

June 27, 2024



KOGA



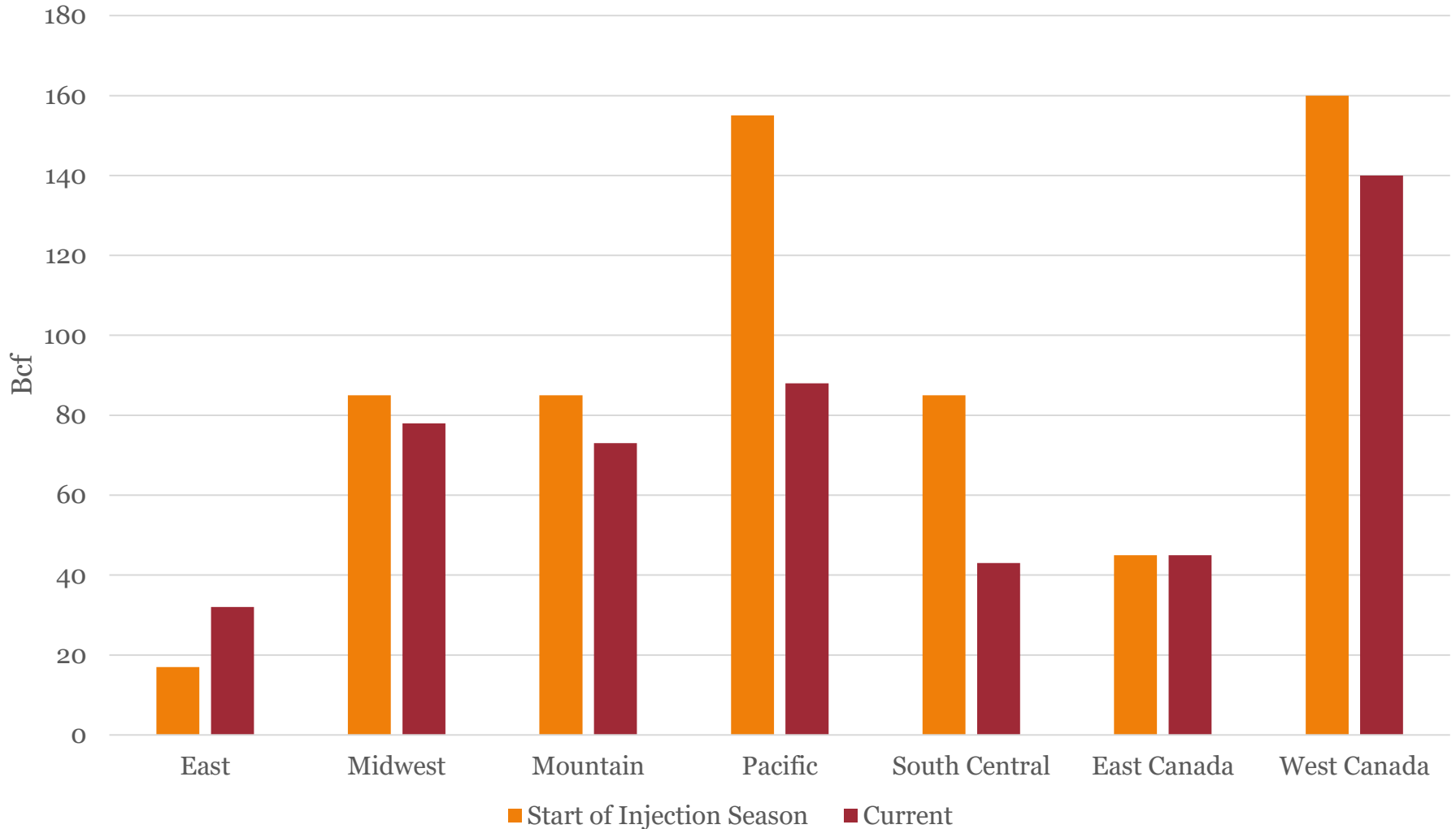
CONCORD ENERGY

Key Takeaways

- North American natural gas market exited winter with significant excess gas in storage and record natural gas production rates would have overwhelmed natural gas storage capacity by the end of the injection
- In response to falling natural gas prices, producers curtailed significant existing production and deferred turning new wells to sale in dry gas plays reducing excess storage overhang
- Rising demand this summer, end of Permian maintenance, and startup of Mountain Valley has boosted end of June production back to March levels with more growth ahead
- Natural gas demand in the power sector, also, responded to low natural gas prices but response has been impacted by the growth in renewables generation year over year
- Natural gas demand growth set to start next wave of meaningful expansion as new LNG facilities enter service over next 5-years
- Growth in natural gas demand will require North American production to grow in response creating opportunity for natural gas areas to grow over the next decade to meet demand

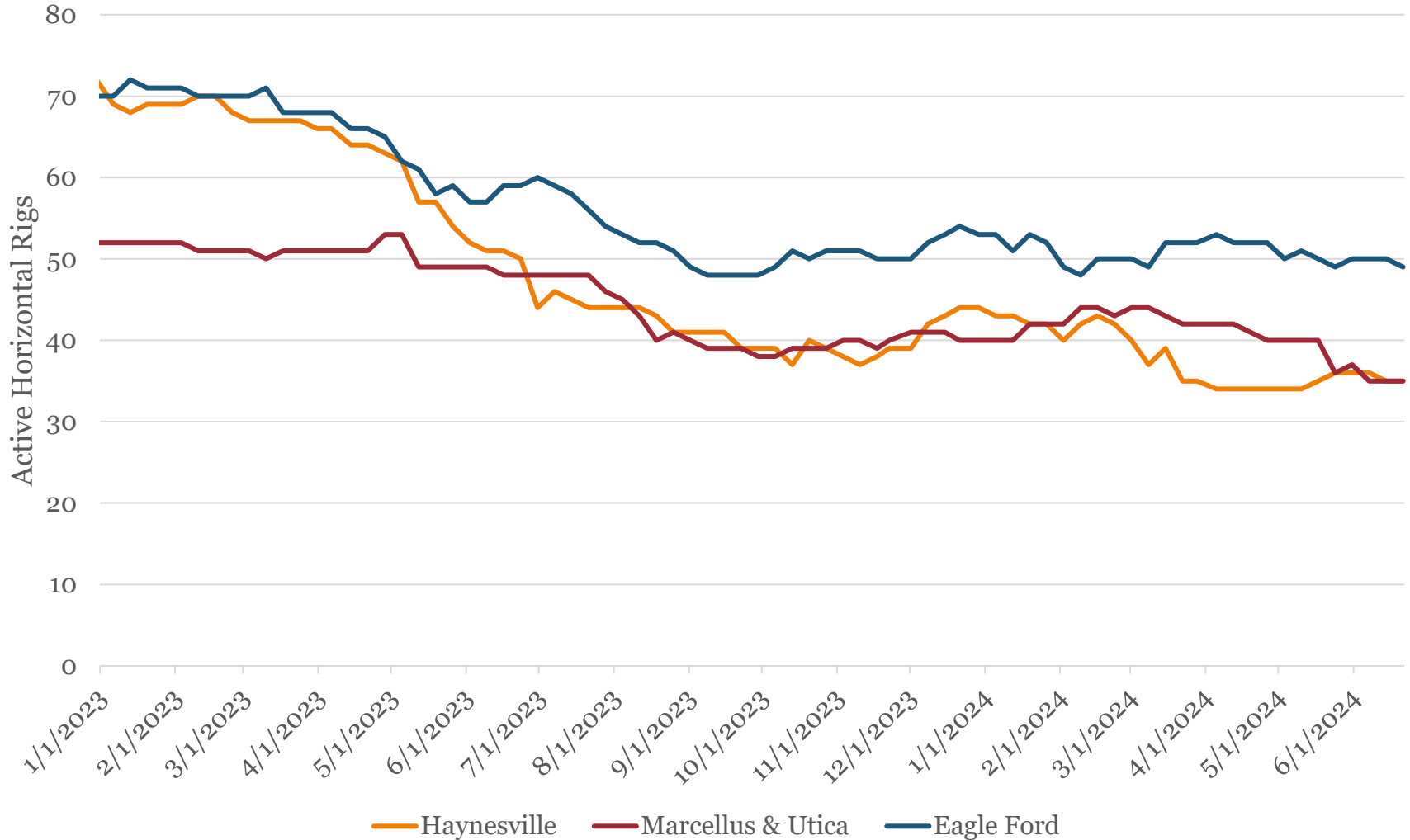
US storage surplus y/y is at 316 Bcf, vs a surplus of 428Bcf at the beginning of the injection season. Production cuts have been the main driver of the reduction in storage, as total US demand year to date has been essentially flat to last year

