



What would have been the savings to eastern Pennsylvania and New Jersey natural gas and electric customers had PennEast been available last winter?



\$531.6 MILLION
ELECTRIC SAVINGS



\$361.8 MILLION
GAS SAVINGS



TOTAL
ESTIMATED SAVINGS

ESTIMATED ENERGY MARKET SAVINGS FROM ADDITIONAL PIPELINE INFRASTRUCTURE SERVING EASTERN PENNSYLVANIA AND NEW JERSEY

PREPARED BY CONCENTRIC ENERGY ADVISORS

Concentric Energy Advisors examined the savings that could have been achieved by natural gas and electric consumers in eastern Pennsylvania and New Jersey in the winter of 2013-2014 due to the addition of the PennEast Pipeline Project's incremental pipeline capacity of 1 billion cubic feet per day (Bcf/d).

The winter of 2013-2014 is the most recent for which data is fully available and most accurately reflects the current market dynamics, including other recently constructed pipeline projects (e.g., Spectra's NJ-NY Expansion project; Transco's Northeast Supply Link). This provides a basis for reasonably estimating potential savings that could be achieved in similar circumstances absent additional infrastructure to mitigate the high natural gas prices experienced. Concentric acknowledges that certain periods of the winter of 2013-2014 in eastern Pennsylvania and New Jersey experienced record high natural gas prices, but did not reach "design conditions."



DESIGN CONDITIONS

Local natural gas distribution companies (LDCs) plan for design conditions (also known as design days). Design conditions represent significantly colder than normal weather days that could affect gas delivery. The winter of 2013-2014 did not surpass LDC design conditions.



SAVINGS

Four primary areas of potential savings due to the PennEast Pipeline.



GAS-FIRED GENERATION SAVINGS

Natural gas-fired generation setting the electric energy price based on lower natural gas prices.



OIL-FIRED GENERATION SAVINGS

Natural gas-fired generation displacing more costly oil-fired electric generation.



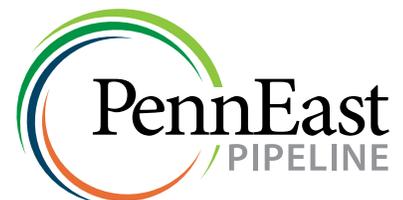
INDUSTRIAL CUSTOMER SAVINGS

Industrial customers purchasing natural gas at lower market area prices.



LDC GAS SUPPLY SAVINGS

LDC's purchasing more natural gas at lower prices from local production.



ENERGY MARKET SAVINGS

ADDITIONAL PIPELINE INFRASTRUCTURE

ESTIMATED SAVINGS IF AN ADDITIONAL 1 BCF/D OF PIPELINE CAPACITY HAD BEEN AVAILABLE FOR THE WINTER OF 2013-2014

ELECTRIC MARKET SAVINGS



GAS-FIRED GENERATION
OIL-FIRED GENERATION DISPLACEMENT

EASTERN PA	NEW JERSEY	TOTAL
\$225.8 MILLION	\$186.7 MILLION	\$412.5 MILLION
\$70.2 MILLION	\$48.9 MILLION	\$119.1 MILLION

GAS MARKET SAVINGS



LDC GAS SUPPLY PROCUREMENT
INDUSTRIAL TRANSPORTATION CUSTOMERS

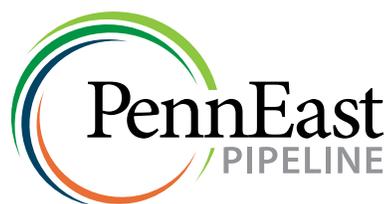
\$36.4 MILLION	\$69.8 MILLION	\$106.2 MILLION
\$182.5 MILLION	\$73.1 MILLION	\$255.6 MILLION
\$515 MILLION	\$378.4 MILLION	\$893.4 MILLION

GROWING DEMAND

Eastern Pennsylvania and New Jersey are served by eight LDCs. All of these LDCs are **projecting annual growth** of the next three to five years, ranging from 0.5% to 2.7%. The region's power generation mix is **increasingly reliant on natural gas** as more than 80 percent of the capacity currently in the queue for eastern Pennsylvania and New Jersey is natural gas-fired, while less than 1% is fueled by coal. As natural gas demand from LDCs and electric generators increases, similar 2013-2014 winter weather conditions could produce similar natural gas prices, and thus electric prices. Building additional infrastructure like the PennEast Pipeline is essential to alleviate pipeline constraints.

SAVINGS ANALYSIS

The estimated savings figures by Concentric **conservatively exclude** potential savings that might have been achieved in the electric market on "extreme peak days" in which temperatures were coldest and natural gas demand was highest, and thus natural gas prices were also highest.



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