

28th ANNUAL OHIO
Energy Savings & Management
C O N F E R E N C E

Wednesday, February 28, 2024

12:30 p.m. **Ohio's Natural Gas Utilities: Valuable Insights on Prices, What Large Energy End Users Can Expect in the Future and Ohio's Natural Gas Market Structure and Outlook ... Ohio Energy Leadership Council's Roundtable**



Moderator: David F. Proaño
Regulatory Counsel, Ohio Energy Leadership Council (OELC) and Partner, BakerHostetler LLP, Cleveland



Melissa L. Thompson
Director of Regulatory Policy Columbia Gas of Ohio, Inc. Columbus



Daniel A. Weekley
President & General Manager Dominion Energy Ohio Cleveland



Glenn S. Benson
Partner BakerHostetler LLP Washington, D.C.



Andrew Duckworth
President Utility Pipeline Ltd. Canton



Paul Leanza
Director, Gas Supply IGS Energy Dublin

QUESTIONS FOR PANELISTS

Introductions and Moderator: David Proaño, BakerHostetler

Plan on 2-3 minutes for answers.

TOPIC #1 – Gas Commodity Prices Winter 2023/2024

Q. [Melissa Thompson]: Ms. Thompson, in October 2023, Columbia Gas issued a news release describing how your customers could benefit from decreasing commodity prices this winter. With the relatively mild winter this year, this prediction appears to be coming true, with your default Standard Choice Offer commodity prices down to 2018 and 2019 levels of about \$0.43 per CCF for residential and small commercial customers. Could you describe how Columbia Gas procures its default commodity service through SCO auctions and passes those charges on to its more than 1.4 million customers in Ohio, and the factors that you believe are driving lower gas commodity costs this winter?

Q. [Daniel Weekley]: Mr. Weekley, Dominion's current SCO rate for its 1.2 million residential and small commercial customers is even lower than Columbia's, at about \$0.29 per CCF, which is around 2021 levels for this time of year. Both Columbia's and Dominion's rates are based on the NYMEX month-end settlement price plus a retail price adjustment set through an SCO auction. What accounts for the different default service rates between Columbia and Dominion, and where do you see commodity prices heading and why?

Q. [Paul Leanza]: Mr. Leanza, IGS is currently an SCO default load supplier for both Columbia and Dominion customers. Could you describe from the supplier perspective how those default load auctions function, and where you see gas commodity prices heading over the next 24 to 48 months from these very low levels?

Q. [Andrew Duckworth]: Mr. Duckworth, Utility Pipeline owns and operates four smaller natural gas utility companies in Ohio, including KNG Energy, East and Pike natural gas companies, and Northern Industrial Energy Development, mostly serving rural communities in Ohio. Generally, how is commodity service procured for those rural customers, and what is your perspective on current and future commodity prices for the Ohio market?

Q. [Glenn Benson]: Mr. Benson, from your perspective as an attorney practicing in the wholesale market space, including before FERC and RTOs, what regulatory developments or trends do you think are impacting current commodity prices or have the potential to do so in the future?

TOPIC #2 – *Natural Gas Default Service and Distribution*

Q. [Melissa Thompson]: Ms. Thompson, understanding the challenges facing UPL, do you see similar challenges and issues that your utility faces in providing natural gas distribution service to rural residential and commercial customers?

Q. [Daniel Weekley]: Mr. Weekley, about a decade ago Dominion exited the merchant function for certain non-residential customers, and then through a settlement approved by the Commission in February 2020 (18-1419-GA-EXM) default supply service through Dominion became available again for certain non-residential customers through a new Monthly Retail Rate or MRR rate. Could you describe how Dominion's MRR rate works and how you think this change benefitted Dominion's customers?

Q. [Paul Leanza]: Mr. Leanza, as a competitive supplier in Ohio, do you see any changes on the horizon that could impact regional prices paid by Ohio SCO customers?



TOPIC #3 – *Rural Natural Gas Utility Service*

Q. [Andrew Duckworth]: Mr. Duckworth, transitioning to a topic that may be unique to the customer base of UPL’s natural gas utilities, what are the unique challenges and issues that your utilities face in providing natural gas commodity and distribution service to rural residential and commercial customers?