Storage Surplus 2024 over 2023

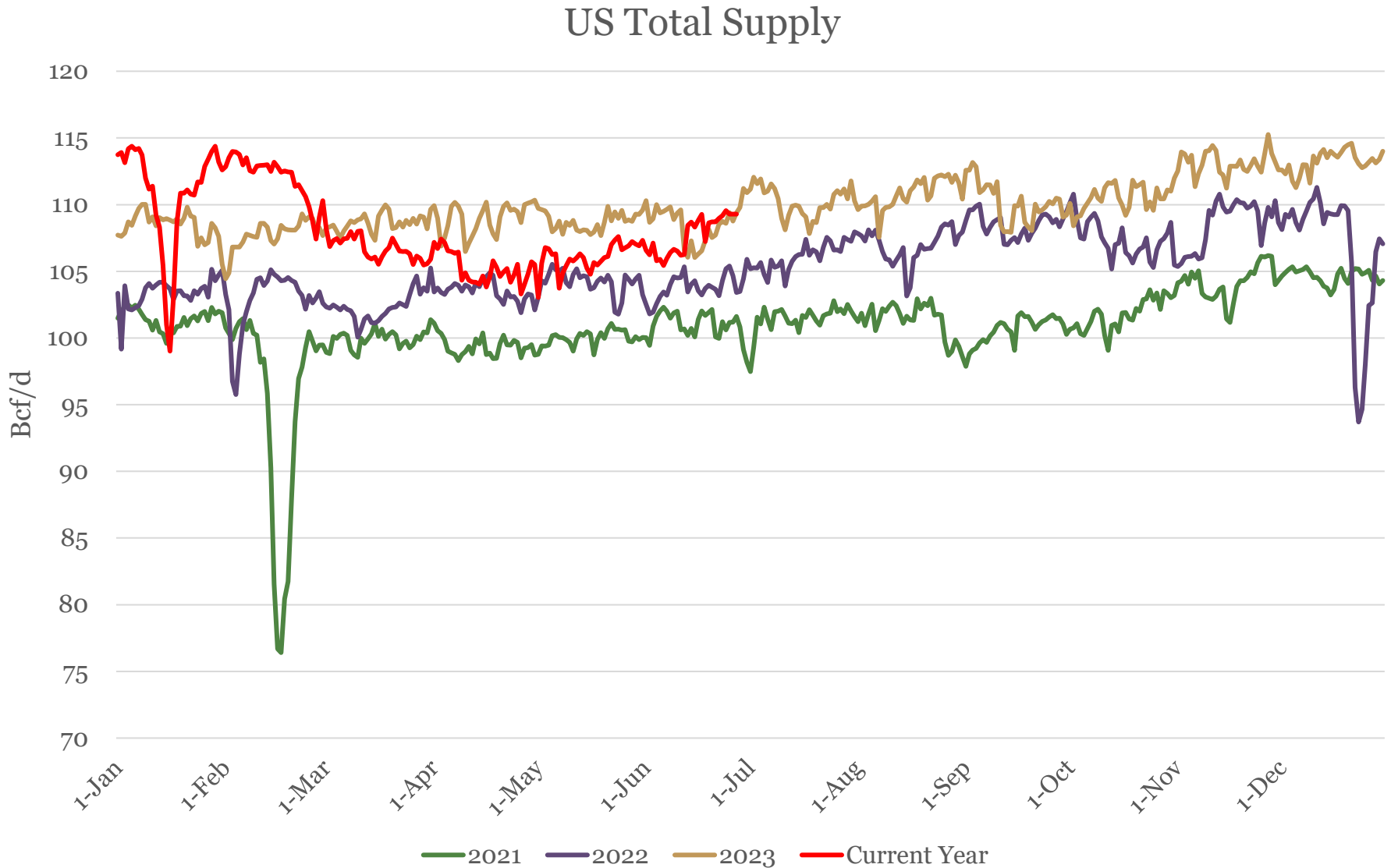


Rig county activity in Appalachia and Haynesville has barely slowed in response to sub \$1.50 pricing as operators have chosen to defer completions and delay TILs over slowing drilling activity

