LNG Export Policy & Opportunities

North Carolina Joint Legislative Commission on Energy Policy

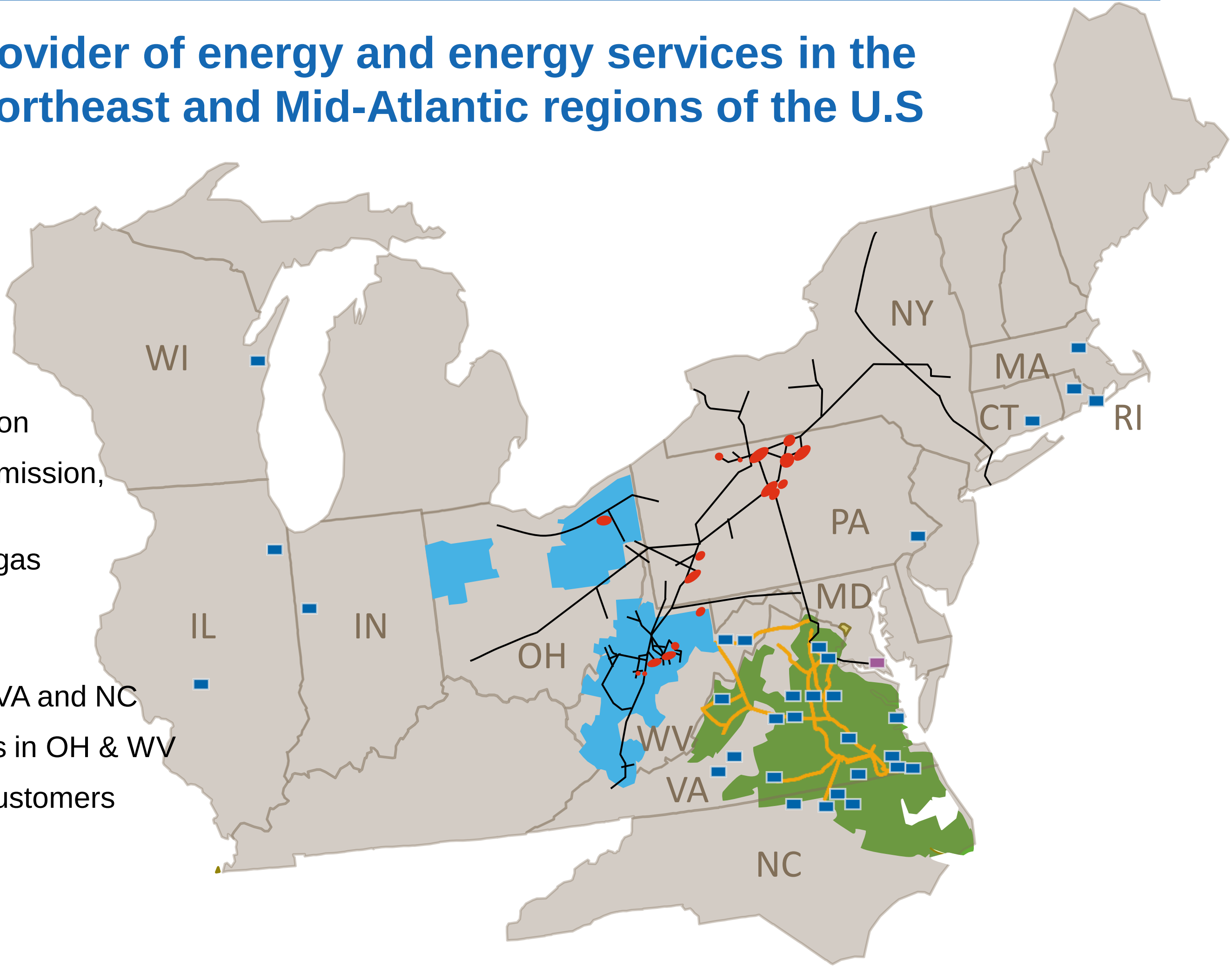
February 4, 2014
Bruce McKay
Dominion

Dominion Profile

Power and Natural Gas Infrastructure

Leading provider of energy and energy services in the Midwest, Northeast and Mid-Atlantic regions of the U.S

