

Welcome!

1st Annual Power Generator Customer Meeting

The Windermere Club

May 8, 2008



Capacity

**DELIVERING
VALUE**

Reliability • Supply Diversity • Information • Support

Topics of Discussion



- Welcome & Introductions
- Purpose of the Meeting
- Review of CGT Performance to Date
- Service Enhancements
- Winter Operations Review
- Capacity Issues
- Expansion Issues & Updates
- *Break*
- Contract Renewal Process
- Order 698
- Industry Issues
- Customer Issues/Round Table Discussion

Purpose of Meeting

Slide from Shipper Meeting



Service Improvement Efforts

- Understanding Customer Needs
- EBB Enhancements
- Measurement Enhancements
- Tariff Filing
- Open Season

Purpose of Meeting

Slide from Shipper Meeting



Understanding Customer Needs

- Increased Customer Visits
 - FT customers
 - Point operators
 - Marketers & Agents
- Targeted Customer Meetings
 - Municipal Customers
 - Industrial Customers
 - Power generators (future)
- Distributed Customer Survey
 - Measure performance through eyes of the customer
 - Use results to improve service
 - Perform annually to measure progress

CGT Performance to Date

Since November 2006



- Processed over 41,000 nominations
- Over 2000 nomination cycles
- Transported over 170 BCF
 - Approximately \$1.3 billion of commodity transported by CGT
 - Price volatility could move this +/- \$200 million
 - Customers employed purchasing strategies to meet specific needs and manage price risk
- Awarded approximately 140 Capacity Release transactions
- Continued EBB enhancements

Service Enhancements



Key points of concern during first year of operation

- Imbalances
- OFO's
- EBB

So what have we done about it?

Service Improvement Efforts



Tariff Filing

- Filing made to improve flexibility to meet customer needs (Effective August 6, 2007)
- Tools to better manage imbalances
 - 5th nomination cycle after gas day (ID2+)
 - Ability to modify PDA up to 48 hours after the gas day
- Ability to reserve capacity for future use
 - Provides flexibility to meet customer growth
 - Helps attract new industrial customers
- Other minor administrative changes

Service Improvement Efforts



Overall Imbalances reduced 83% in last year

Nov 06 – Feb 07 98,083 Dt (Net Long)
Nov 07 – Feb 08 16,950 Dt (Net Long)

Reasons?

- Customers have a full year of experience on CGT system
- Tariff changes provide more flexibility in managing imbalances

Service Improvement Efforts



Number of OFO's reduced 50% in past year

4 OFO's in winter '06 – '07

2 OFO's in winter '07 – '08

- Collaborative effort between CGT and Customers
- Tariff Changes help minimize accumulation of imbalances

Service Improvement Efforts



EBB Improvements

- 15 releases have occurred
- Over 250 unique “fixes” or enhancements
- Received 18 suggestions from customers
 - 15 are either completed or planned
 - Remaining 3 under review or on hold
- EBB User Forum established

The EBB is a success story for CGT

Winter Operations Review



- OFO's

- 2 Standard OFO's issued this winter, compared to 4 last winter

- 1st OFO issued January 2nd – released January 4th
- 2nd OFO issued January 19th – released January 21st

- SNG OFO's

- Jan 2 – Jan 4 Type 3 & Type 6
- Jan 14 Type 3
- Jan 17 – Jan 18 Type 6
- Jan 19 – Jan 21 Type 3 & Type 6
- Jan 24 Type 3
- Jan 24 – Jan 26 Type 6
- Feb 1 – Feb 2 Type 6

- Capacity Allocations

- 2 gas days required capacity allocations

- January 2nd
- January 21st

OFO's v. Capacity Allocation

They are different!



OFO	Capacity Allocation
Usually imbalance related	Operationally driven
Nominated supply varies from forecasted demand	Caused by physical operational constraints (i.e.-Receipt point capacity exceeded due to IT and secondary FT nominations)
Purpose is to ensure CGT can meet firm obligations	Purpose is to ensure CGT can meet firm obligations