Dry Gas Rig Activity

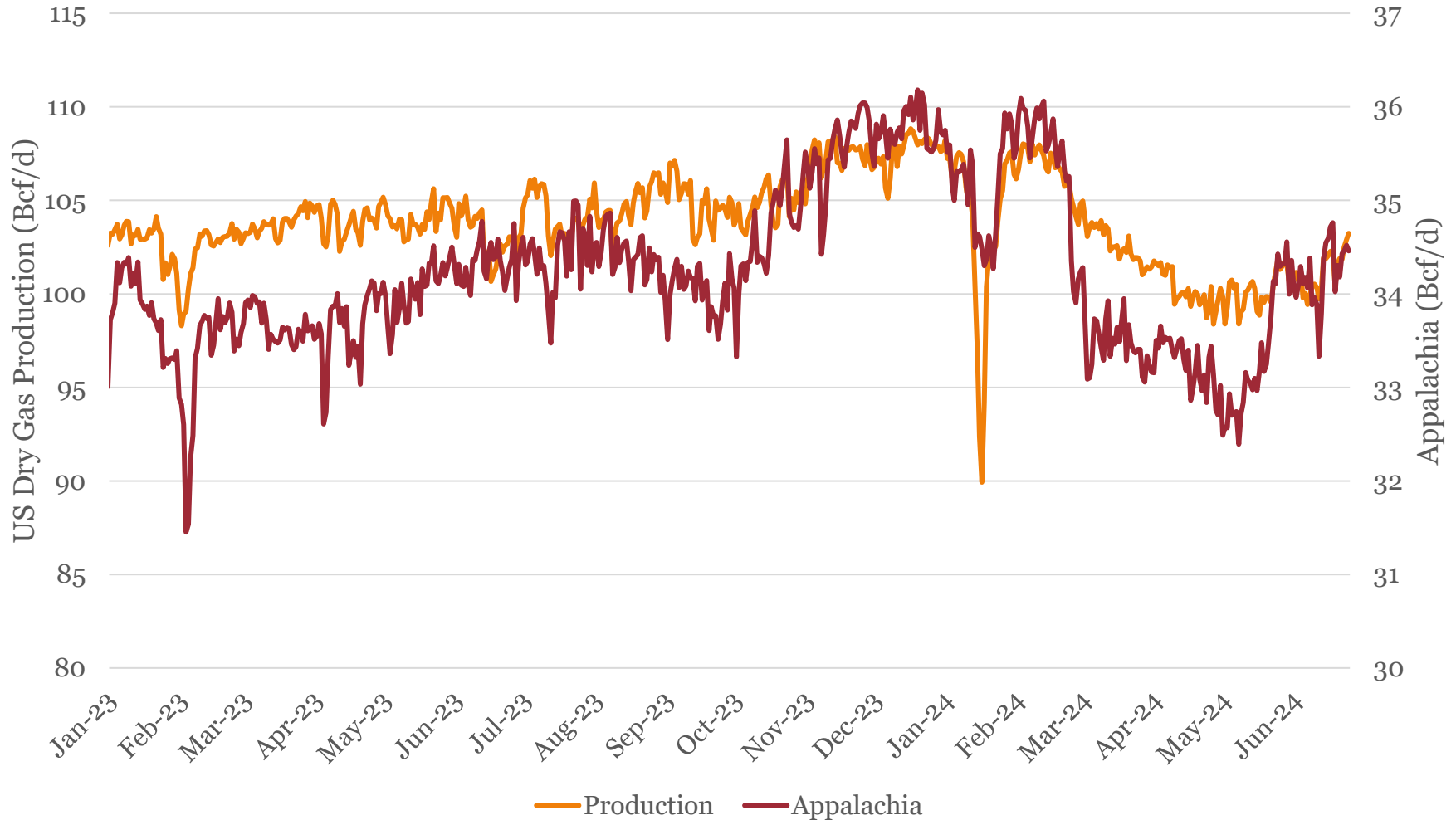


The recent uptick in production combined with higher net imports from Canada has returned supply to last year's levels and a new Permian pipeline is set to enter service soon

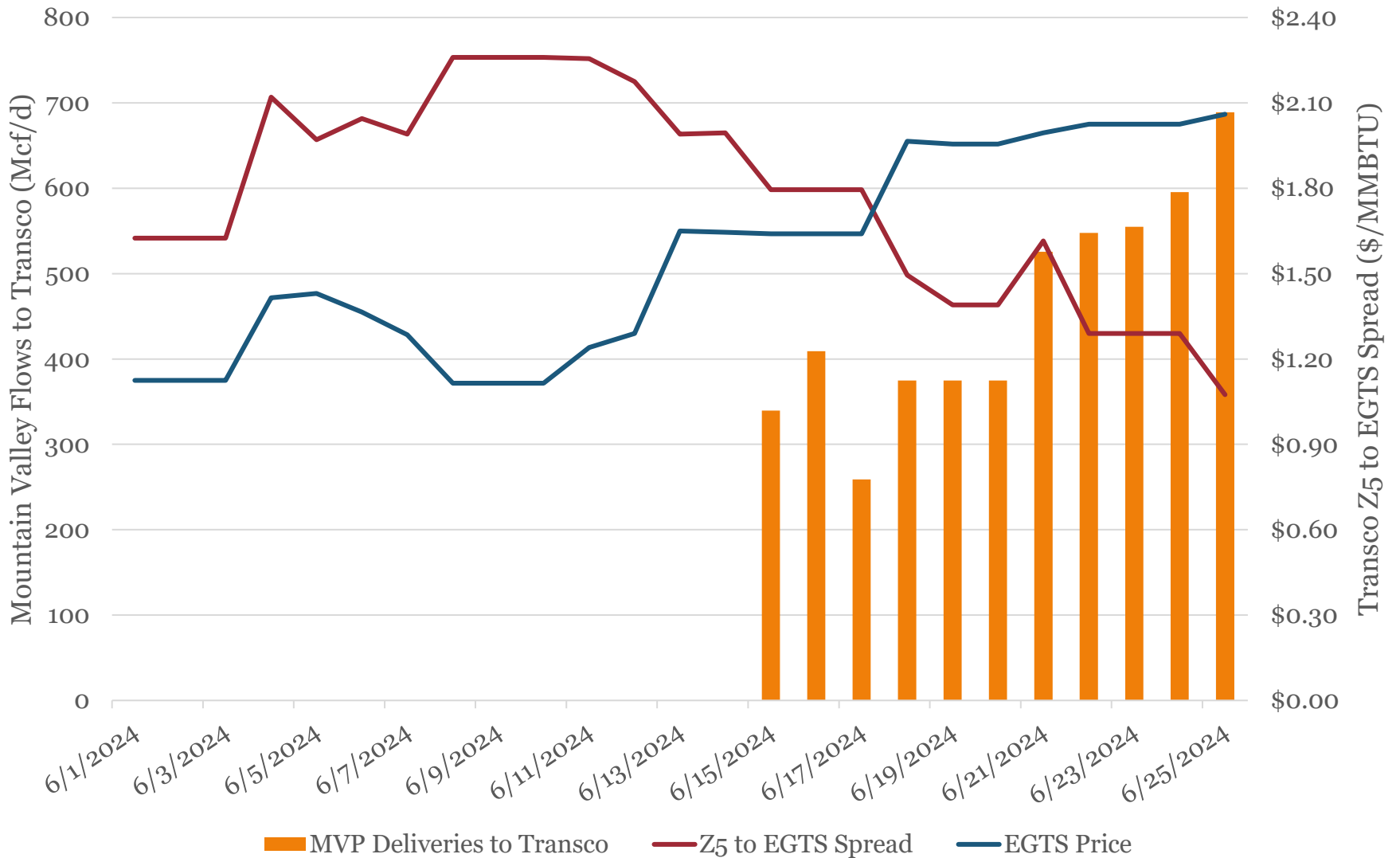


US production hovered around 100Bcf/d from March to June, but the end of maintenance in the Permian, the start of MVP, and hot temperatures in Appalachia have all helped production rebound to 103 Bcf/d

