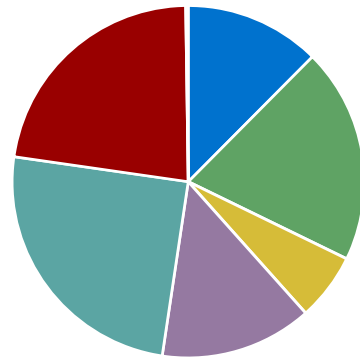


# Pricing Update March 21, 2023

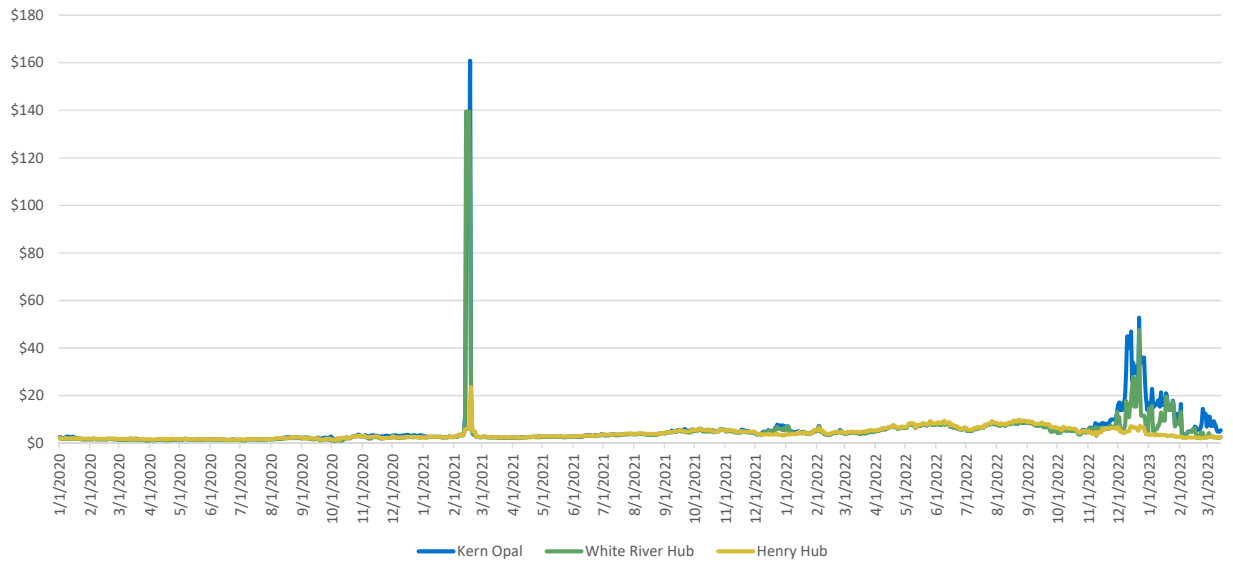


## 2022-2023 Design Day Supply Portfolio

	Volume (Dth)	%
Wexpro Production	155,000	12.4%
Storage Withdrawal	246,000	19.8%
Baseload Deals - Fixed Price	77,000	6.2%
Baseload Deals - Monthly Index	174,000	14.0%
Spot Purchases - Daily Index	310,050	24.9%
Peaking Deals - Daily Index	280,000	22.5%
Baseload Deals - Daily Index	2,950	0.2%
	<b>1,245,000</b>	