TOPIC #4 – *PUCO & FERC Jurisdictional Primer*

Q. [Glenn Benson]: Mr. Benson, the panel discussion has referenced several rate and utility proceedings before the Public Utilities Commission of Ohio, but federal regulation overlays state regulation to a certain extent. Could you describe generally where federal regulation begins and ends in the markets and the journey of natural gas from production to the retail customer, and how federal and state regulations may overlap especially in relation to gas prices and supply?

TOPIC #5 – *Distribution System Maintenance*

Q. [Melissa Thompson]: Ms. Thompson, staying on the topic of PUCO regulatory authority over Ohio’s natural gas utilities, as the largest natural gas utility in Ohio, Columbia Gas must necessarily make investments in its transportation and distribution infrastructure, especially as its systems age. Could you generally describe how Columbia tracks and determines when pipelines need to be retrofitted or replaced entirely to continue to provide reliable service, and how those costs are recovered from Columbia’s customers?

Q. [Daniel Weekley]: Mr. Weekley, Dominion is a close second in Ohio to Columbia in terms of the number of customers served, and you all have a very extensive and aging distribution network. Same question for you, how does Dominion track and determine when pipelines need to be retrofitted or replaced entirely to continue to provide reliable service to your customers, and how those costs are recovered from Dominion’s customers?



TOPIC #6 – *Macro-Economic Issues*

Q. [Paul Leanza]: Mr. Leanza, switching gears to macro-economic issues, during this panel’s discussion at last year’s MEC conference, which included you and many of the same panelists here today, we heard a lot about the impact of macro-economic events such as the war in Ukraine on natural gas commodity prices in the United States. Can you discuss the macro-economic impact of LNG exports from the United States, including the January 26 pause by the Biden administration of LNG exports to non-free-trade-agreement countries?

Q. [Andrew Duckworth]: Mr. Duckworth, looking at production and demand trends, the U.S. Energy Information Administration is predicting yet another record production year in 2023 of over 103 billion cubic feet per day, increasing to over 105 billion cubic feet per day in 2024. Domestic gas consumption is also forecasted to rise from a record 88.5 bcf in 2022 to 89 bcf in 2023 before sliding to 88.4 bcf in 2024. How do you see these increasing production and demand trends playing out locally here in Ohio?

Q. [Glenn Benson]: Mr. Benson, when this panel met last year, there was much discussion of a potential federal ban on new natural gas appliances, and now the debate is playing out on the state and local level, with both bans and anti-bans being passed. Can you provide an overview of the current debate and most prominent state and local bans and anti-bans of natural gas appliances, and what federal and state pre-emption and jurisdictional issues are at play?

TOPIC #7 – *House Bill 201 and PHMSA Mega Rule*

Q. [Melissa Thompson]: Ms. Thompson, at the end of December, Governor DeWine signed House Bill 201, which dealt mostly with vehicle emission standards, but also included provisions that permit Ohio’s natural gas utilities to charge up to \$1.50 per month for natural gas infrastructure and planning to support economic development in Ohio. Columbia’s president and COO, Mr. Parisi, supported the bill through testimony submitted to the House. Could you describe how this new law will work in practice and how it will contribute to business attraction and expansion in Ohio?



Q. [Daniel Weekley]: Mr. Weekley, what do you see as the most positive aspects of House Bill 201, and adding to Ms. Thompson’s comments, how do you see this new law contributing the economic development in Ohio?

Q. [Andrew Duckworth]: Skipping Mr. Leanza for a moment, Mr. Duckworth does House Bill 201 present infrastructure development opportunities in more rural communities, and while on the topic could you also discuss the role of natural gas cooperatives in natural gas service and economic development in the State of Ohio?

Q. [Glenn Benson]: Mr. Benson, staying on the infrastructure topic but at the federal level, can you discuss what the PHMSA “Mega Rule” is and requires, and what impacts customers can expect at the retail level from that federal rule?

TOPIC #8 – *Natural Gas Procurement Strategies*

Q. [Paul Leanza]: Mr. Leanza, finally circling back to you, I would like to finish with procurement strategies, which may be the most relevant issue for large industrial customers aside from general pricing trends. According to some publications, the front-month U.S. benchmark price at the Henry Hub settled on Friday February 16 at its lowest level since 1995 – except for a few days during peak pandemic in 2020. In a low-price environment such as the one today, what types of strategies do you recommend for your large commercial and industrial customers with high-volume requirements?

To ALL PANELISTS (IN SAME ORDER): Are there any closing thoughts on natural gas utilities and markets that you want to briefly share with our audience?

Closing: Thanks again to this fantastic panel, and please give them a round of applause!