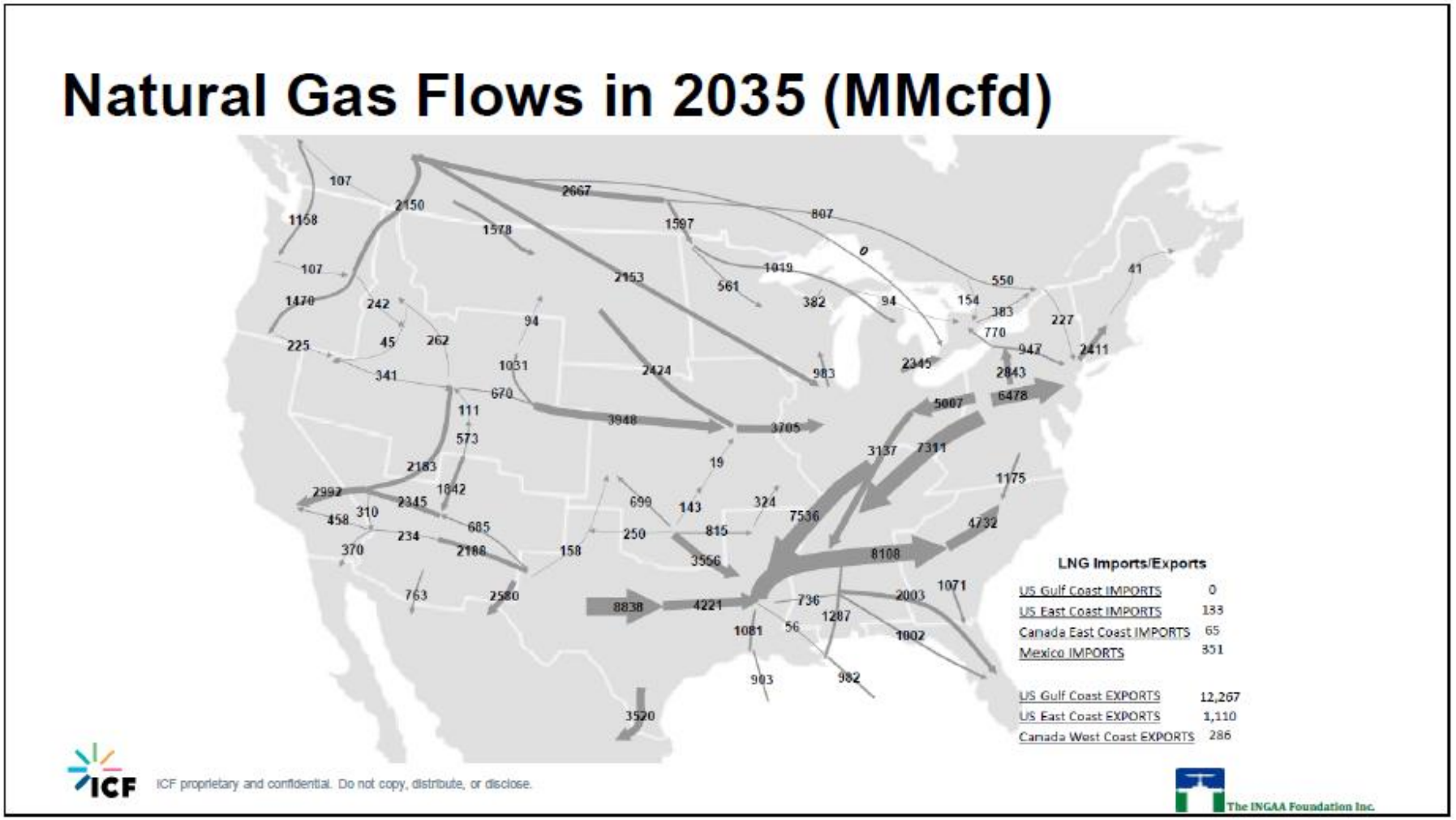
Gas Flows



Grid was designed to move gas south to north primarily

Source: INGAA (https://www.ingaa.org/file.aspx?id=10509)