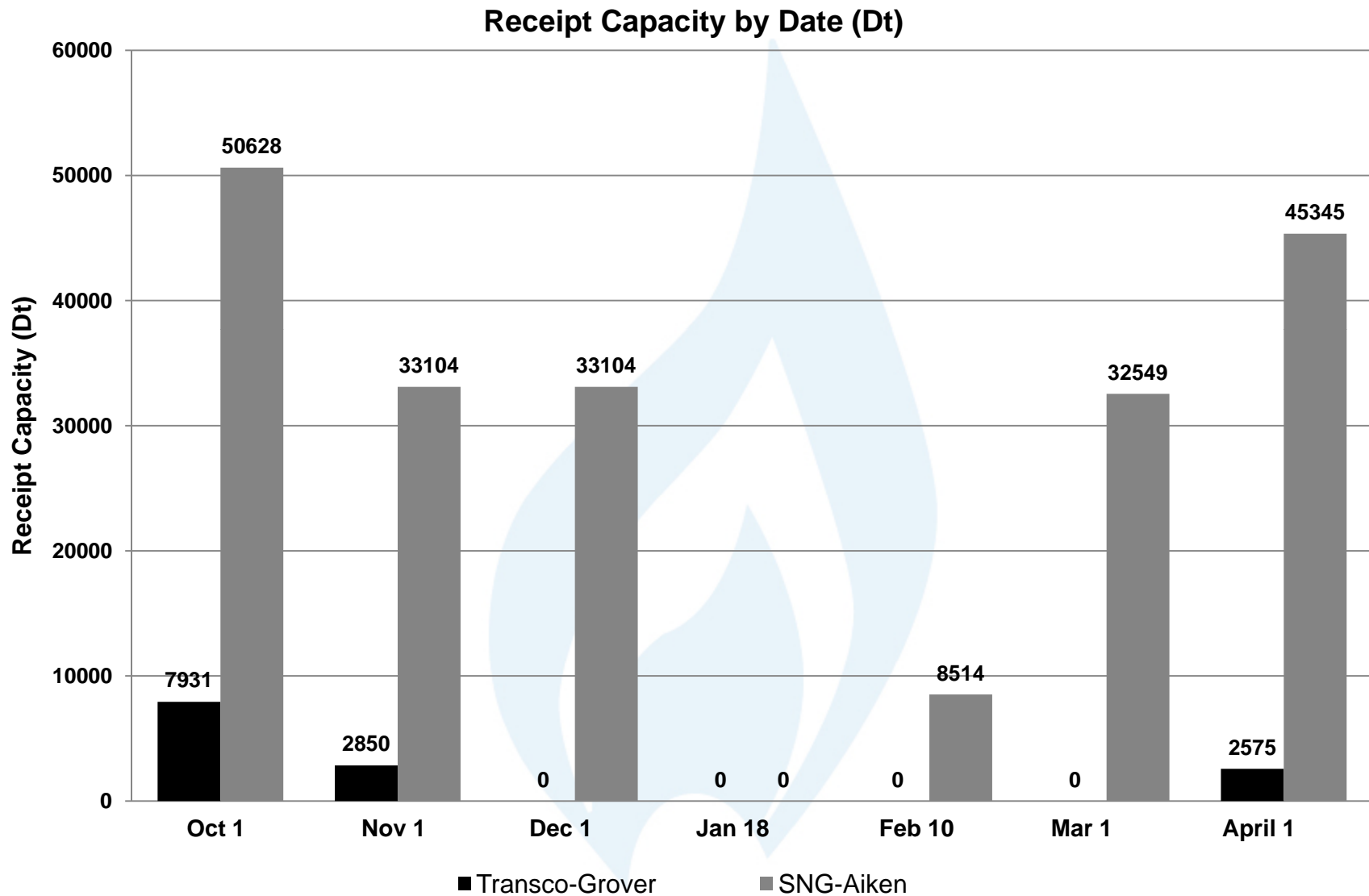
Capacity Issues

Receipt Point Capacity



- Three primary receipt points
 - SNG Aiken
 - Transco Grover
 - Elba/Port Wentworth
- Transco Grover and Elba are essentially fully subscribed
- There have been periods this winter when all receipt points were fully subscribed
- Increased access will require new facilities or modifications to existing facilities

Receipt Capacity Snapshot



Expansion Update



- Several projects are under consideration
- Working on Precedent Agreements for potential anchor customers
- Any system expansion will include a Binding Open Season to solicit interest from any other parties
- LNG Storage Project still under consideration for interested parties – commit today and you can be the anchor customer!

Ideal Project for Power Generators?