- **27,500 MW** of electric generation
- **6,300 miles** of electric transmission
- **11,000 miles** of natural gas transmission, gathering and storage pipeline
- **947 billion cubic feet** of natural gas storage operated
- Cove Point LNG Facility
- **2.4 million** electric customers in VA and NC
- **1.3 million** natural gas customers in OH & WV
- **2.1 million** non-regulated retail customers in **15** states (not shown)



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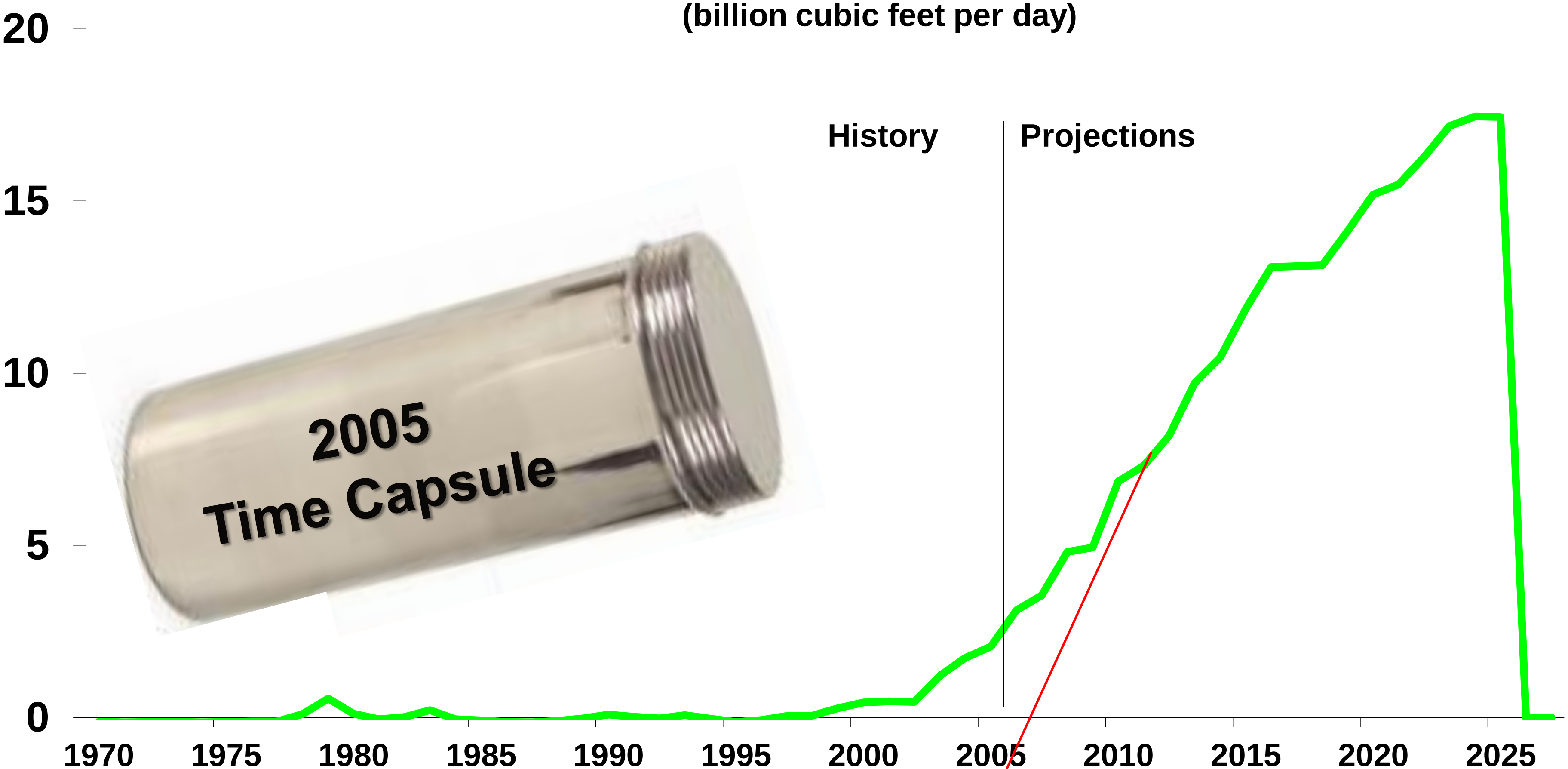
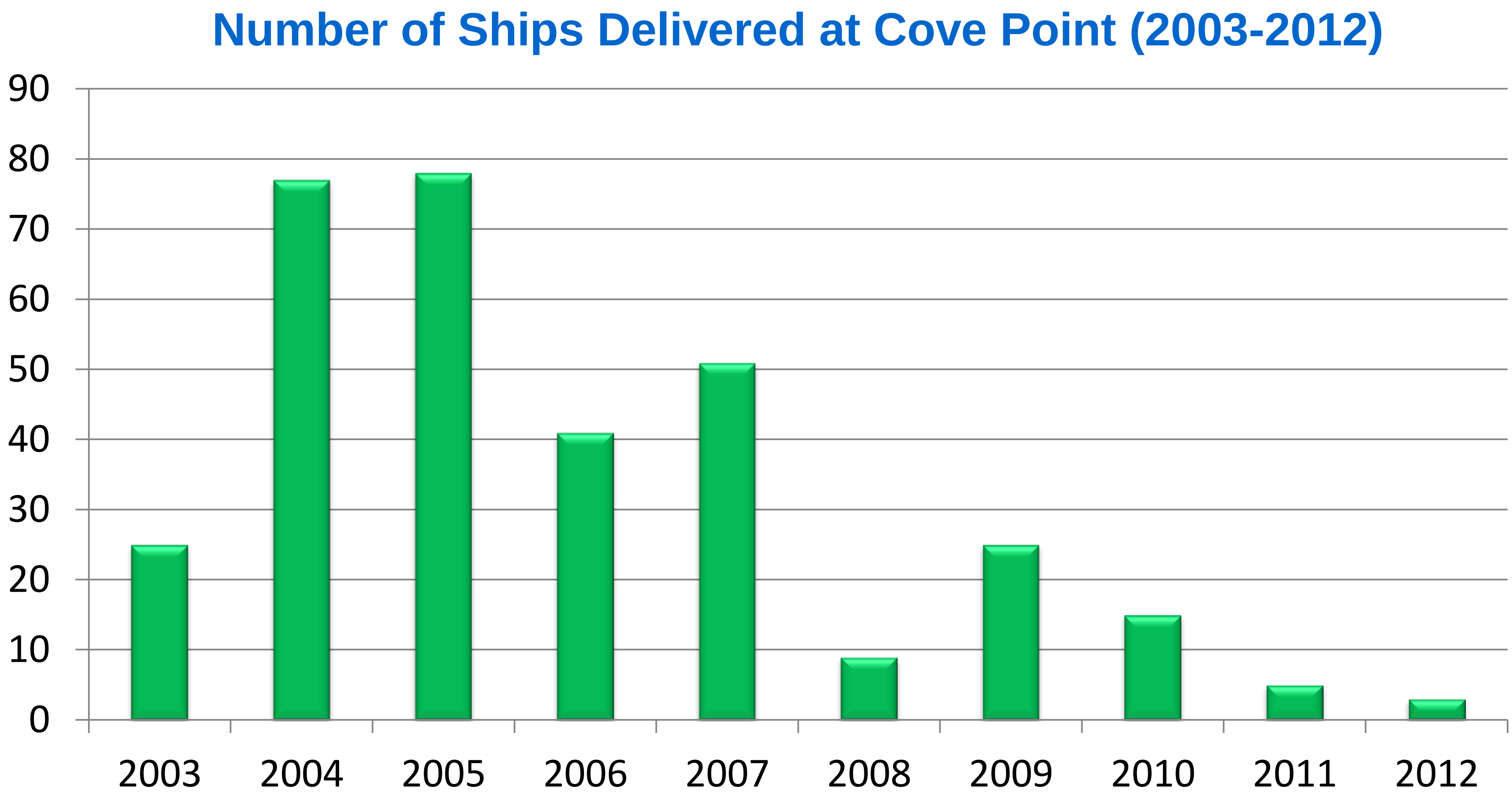
Growing U.S. LNG Imports