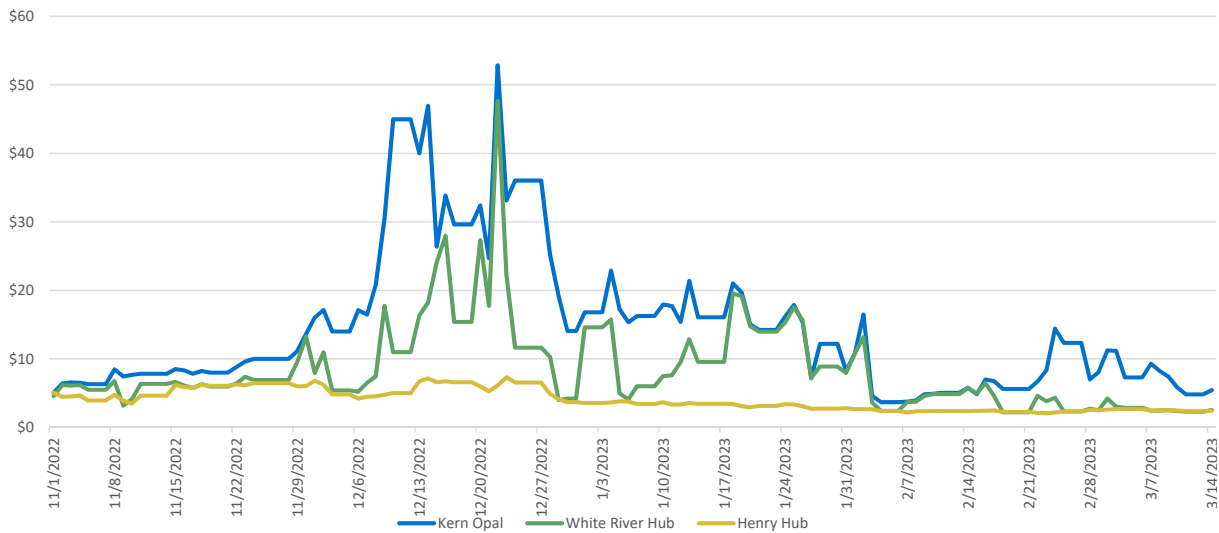


### Daily Spot Pricing



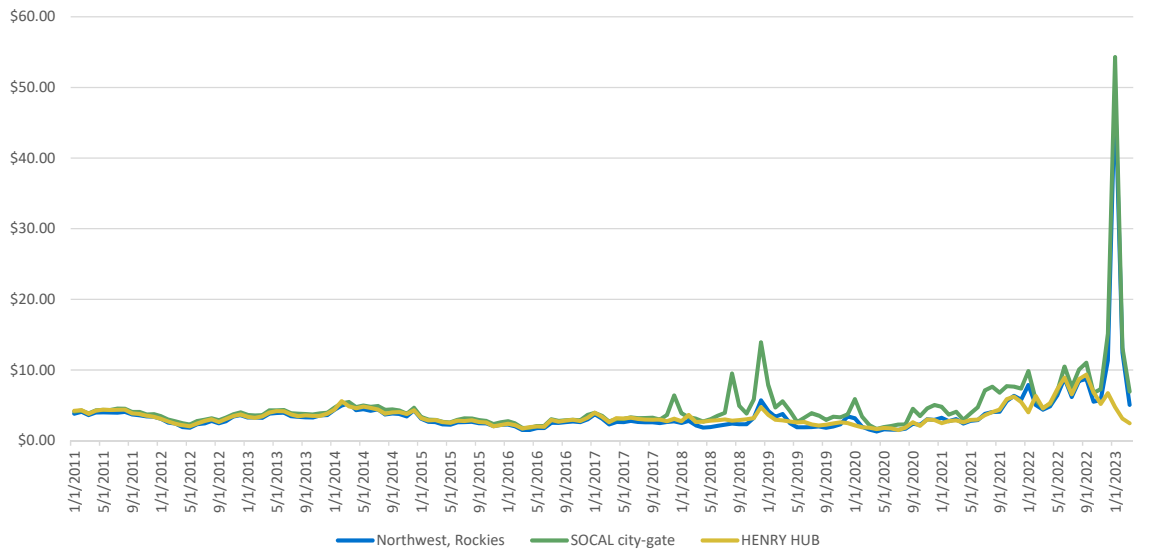
3

### Daily Spot Pricing



4

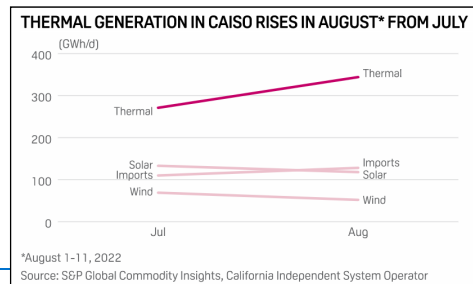
## Monthly Pricing



5

## Why?

- Demand...
  - Weather in the west, including the PNW, last summer was hot and dry
    - Reduced availability of hydro power generation, including reductions of imported hydro power into CA from the PNW
    - Increased demand for power generation- much of which was met by increased natural gas fired generation due to the reduction of coal plants
    - September heat wave –
      - Up to 60% of fuel mix was natural gas