- CGT Pipeline Capacity & LNG Storage is great combo for Power Generators
 - Ensures pipeline capacity for “on demand” delivery
 - Provides assurance of supply during peak demand
 - May be less than upstream capacity costs
 - Maximizes hub-like features of CGT

Expansion Issues & Challenges



- Access to cost effective supply is a key feature of CGT that benefits customers
- Elba Island is both a benefit and a challenge
 - We will work to increase access
 - Maximize hub-like nature of CGT
- Must serve existing customers well
 - To achieve growth, we must keep the customers we have
 - Become an ally in their business success
- Focus on Delivering Value each day

Expansion Issues & Challenges

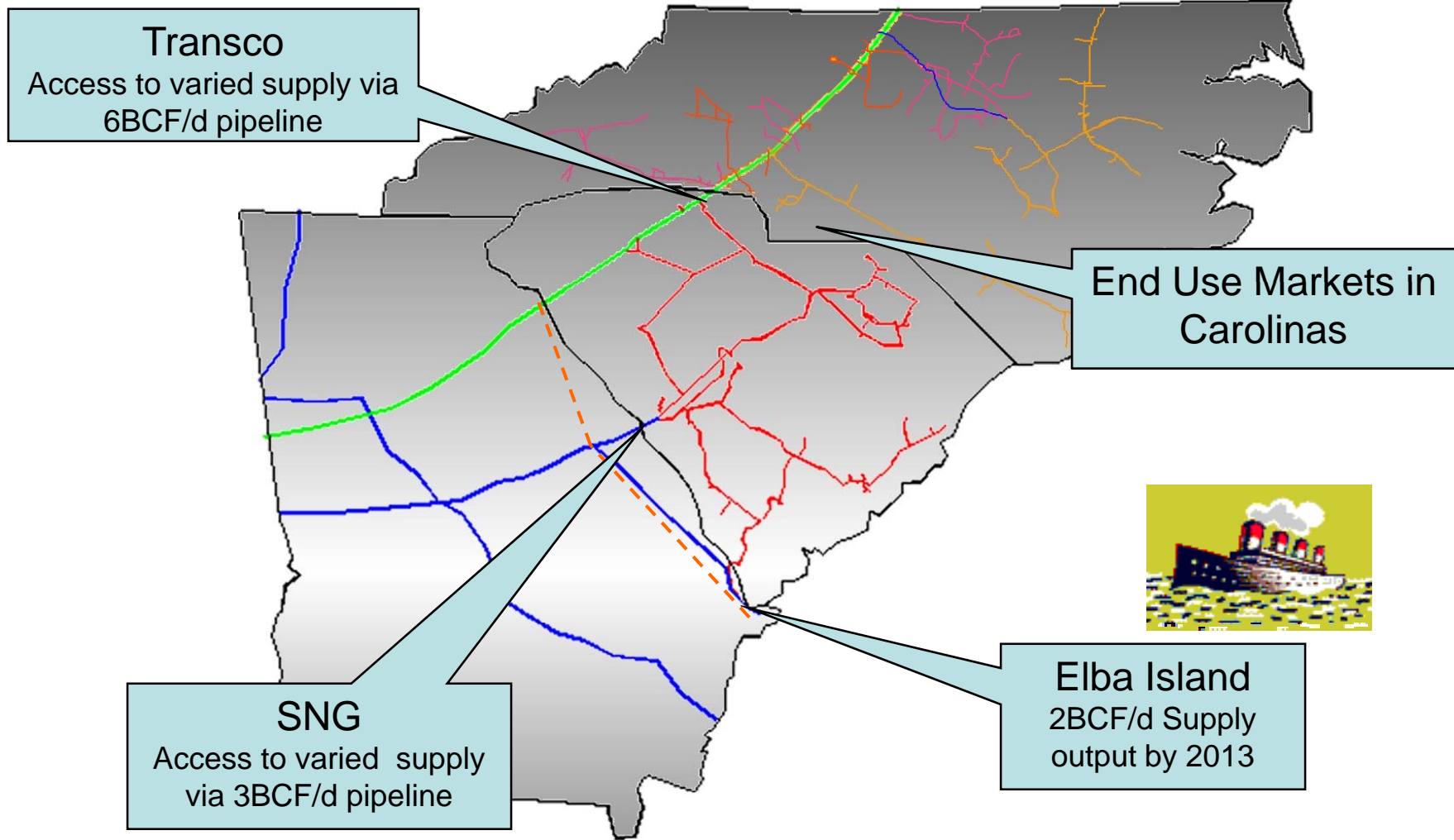


Elba Island Issues

- Global Market for LNG
 - Suppliers chase highest yielding markets
 - Liquid markets and storage make US market of last resort
- Suppliers sometimes unwilling to do long term deals
- Hub like nature of CGT provides flexibility to customers and suppliers