Net U.S. Imports of Liquefied Natural Gas, 1970-2025
(billion cubic feet per day)



Source: EIA Annual Energy Outlook 2005

Cove Point's Import History



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Cove Point Liquefaction Project

- $3.4-$3.8 billion
- Tolling facility
  - Long term capacity contracts with:
    - Sumitomo Corp. (Japan)
    - GAIL (India)
- One liquefaction train
- Liquefaction capacity
  - 750 MMCFD inlet
  - ~ 5 mtpa LNG output

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Employment & Economic Benefits

- Support nearly 12,400 jobs in Calvert County (measured in job-years) between 2011-2040 and nearly 6,200 jobs in the balance of Maryland
- Over one billion dollars in associated labor income
- Business sales in Maryland augmented by approximately $3.8 billion
- The County will receive roughly $40 million per year in property tax collections – a 27 percent increase over current collections
- Over lifetime of project, Calvert County to collect nearly $16 million in local income tax
- State of Maryland income and sales tax collections approach $60 million over course of project

Source: Sage Policy Group draft report "The Opportunities at Cove Point : MD as an Energy Exporter" September, 2012

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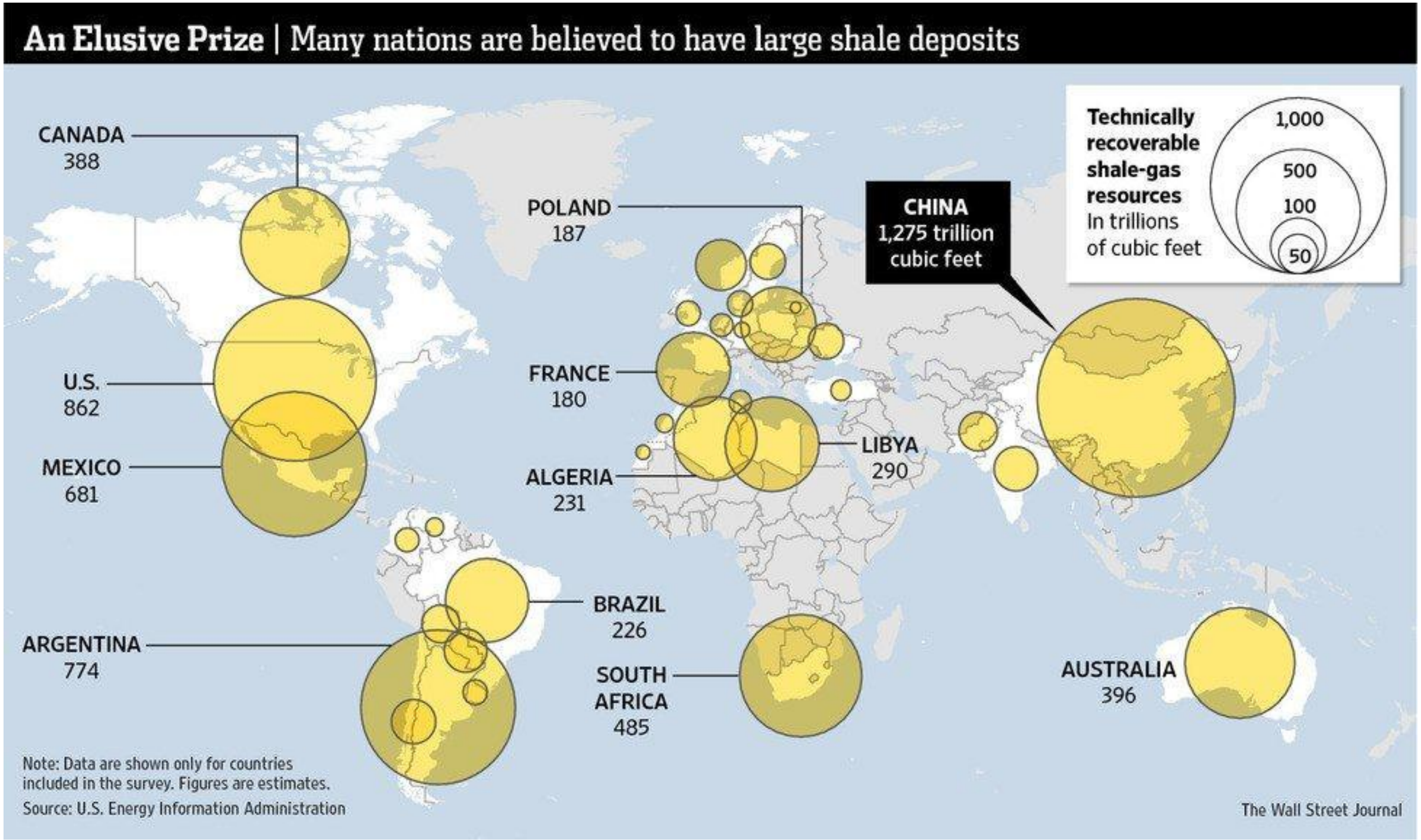
A Window of Opportunity