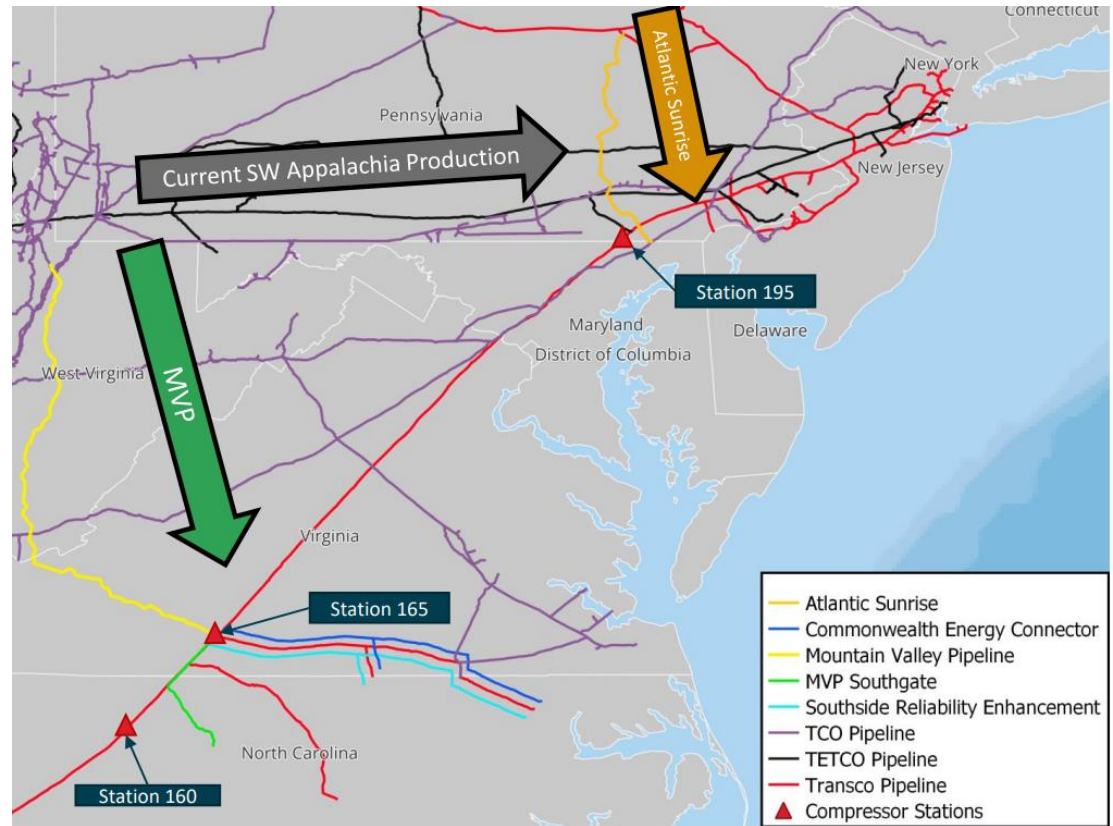
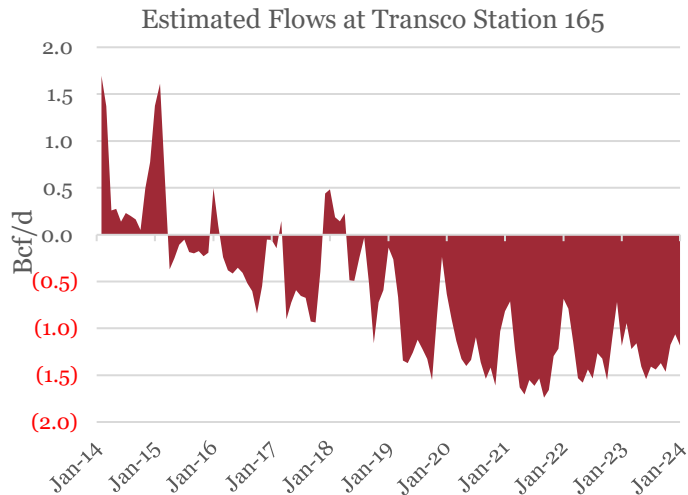
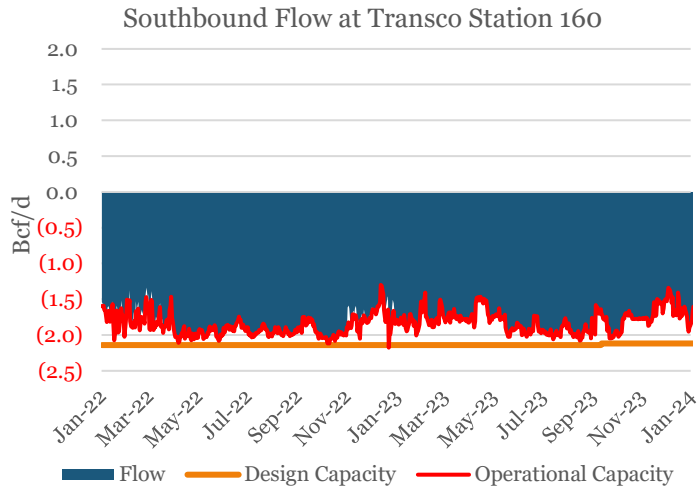
Dry Gas Production



Startup of MVP combined with hot weather has allowed for production to grow and prices to move back above \$2.00