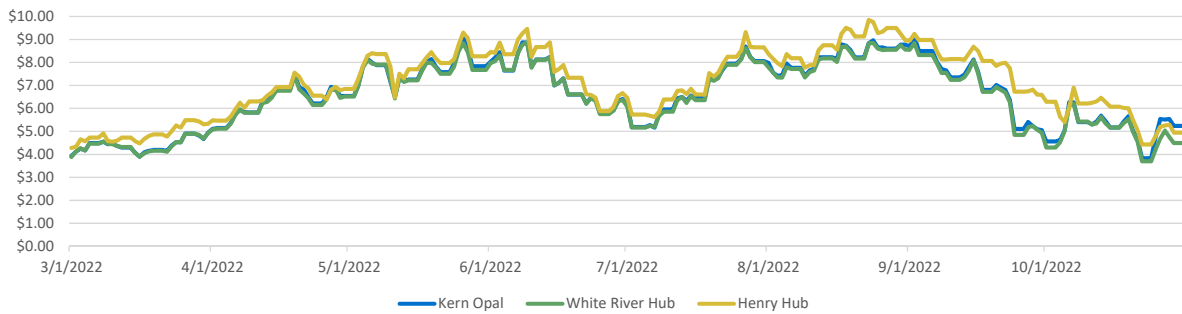


6

## Why?

### Supply...

- Summer pricing was high due to overall US supply/demand dynamics in part due to LNG exports to Europe



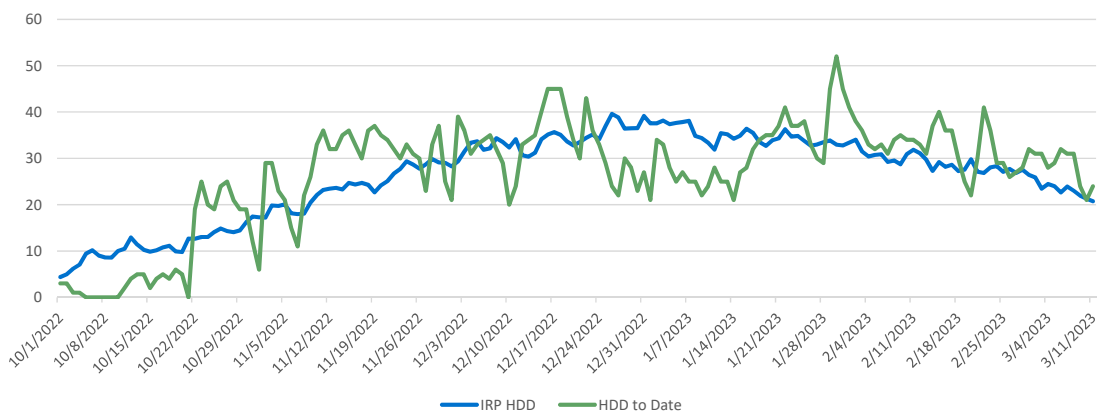
- Natural gas flows to Southern California from the Permian Basin have been reduced due to the shut down of El Paso Natural Gas's Line 2000 that started in August 2021



## Why?

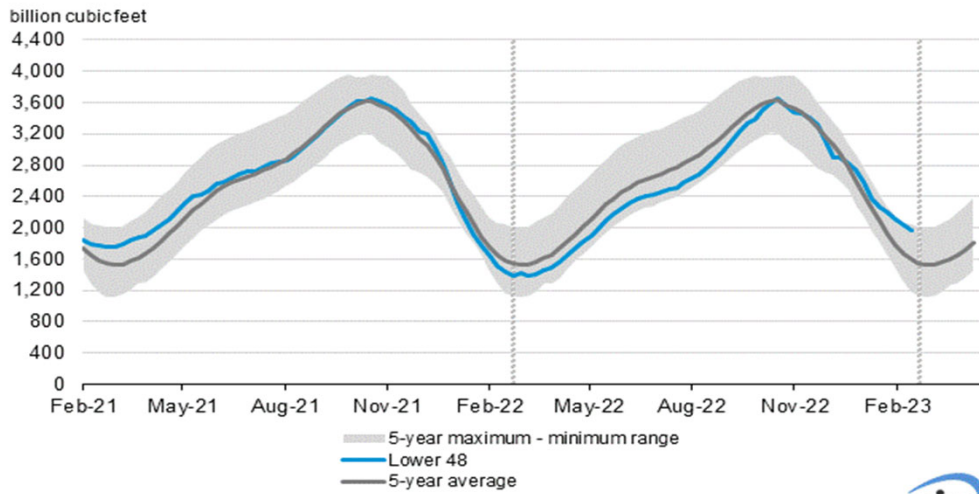
### Demand...

