

Natural Gas Market Update

September 2023



Pricing Outlook

NYMEX forwards have shown consistent high volatility over the last month, and this trend is expected to continue. During the September settlement, the NYMEX October contract traded at a high of \$2.85 before reaching a low of \$2.50 last week. It currently sits at \$2.60. Dramatic NYMEX price swings are likely to continue as the market seeks direction for the heating season ahead.

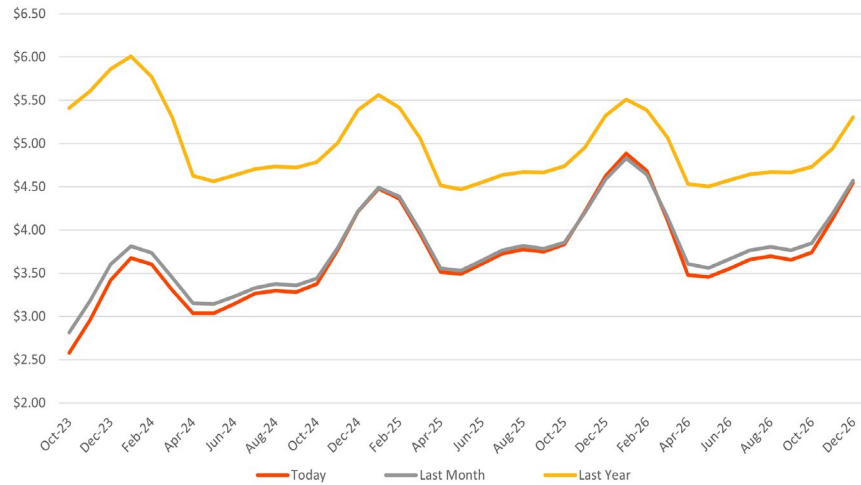
U.S. natural gas consumption is forecasted to average 80.5 billion cubic feet per day (Bcf/d) in September, an increase of 5% from the same period last year and a record for September. The increase follows a period of elevated natural gas-fired electricity generation due to high air-conditioning demand, as well as reduced generation from coal-fired plants.

In The News

On September 5, Dominion Energy Inc. announced the sale of three natural gas utilities to Enbridge, Inc. for \$14 billion. This move effectively creates the largest natural gas platform in North America. Dominion will divest The East Ohio Gas Company, the Public Service Company of North Carolina and Questar Gas Company. The deal is a massive bet that gas will remain a transition fuel for the foreseeable future, even as much of the world tries to phase out fossil fuels to fight climate change. While there's a strong push to deploy more renewable energy, there's also a growing recognition that the green transition will take time, ensuring gas will be in demand for years.

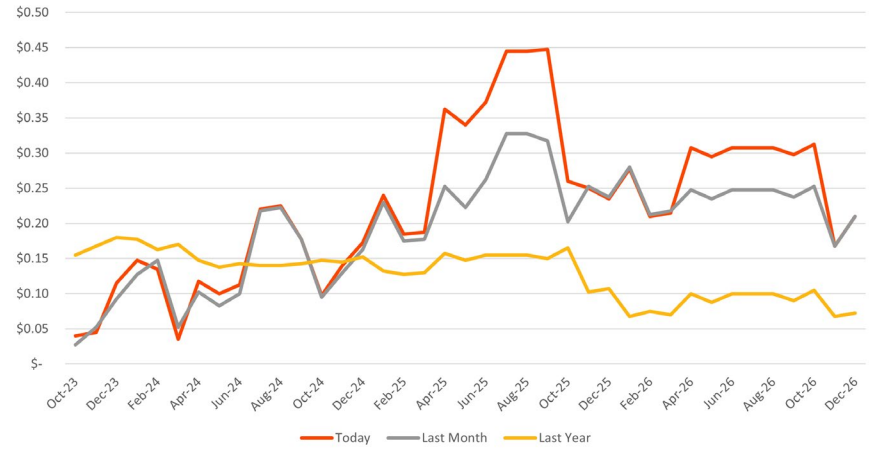
In the first half of 2023, the United States emerged as the leading exporter of liquefied natural gas (LNG) worldwide. U.S. LNG exports averaged 11.6 billion cubic feet per day (Bcf/d) during this period, which is a 4% increase (0.5 Bcf/d) from the first half of 2022, according to data from the U.S. Department of Energy's LNG Reports. Australia exported the world's second-largest volume of LNG in 1H23, averaging 10.6 Bcf/d, followed by Qatar at 10.4 Bcf/d. The upsurge in U.S. LNG exports was primarily attributed to Freeport LNG's resumption of service, driven by robust global demand for LNG, particularly in the European market, which continues to experience significant growth.