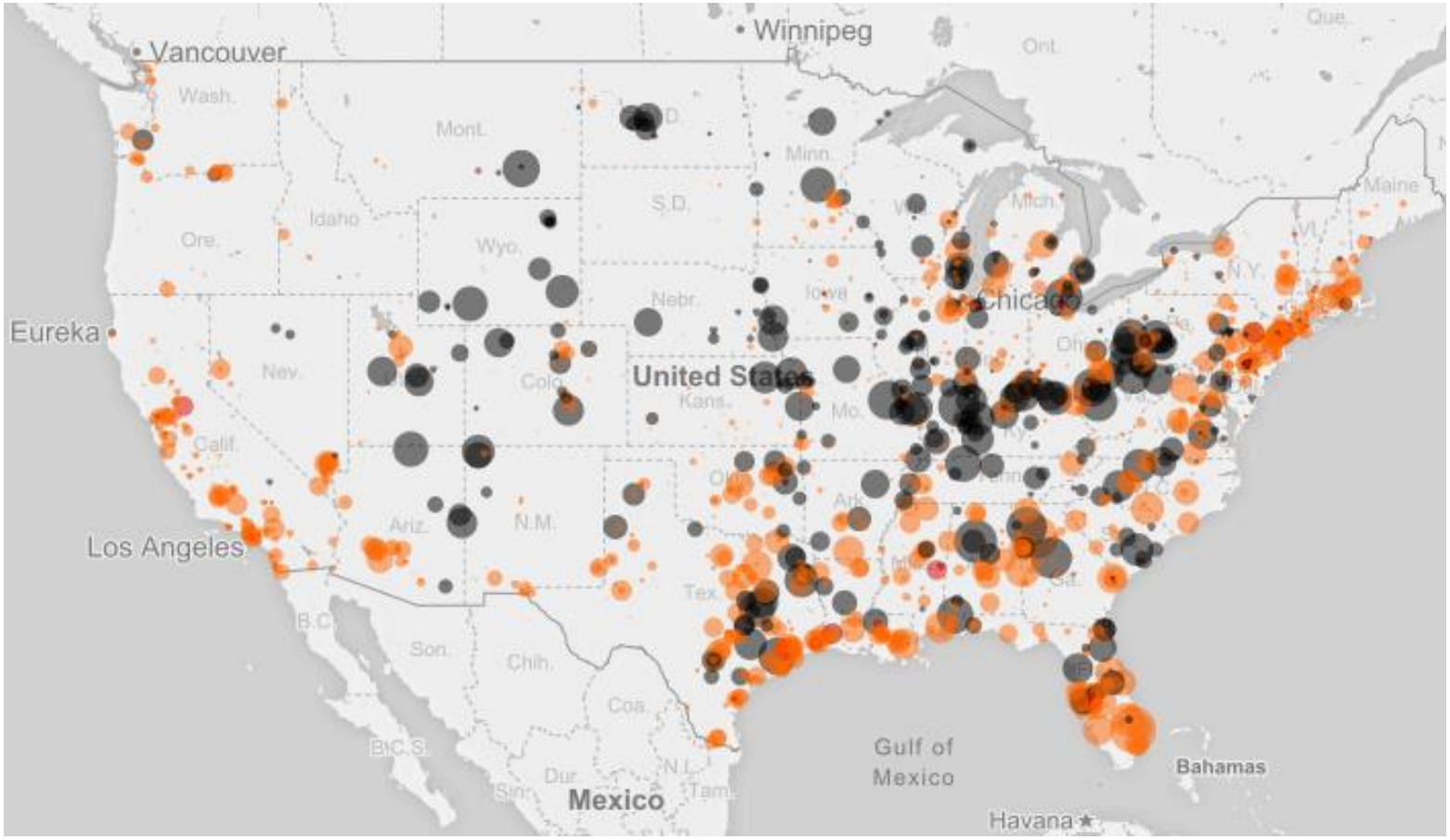
Gas Flows



Surging production has significantly disrupted gas flow patterns and traditional storage

Source: INGAA (https://www.ingaa.org/File.aspx?id=34703)