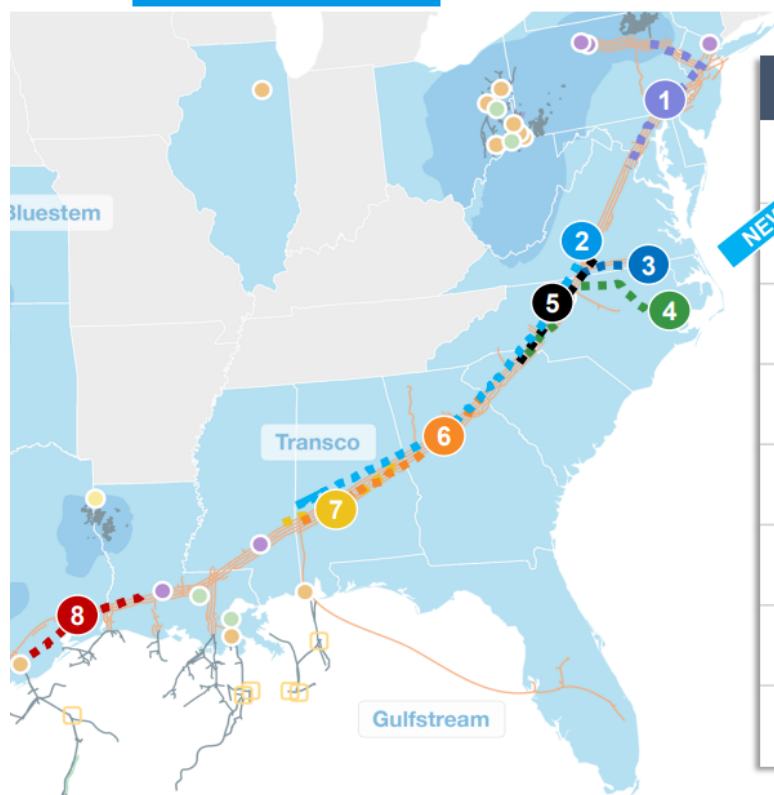


MVP project capacity is stated as 2 Bcf/d, although surrounding dynamics constrain possible incremental flows. In 2023, Transco Station 165 flows averaged 1.8 Bcf/d compared to 2 Bcf/d operational capacity and 2.14 Bcf/d design capacity. While summer is regularly full, winter excess capacity can reach 0.6 Bcf/d.



Williams is actively working on debottlenecking Station 165 to allow incremental volumes to flow on MVP. Over the next 24 months, three projects will add approximately 0.34 Bcf/d of new capacity. However, the full 2 Bcf/d of MVP takeaway will not be realized until Southeast Supply Enhancement or MVP Southgate is completed.

Executing on more than 3.4 Bcf/d of Transco expansions



Project	Target In-Service	Current Status	Project Capacity
Regional Energy Access	1 Partial ISD 4Q'23; Full ISD 4Q'24	~1/2 in service; ~1/2 under construction	829 MMcf/d
Southeast Supply Enhancement	2 4Q'27	Signed precedent agreements	1.43 Bcf/d
Commonwealth Energy Connector	3 4Q'25	Received final EIS	105 MMcf/d
Southside Reliability Enhancement	4 4Q'24	Received FERC certificate	423 MMcf/d
Carolina Market Link	5 1Q'24	Under construction	78 MMcf/d
Alabama Georgia Connector	6 4Q'25	Filed FERC Application	63.8 MMcf/d
Southeast Energy Connector	7 2Q'25	EA issued	150 MMcf/d
Texas to Louisiana Energy Pathway	8 1Q'25	EA issued	364 MMcf/d

Dekatherms converted to cubic feet at 1,000 cubic feet = 1 dekatherm; Map as of August 2023.