NYMEX Forwards



Near-term NYMEX prices have retreated near market lows, and the longer-term forwards reflect a moderate recovery. According to the latest STEO 95% confidence interval estimates from the EIA, 2024 futures are range-bound between \$1.73 and \$10.15 based on current market volatilities.

Sonat Basis Forwards



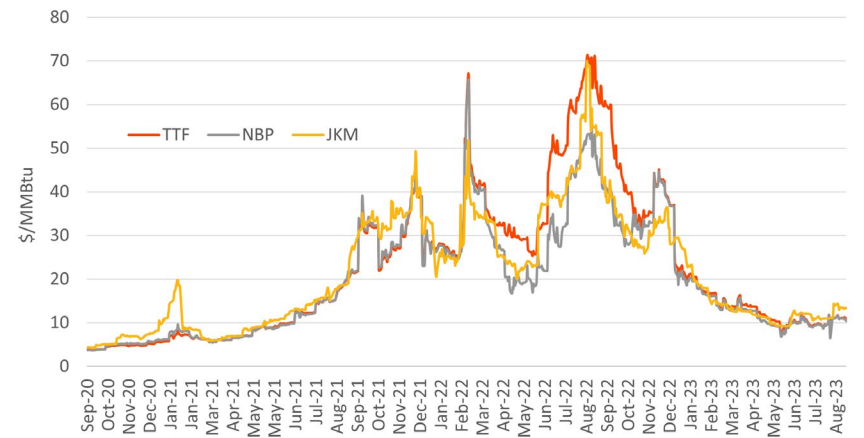
Sonat basis forwards for 2025 and 2026 have increased over the last year, likely associated with the confirmed start dates on new LNG export terminals.

NYMEX Prompt History



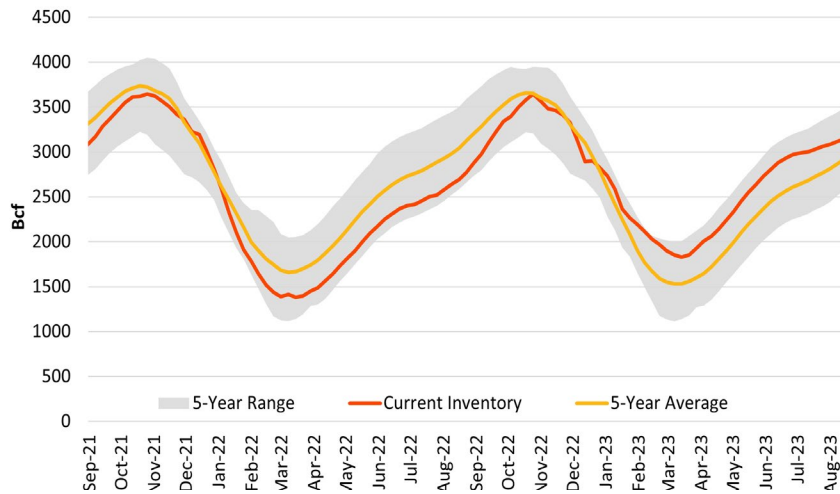
The market has been fairly range bound in 2023, but there has been an emerging uptrend that is facing some market resistance around \$3.

Global LNG Prices



If U.S. gas prices remain low, U.S.-sourced LNG will continue to attract international buyers. But the total offtake is capped by current export capacity limits.

Nationwide Storage Inventory



As the traditional injection season continues to wind down, working gas in storage is closing in on the five-year average.

U.S. Dry Gas Production



Monthly dry gas production is reported on a two-month lag. Despite the continued low-price environment, production continues to stay near the all-time high set in May.

News From Gas South

We're proud to announce our Fuel For Good Allies for 2023-2024. We've chosen 10 nonprofit partners in Georgia and Florida who will receive a total of \$2.2 million to help further their programs that help families establish strong foundations, meet basic needs and provide positive pathways for students.

The organizations are 100 Black Men, Bert's Big Adventure, City of Refuge, Covenant House, Gwinnett County Schools Foundation, Junior Achievement, Ser Familia, Shepherd Center, St. Vincent de Paul and YMCA of Atlanta and North Florida.

At Gas South, we're driven by the simple purpose to *Be A Fuel For Good*, which is why we donate 5% of profits every year to support children in needs. To learn more about our efforts in the communities we serve, visit GasSouth.com/Giving-Back.