Map of Fossil Power Plants in US

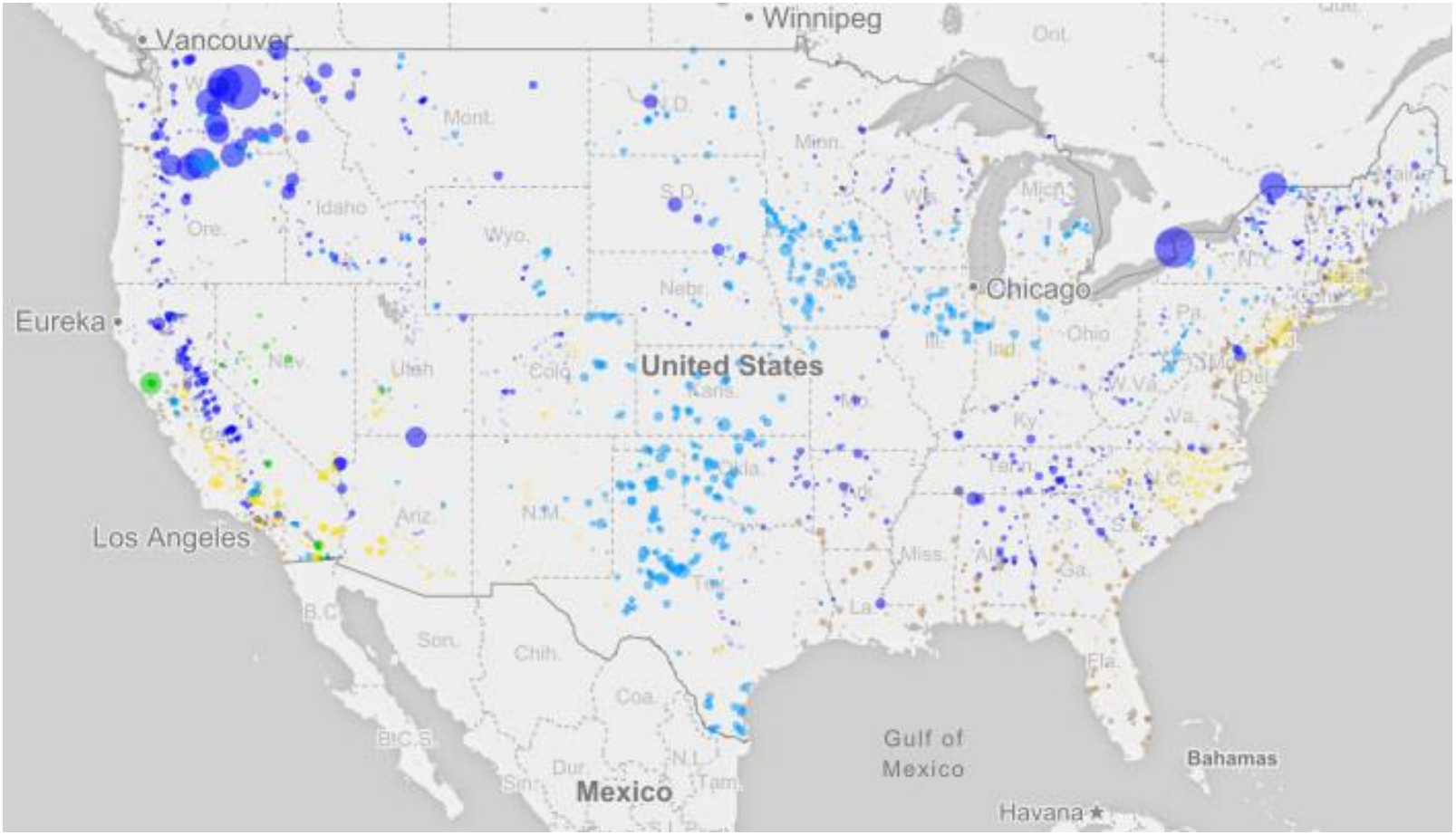


The two most prominent sources are coal (black) and natural gas (orange), and they combine to make up about 60% of total annual net generation.

Coal plants will continue to be under pressure due to emissions and operating costs

Source: Visual Capitalist (https://www.visualcapitalist.com/mapped-every-power-plant-in-the-united-states/)