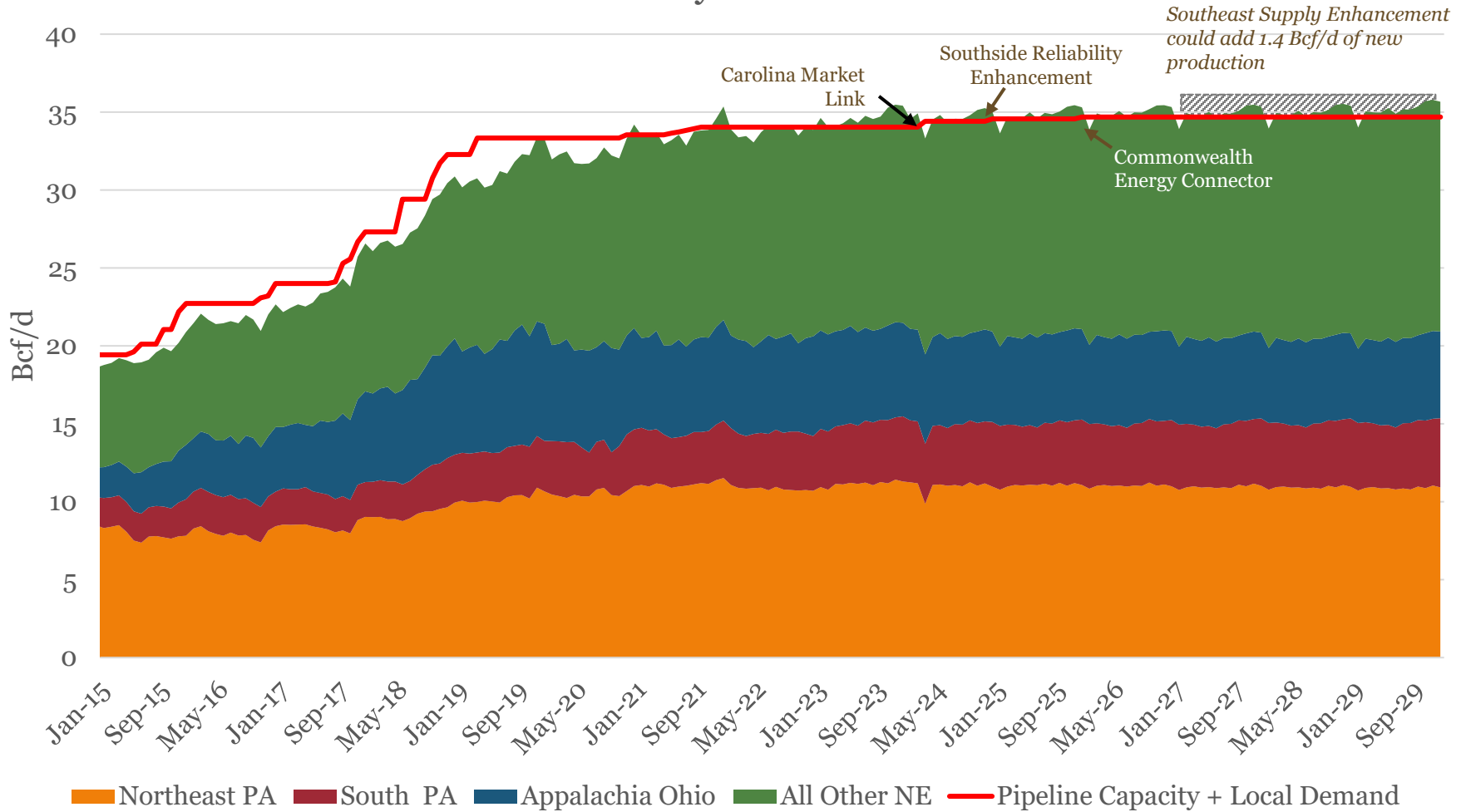
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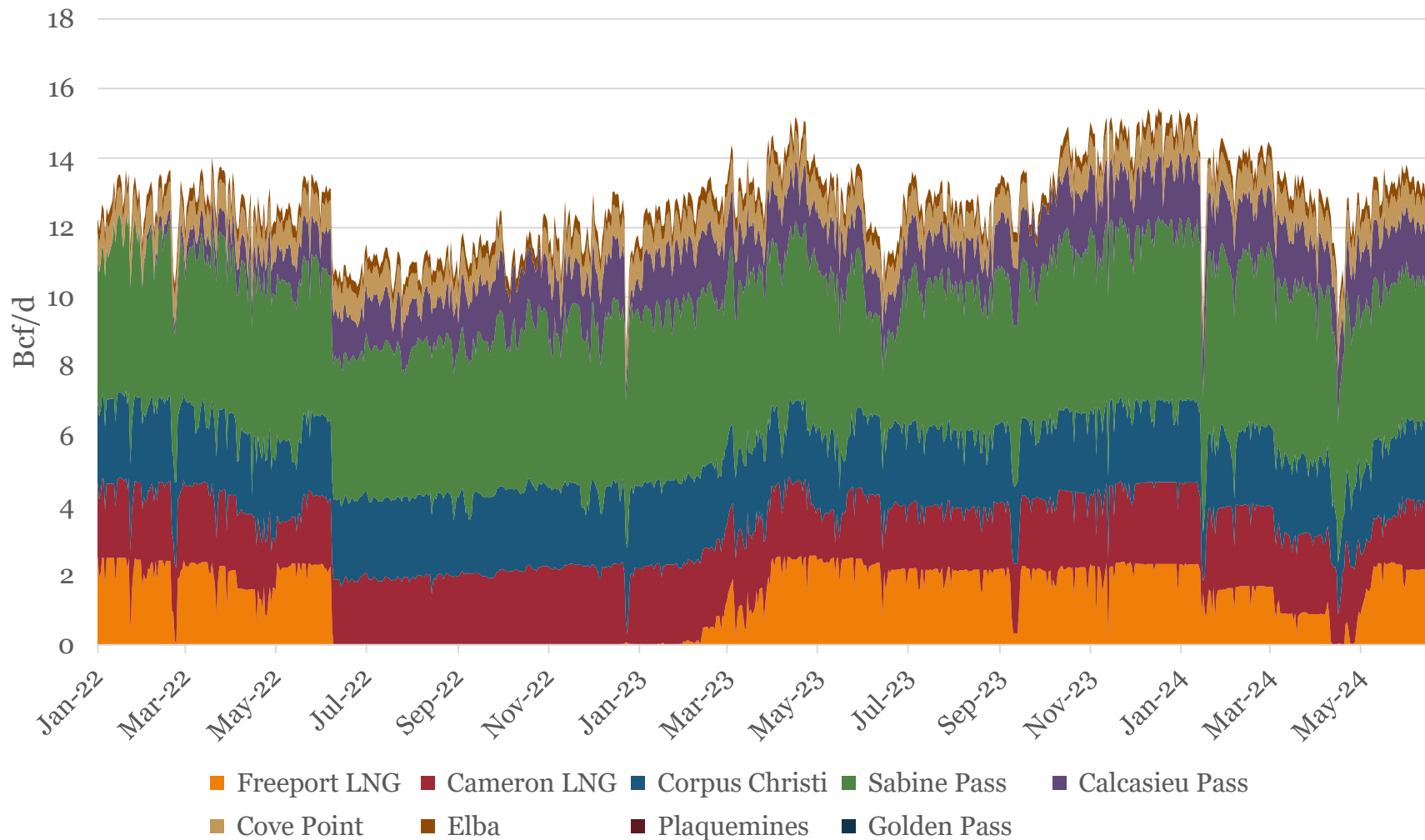
Northeast production remains the lowest cost, gas-directed supply in the L48. However, it also remains capacity constrained despite recent infrastructure developments. BTU Analytics expects limited production growth in the Northeast through the remainder of the forecast.

Northeast Dry Gas Production



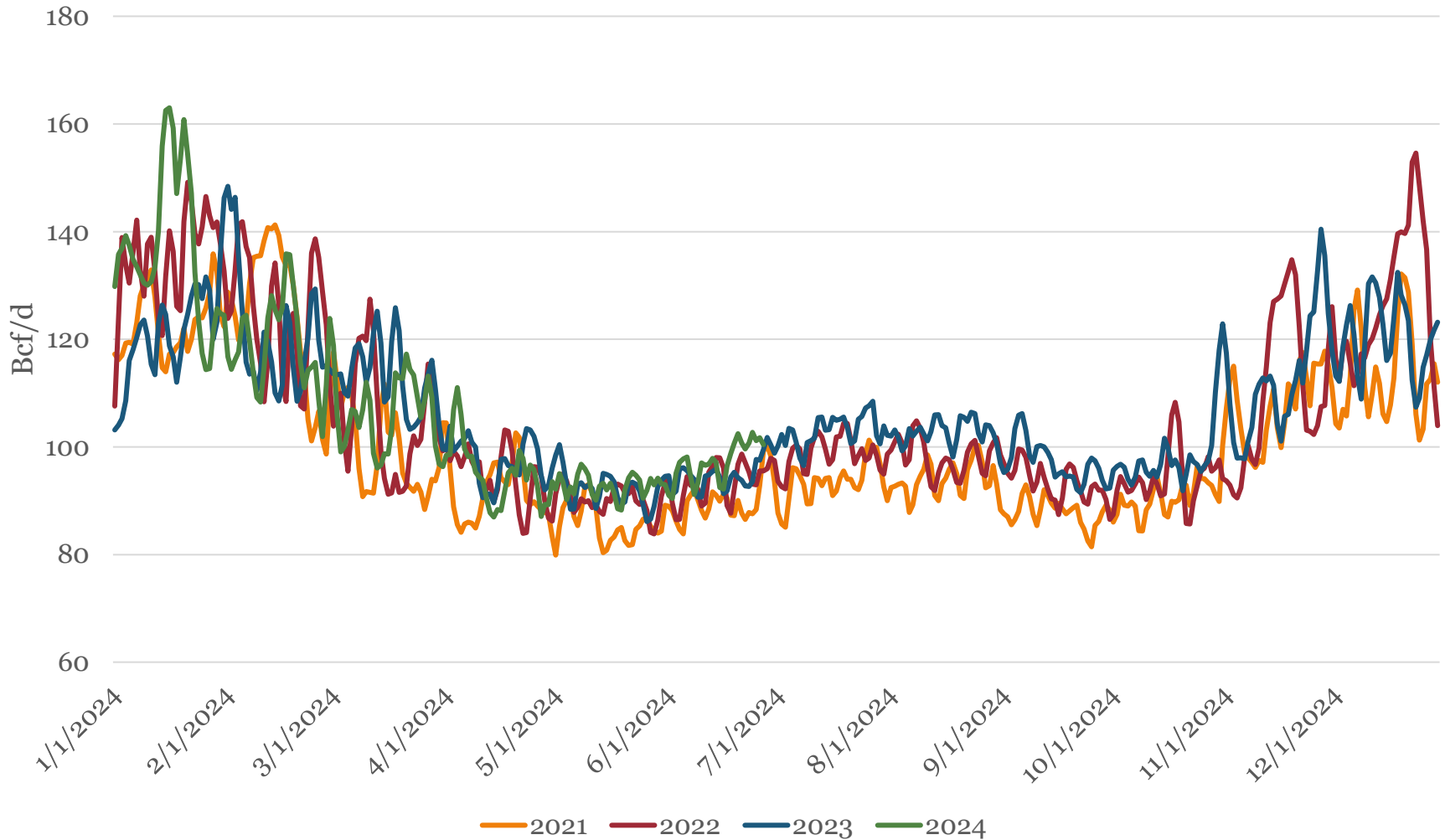
US LNG exports up year over year about 1Bcf/d, and SE Asian LNG demand is holding up global demand. Plaquemines still not seeing any flows, with Genscape expecting first flows in September of this year.