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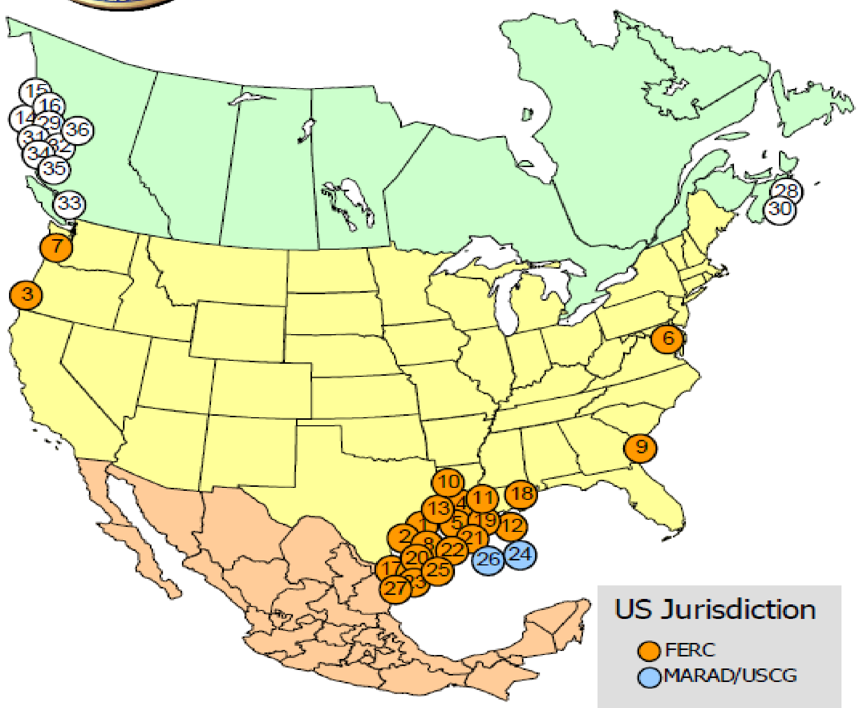
Proposed Export Terminals

North American LNG Export Terminals
Proposed/Potential



Export Terminal

PROPOSED TO FERC

1. **Freeport, TX:** 1.8 Bcfd (Freeport LNG Dev/Freeport LNG Expansion/FLNG Liquefaction)*
2. **Corpus Christi, TX:** 2.1 Bcfd (Cheniere – Corpus Christi LNG)*
3. **Coos Bay, OR:** 0.9 Bcfd (Jordan Cove Energy Project)*
4. **Lake Charles, LA:** 2.4 Bcfd (Southern Union - Trunkline LNG)
5. **Hackberry, LA:** 1.7 Bcfd (Sempra – Cameron LNG)*
6. **Cove Point, MD:** 0.82 Bcfd (Dominion – Cove Point LNG)*
7. **Astoria, OR:** 1.25 Bcfd (Oregon LNG)*
8. **Lavaca Bay, TX:** 1.38 Bcfd (Excelerate Liquefaction)
9. **Elba Island, GA:** 0.35 Bcfd (Southern LNG Company)
10. **Sabine Pass; LA:** 1.96 Bcfd (Sabine Pass Liquefaction)*
11. **Lake Charles, LA:** 1.07 Bcfd (Magnolia LNG)
12. **Plaquemines Parish, LA:** 1.07 Bcfd (CE FLNG)
13. **Sabine Pass, TX:** 2.1 Bcfd (ExxonMobil – Golden Pass)