- Colder-than-normal winter



## Why?

Working gas in underground storage compared with the 5-year maximum and minimum



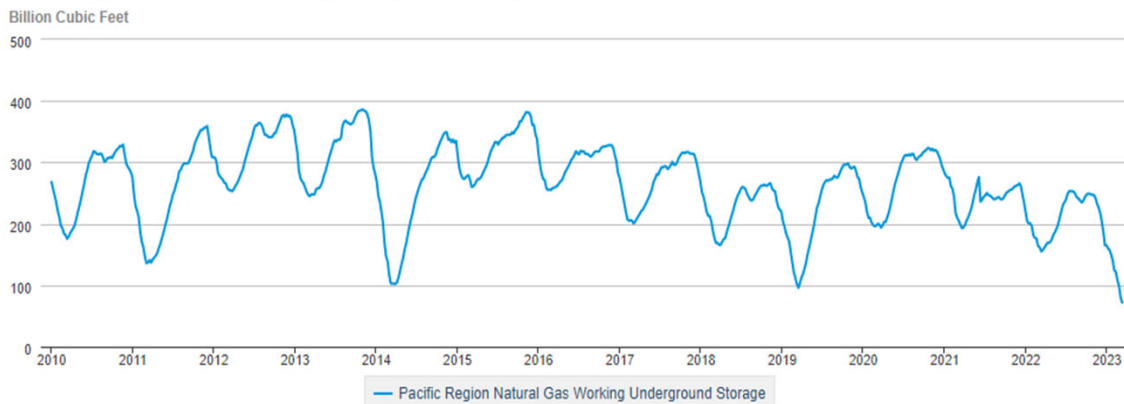
Data source: U.S. Energy Information Administration



Source: EIA Natural Gas Storage Dashboard – March 16, 2023

## Why?

Pacific Region Natural Gas Working Underground Storage



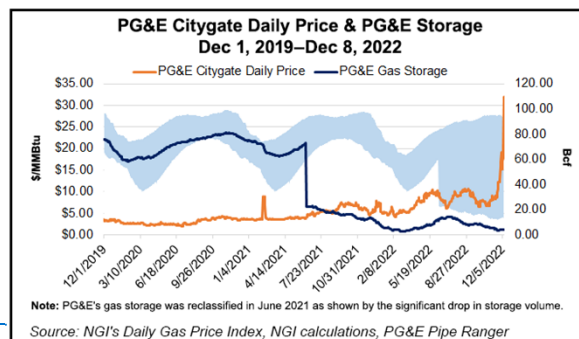
Data source: U.S. Energy Information Administration



Source: EIA Natural Gas Storage Dashboard – March 16, 2023

## Why?

- Storage...
  - Summer 2021 – PG&E reclassified 51 Bcf of storage from working gas to cushion gas
    - Part of a shift in how PG&E will operate storage
      - Storage for reliability not pricing offsets



## Going Forward

- El Paso Natural Gas Line 2000 work completed in January 2023
  - Returned to service
- Short-Term
  - Colder weather still ongoing
  - Need to fill Pacific storage may impact summer pricing
    - Pending future pricing – DEUWI may look for opportunities to fix short-term pricing
  - Drought conditions seem to be improving in the West with a wet winter
    - This could increase availability of hydro-power generation
  - Overall US supply/demand dynamics expected to shift toward an oversupply position – downward pressure on pricing
- Long-Term
  - Future pricing shows high prices near \$6-\$7 and low prices near \$4