Map of Renewable Power Plants in US

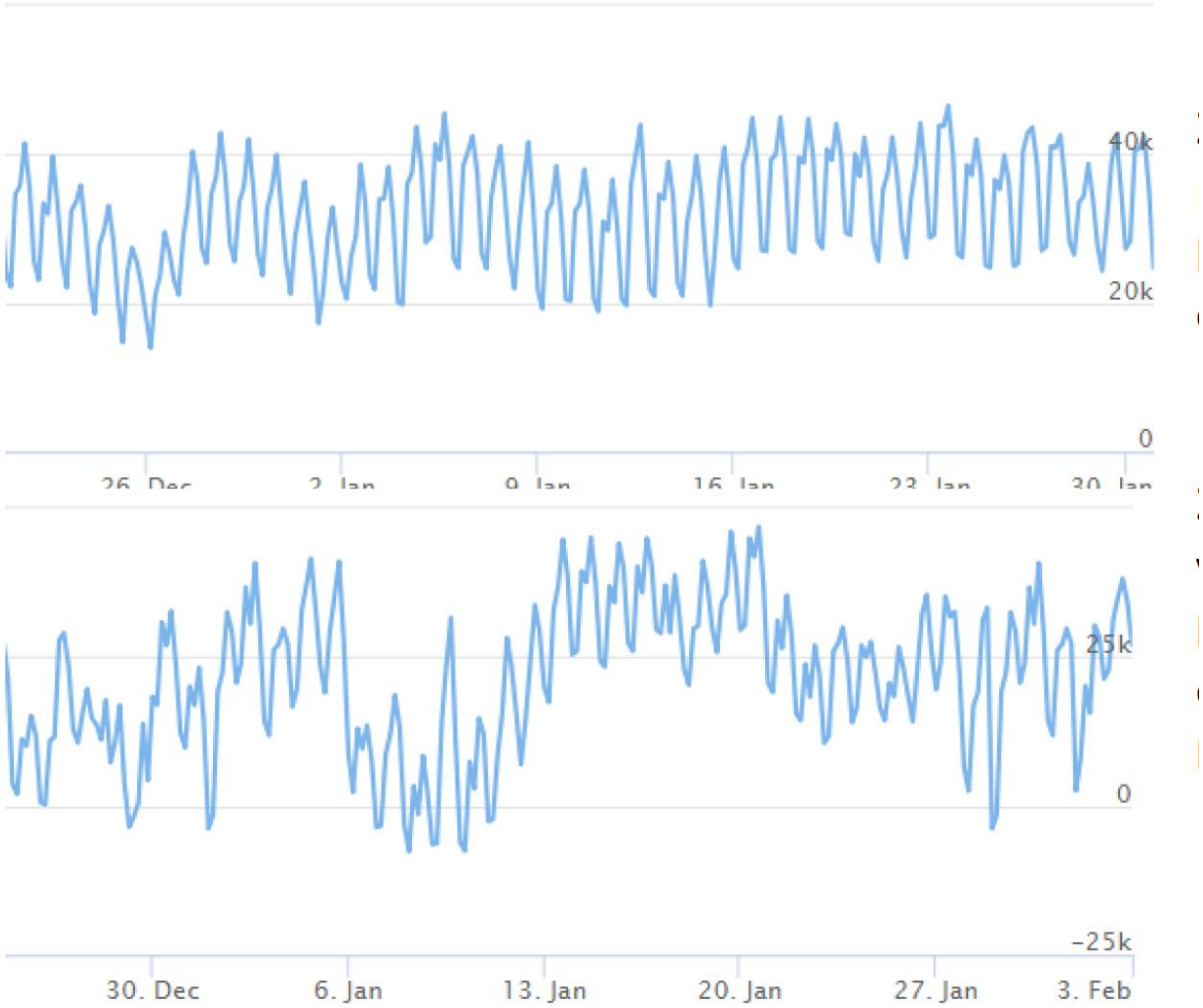


Hydro (dark blue), wind (light blue), solar (yellow), biomass (brown), and geothermal (green) all appear here.

Renewables will be built but there are issues that the market may not fully recognize

Source: Visual Capitalist (https://www.visualcapitalist.com/mapped-every-power-plant-in-the-united-states/)