PROPOSED CANADIAN SITES IDENTIFIED BY PROJECT SPONSORS

14. **Kitimat, BC:** 1.28 Bcfd (Apache Canada Ltd.)
15. **Douglas Island, BC:** 0.23 Bcfd (BC LNG Export Cooperative)
16. **Kitimat, BC:** 3.23 Bcfd (LNG Canada)

POTENTIAL U.S. SITES IDENTIFIED BY PROJECT SPONSORS

17. **Brownsville, TX:** 2.8 Bcfd (Gulf Coast LNG Export)
18. **Pascagoula, MS:** 1.5 Bcfd (Gulf LNG Liquefaction)
19. **Cameron Parish, LA:** 0.16 Bcfd (Waller LNG Services)
20. **Ingleside, TX:** 1.09 Bcfd (Pangea LNG (North America))
21. **Cameron Parish, LA:** 0.20 Bcfd (Gasfin Development)
22. **Cameron Parish, LA:** 0.67 Bcfd (Venture Global)
23. **Brownsville, TX:** 3.2 Bcfd (Eos LNG & Barca LNG)
24. **Gulf of Mexico:** 3.22 Bcfd (Main Pass - Freeport-McMoRan)
25. **Brownsville, TX:** 0.94 Bcfd (Annova LNG)
26. **Gulf of Mexico:** 1.8 Bcfd (Delfin LNG)
27. **Brownsville, TX:** 0.27 Bcfd (Texas LNG)

POTENTIAL CANADIAN SITES IDENTIFIED BY PROJECT SPONSORS

28. **Goldboro, NS:** 1.4 Bcfd (Pieridae Energy Canada)
29. **Prince Rupert Island, BC:** 2.91 Bcfd (BG Group)
30. **Melford, NS:** 1.8 Bcfd (H-Energy)
31. **Prince Rupert Island, BC:** 2.74 Bcfd (Pacific Northwest LNG)
32. **Prince Rupert Island, BC:** 4.0 Bcfd (ExxonMobil – Imperial)
33. **Squamish, BC:** 0.29 Bcfd (Woodfibre LNG Export)
34. **Kitimat/Prince Rupert, BC:** 0.32 Bcfd (Triton LNG)
35. **Prince Rupert, BC:** 3.12 Bcfd (Aurora LNG)
36. **Kitsault, BC:** 2.6 Bcfd (Kitsault Energy)

As of January 16, 2014

** Filed Certificate Application*

Office of Energy Projects

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The Case is Overwhelming

- A permanent price advantage for U.S. consumers
- Tens of thousands of short-term & long-term jobs
- Billions of $ for federal, state, and local coffers
- Bolsters the manufacturing renaissance
- Avoiding the “boom and bust”
- Assures the production of gas liquids for petrochemical industry
- Advancing U.S. geopolitical interests

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What Does it Mean to U.S. Workers?

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Third Party Support for LNG Exports

- U.S. Chamber of Commerce
- National Association of Manufacturers
- American Chemistry Council
- Brookings Institution
- Bipartisan Policy Center
- Council on Foreign Relations
- American Council for Capital Formation
- American Security Project
- Peterson Institute
- Center for Strategic and International Studies
- Resources for the Future
- MIT Energy Initiative
- National Regulatory Research Institute
- Marshall Institute
- Labors International Union on North America
- National Taxpayers Union
- Small Business & Entrepreneurship Council

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Editorial Support:

Natural Gas Exports: A boon to the economy
Washington Post - December 2012

Sending Natural Gas Abroad
New York Times – December 2012

Energy Economics in One Lesson:
Natural gas exports are good for America
Wall Street Journal – December 2012

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