CGT Hub-like Nature

Maximize Benefits of Elba with upstream Pipelines



Anticipated Future Growth Drivers



- Power Generation
 - Significant growth in power demand
 - New Nuclear still out in the future
 - Not enough to satisfy demand growth*
 - Purchased Power scarce
 - Drought issues limit hydroelectric and coal
 - Coal less desirable due to environmental
 - 67 plants cancelled since 2007*
 - Climate Change Legislation will be impactful
 - All scenarios likely produce more gas fired generation
- Residential Growth
 - Coastal areas and upstate still growing

Break Time!

We will start again in 15 minutes



Contract Renewal Process



- Approximately 60% of long term capacity has a contract expiration date of October 31, 2009
- Tariff governs the process
- We will be communicating this message at all customer meetings

Contract Renewal Process

Tariff Driven Process



Timeline	Activity
9 months to 1 year prior to contract expiration	CGT posts notice on EBB and sends email to Shipper re: Expiration date of contract
Within 60 days after CGT posts notice	Shipper must provide written notice to CGT if Shipper wishes to terminate all or a portion of its capacity, or request a lesser term. If no such notice provided to CGT within 60 days, contract automatically extends for 5 years
Within 30 days after CGT receives written notice from Shipper	CGT either accepts offer from Shipper or posts expiring capacity for bidding
At least 180 days prior contract expiration	CGT posts expiring capacity for bidding
After bidding period ends	Shipper has right of first refusal to match the best bid to retain the capacity

Contract Renewal Process

Key Customer Considerations



- Capacity that is turned back may be consumed by an expansion
- Future capacity request may require an expansion and could be more expensive
- Once fully subscribed, requests for new capacity may not be immediately available
- Construction &/or modification to existing facilities can take up to 3 years depending on scope

Our objective is to share information to enable customers to make informed decisions

Order 698 Issues

Communications between Pipeline & PPO



CGT Ops Planning Guidelines for PPO's

- CGT & PPO need to work together to avoid significant deviations from scheduled quantities
- CGT Ops Planning will contact PPO or their agent for projected demand
- PPO (or agent) should notify CGT if there are changes in projected demands
 - Don Brandon: 803-217-1896 (o)
803-206-0280 (m)
 - Gas Control: 803-217-2112 (after hours)
- Shippers encouraged to utilize ID2+ nomination cycle to minimize daily imbalances

Industry Issues

New supply coming this way



- Shale gas coming in a big way
 - Barnett Shale, Appalachian
 - Helps offset LNG diversions
- Southeast Supply Header
- Rockies Express
- Alaskan pipeline announced by ConocoPhillips (2017)

Industry Issues

Carbon Legislation (From recent industry meetings)



- Some proposed targets for CO2 emissions
 - 2005 emission levels by 2012
 - 15% below 2005 by 2020
 - 70% below 2005 by 2050
- Upward pressure on pricing
- Emission credits could create new revenue stream

Industry Issues - Carbon Legislation

Natural Gas Opportunities



- Natural Gas is the cleanest fossil fuel
 - 40-45% less emissions than coal
 - 30% less emissions than oil
- Converting from other fossil fuels may produce credits
- Need to document consideration of emissions credits during project evaluation (according to MGM International at recent SGA meeting)
- Reduced emissions could create revenue stream under open market Cap & Trade system

These ideas are just to stimulate thought – please consult with your in-house experts!

Round Table Discussion

What services/support can CGT provide to help you be more successful?

Summary



- Power generation expected to be a growing part of our business
- Without FT, ability to run when needed may be limited
- CGT will work with you to build the infrastructure that best fits your individual and collective needs

CGT Value Proposition



- Access to wholesale gas markets via diverse supply points
- Ability to manage supply and commodity price risk to meet individual needs
- Dedicated pipeline capacity to ensure safe, reliable deliveries when needed

Customer Service Philosophy



- Continued focus on customer service
- Proactive communications with customers
- Understand customer needs
- Help our customers be as successful as possible
- CGT will grow as our customers grow

Deliver value

Thank you for your participation!

Lunch is served

Drawing during lunch for a \$50 gift card

Must turn in feedback form to qualify

Golf will commence at approximately 12:30