Renewables Impact on Gas Consumption



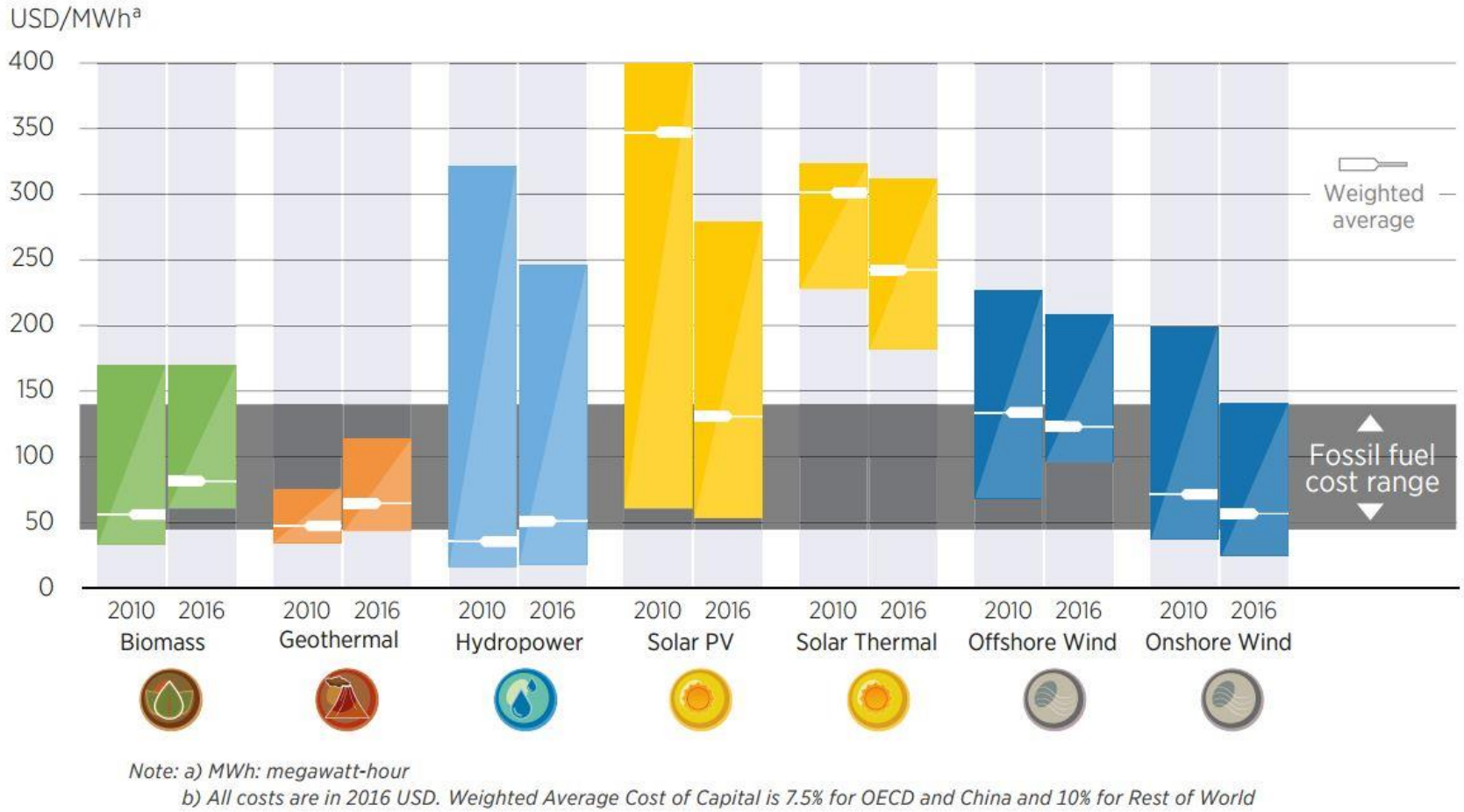
Today

2030

Renewables will increase intermittency on the grid

Source: KYOS Energy Consulting (https://www.kyos.com/wp-content/uploads/2019/05/KYOS-Cyriel-de-Jong-FLAME-Gas-storage-economics-2019.pdf)

Levelized Cost of Energy

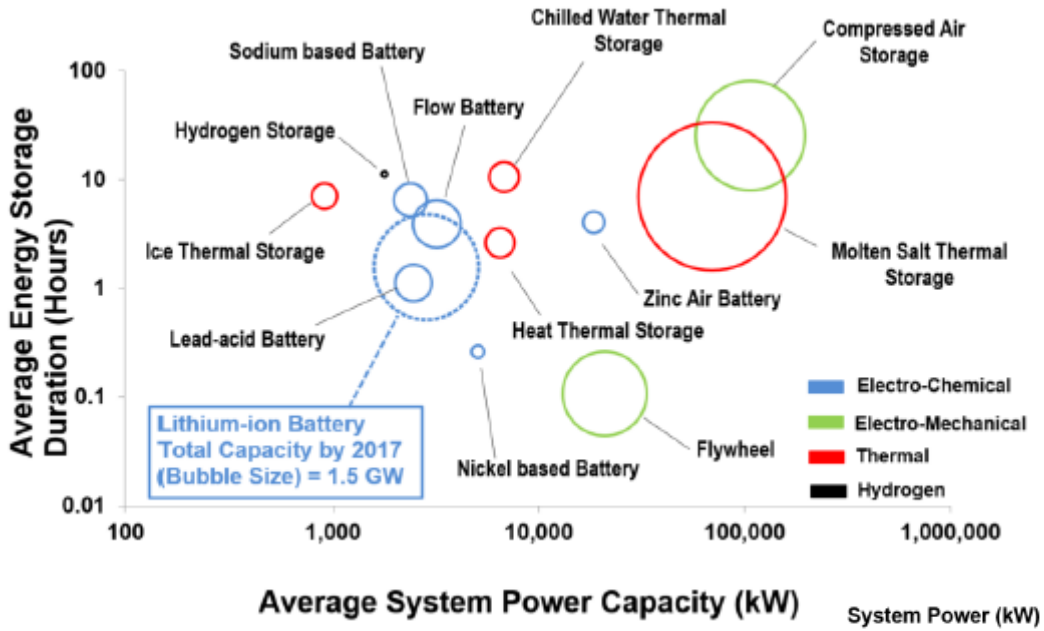


Note: a) MWh: megawatt-hour
b) All costs are in 2016 USD. Weighted Average Cost of Capital is 7.5% for OECD and China and 10% for Rest of World