US LNG Demand



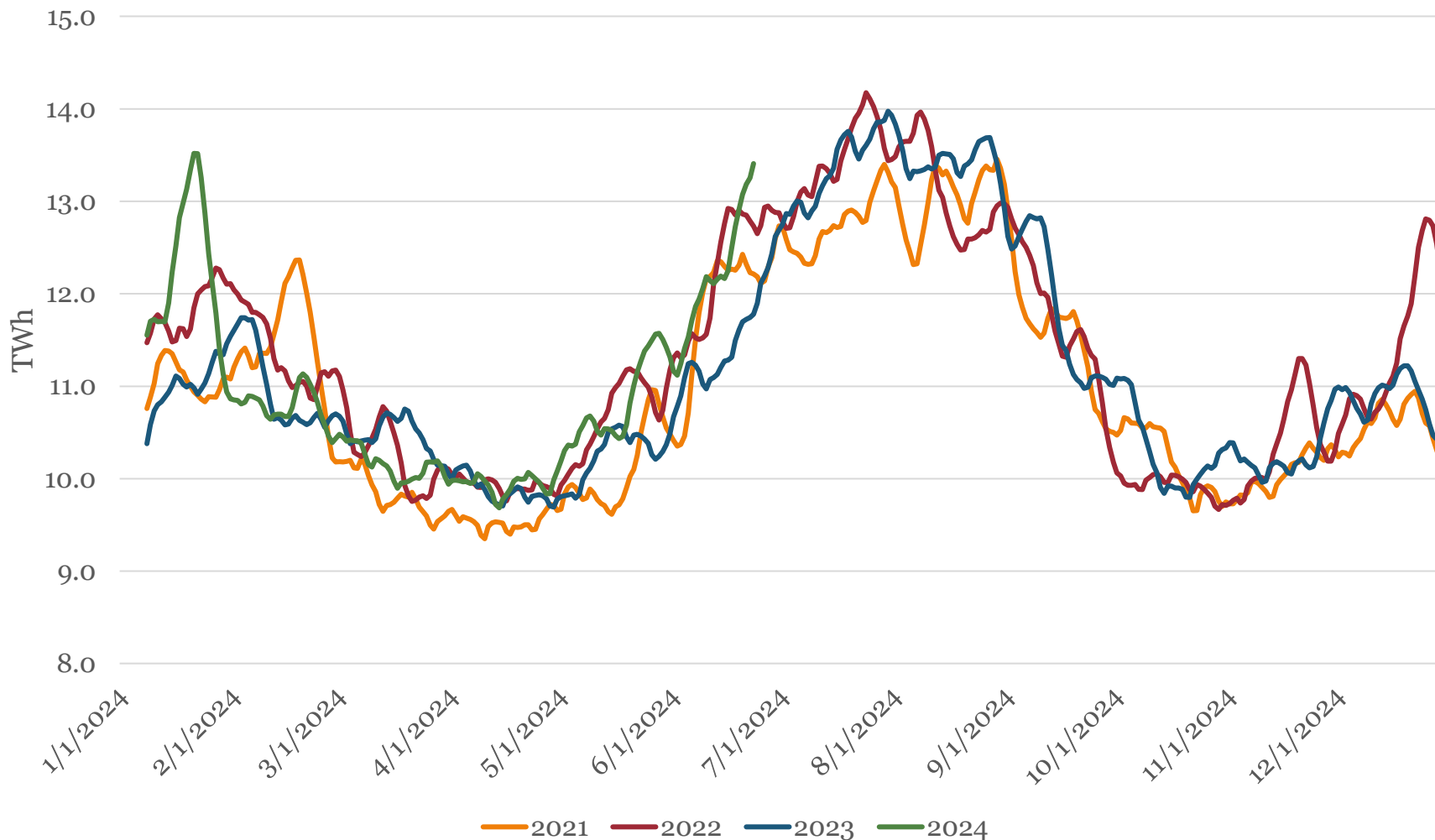
Total demand is on pace with last year, and only slightly up from 2022. Warmer than average summer should help, however renewables partially offsetting load in power sector.