Fossil fuels are still the cheapest source of power but that is changing

Source: Our World in Data (https://ourworldindata.org/uploads/2017/05/LCOE-2010-2016.jpg)

Power Storage Options



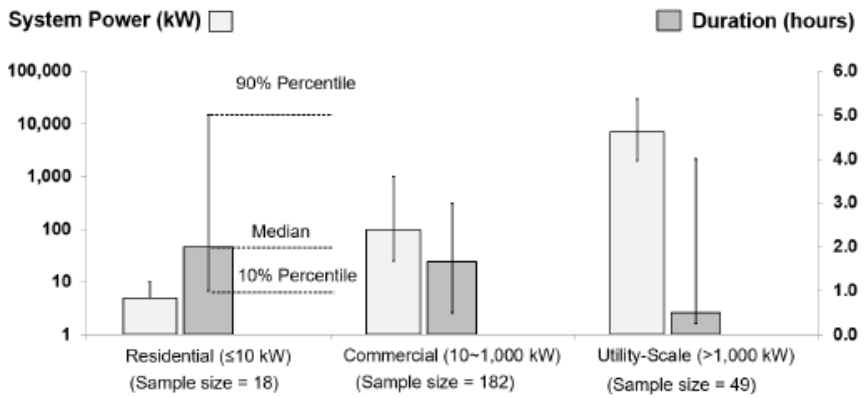
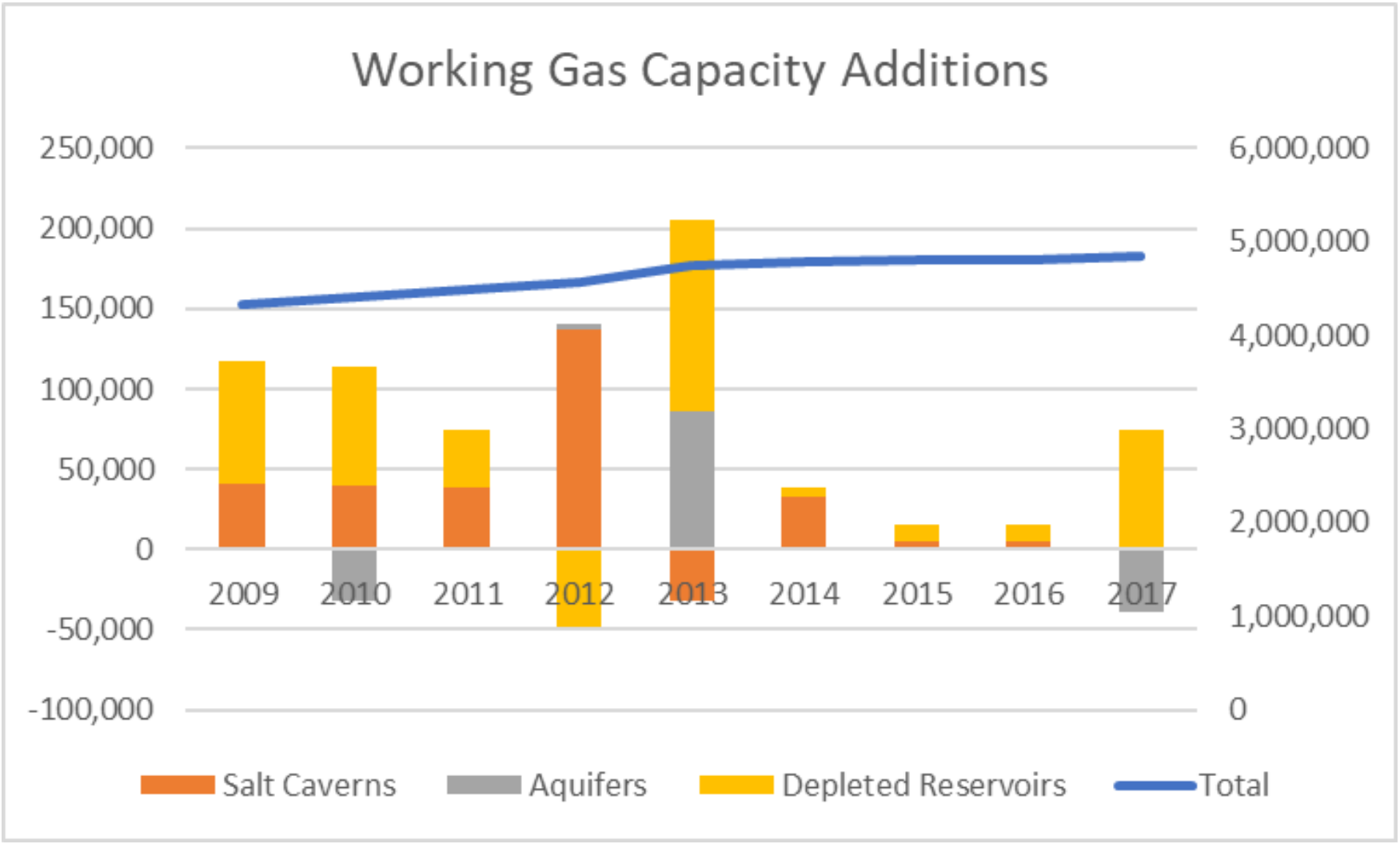


Figure 5. Distributions of U.S. Li-ion energy storage power and duration, by sector, 2008–2016 (DOE Energy Storage Database 2018)[6]

Storage options are available but industrial scale options are limited

Source: National Renewable Energy Laboratory (https://www.nrel.gov/docs/fy19osti/71714.pdf)

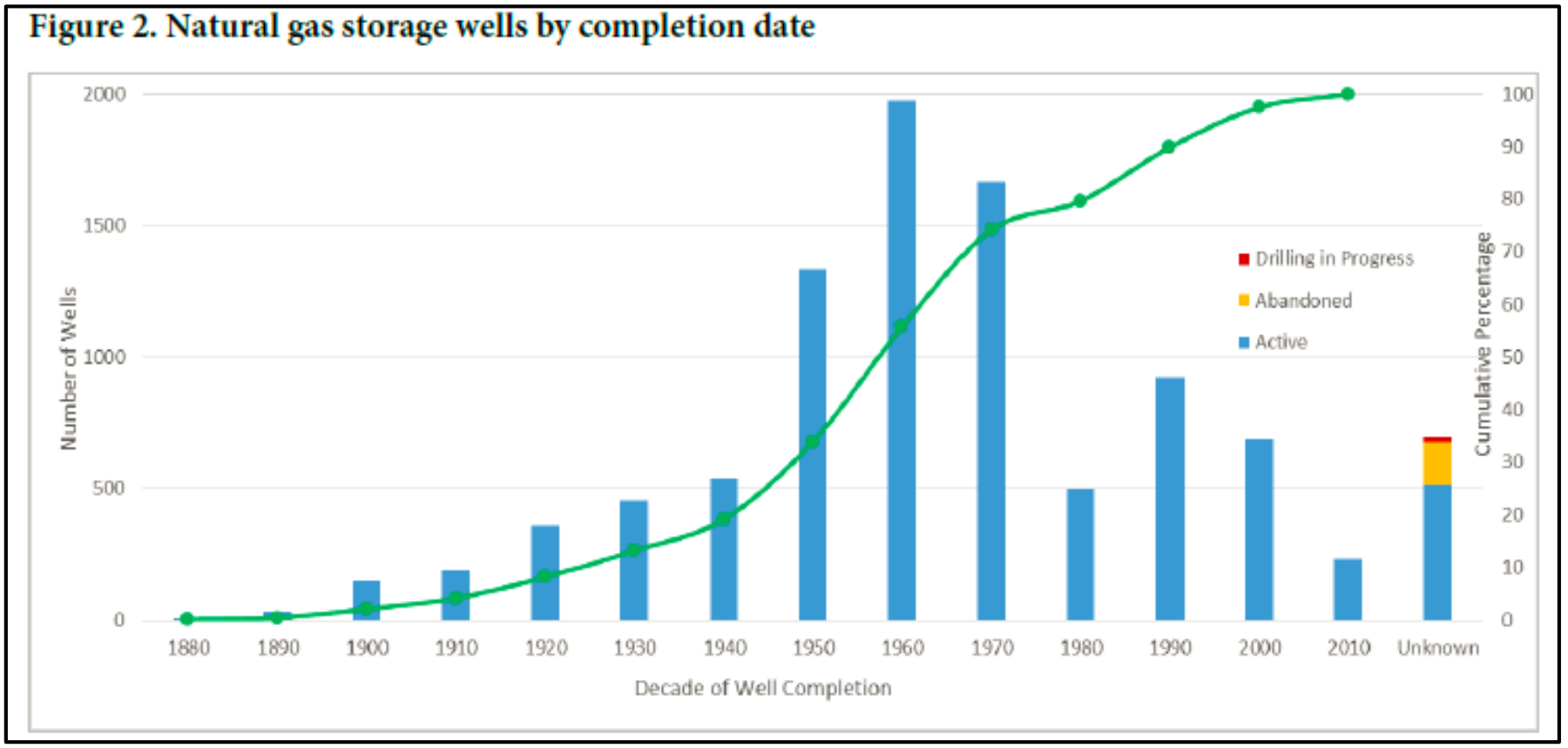
Working Gas Capacity Additions



No significant storage adds in past five years and none projected

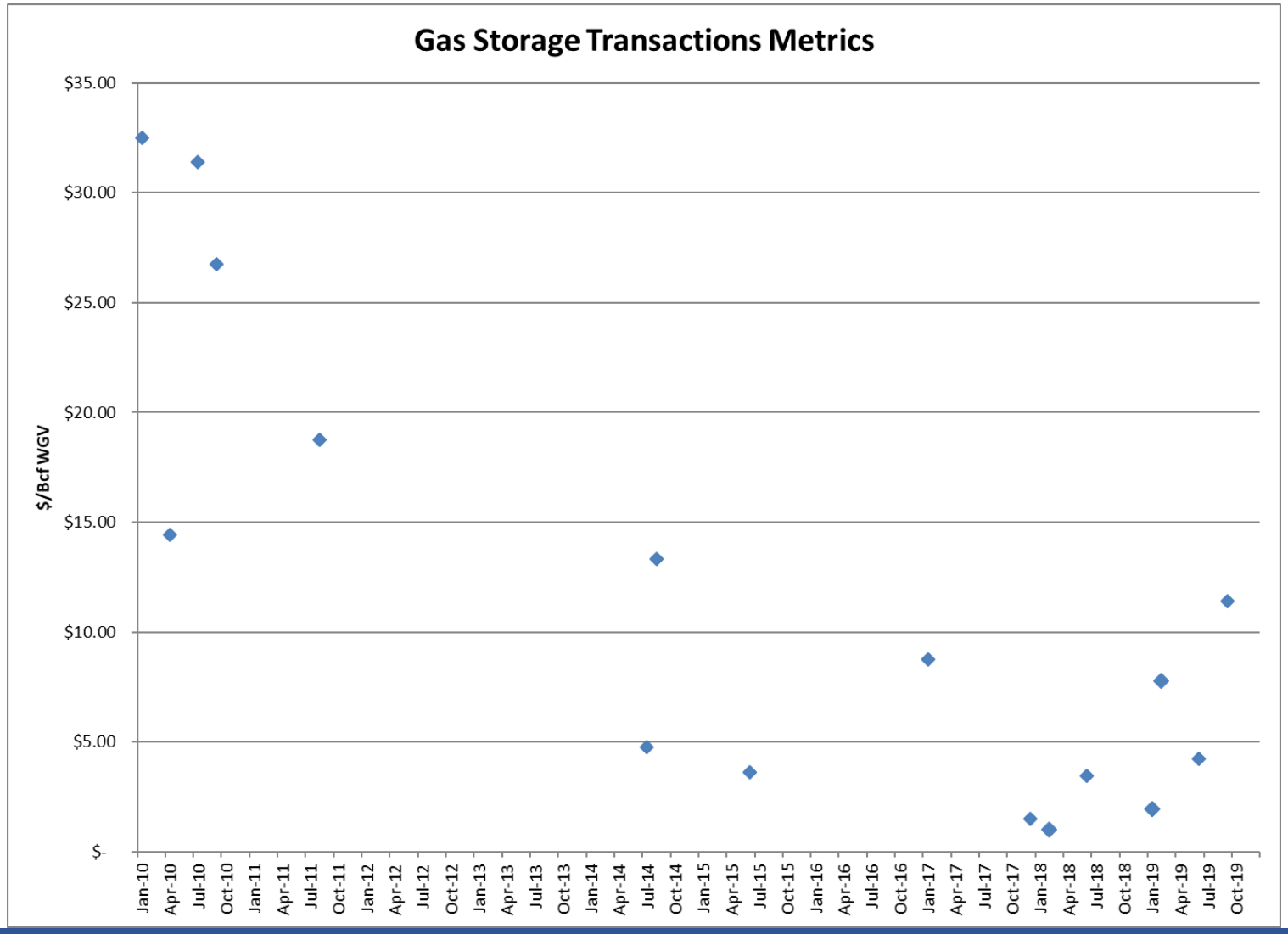
Source: EIA https://www.eia.gov/dnav/ng/ng_stor_cap_dcu_nus_a.htm)

Age of Wells



Assets are ageing and not being replaced

Transaction Multiples



Transaction multiples have improved significantly over the past year