US Total Demand



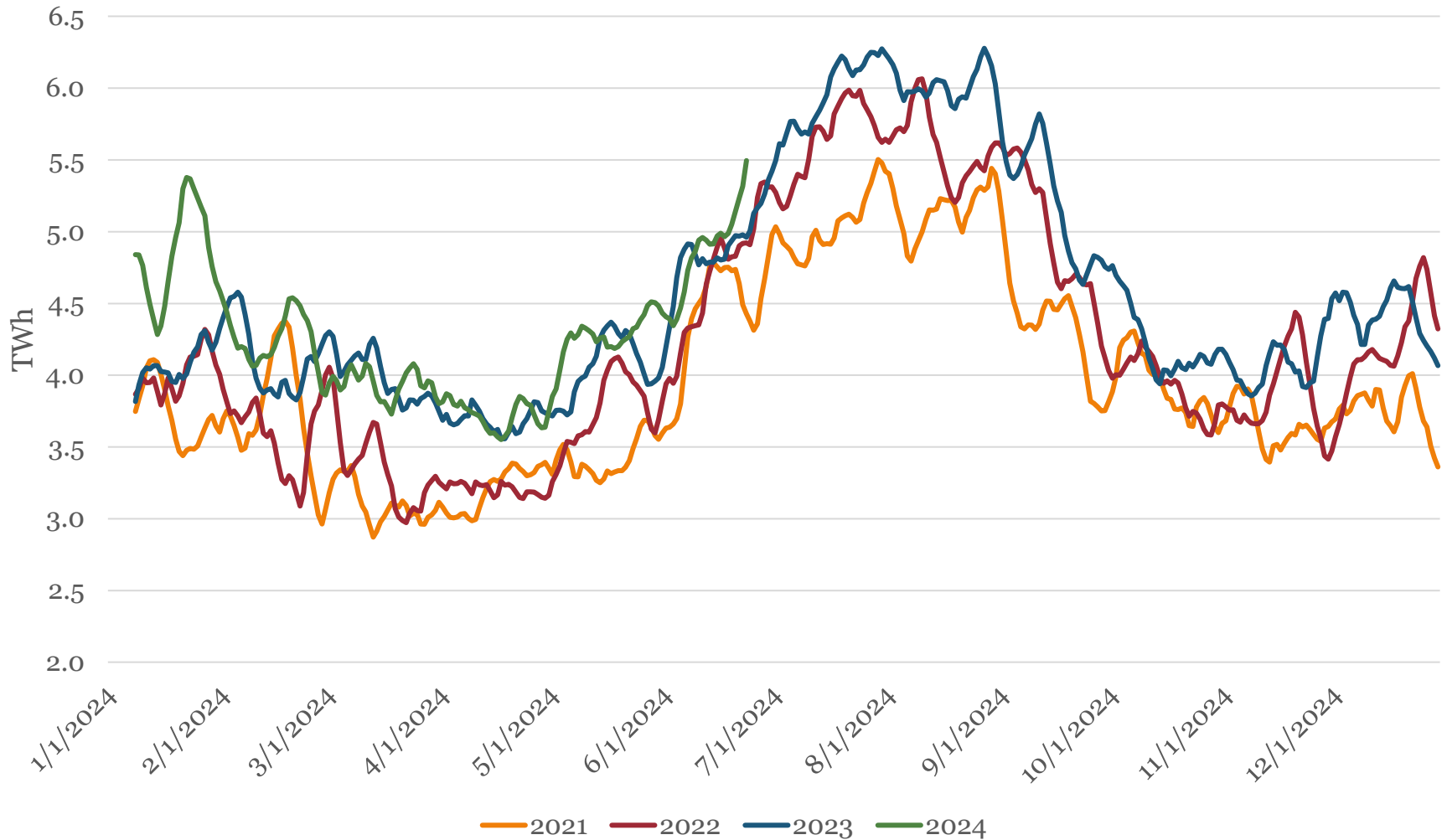
Overall US load has remained on track to last year outside of extreme cold in January and heat in June that's been more on par with typical July and August temperatures

Lower 48 Load



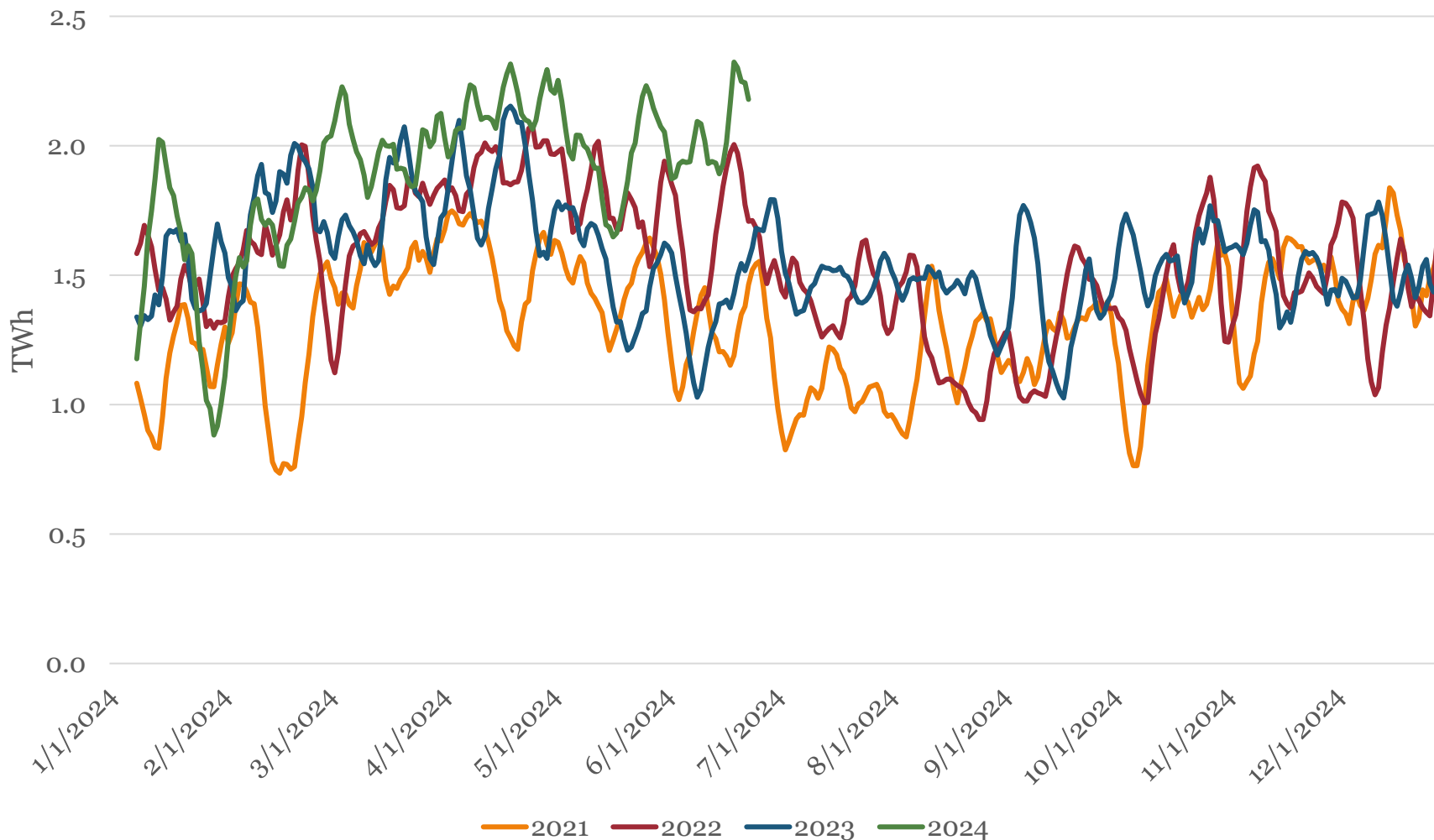
Heat wave across the US has spurred NG generation to new highs for June but not quite reached the peaks of July and August levels yet.

Lower 48 NG Generation



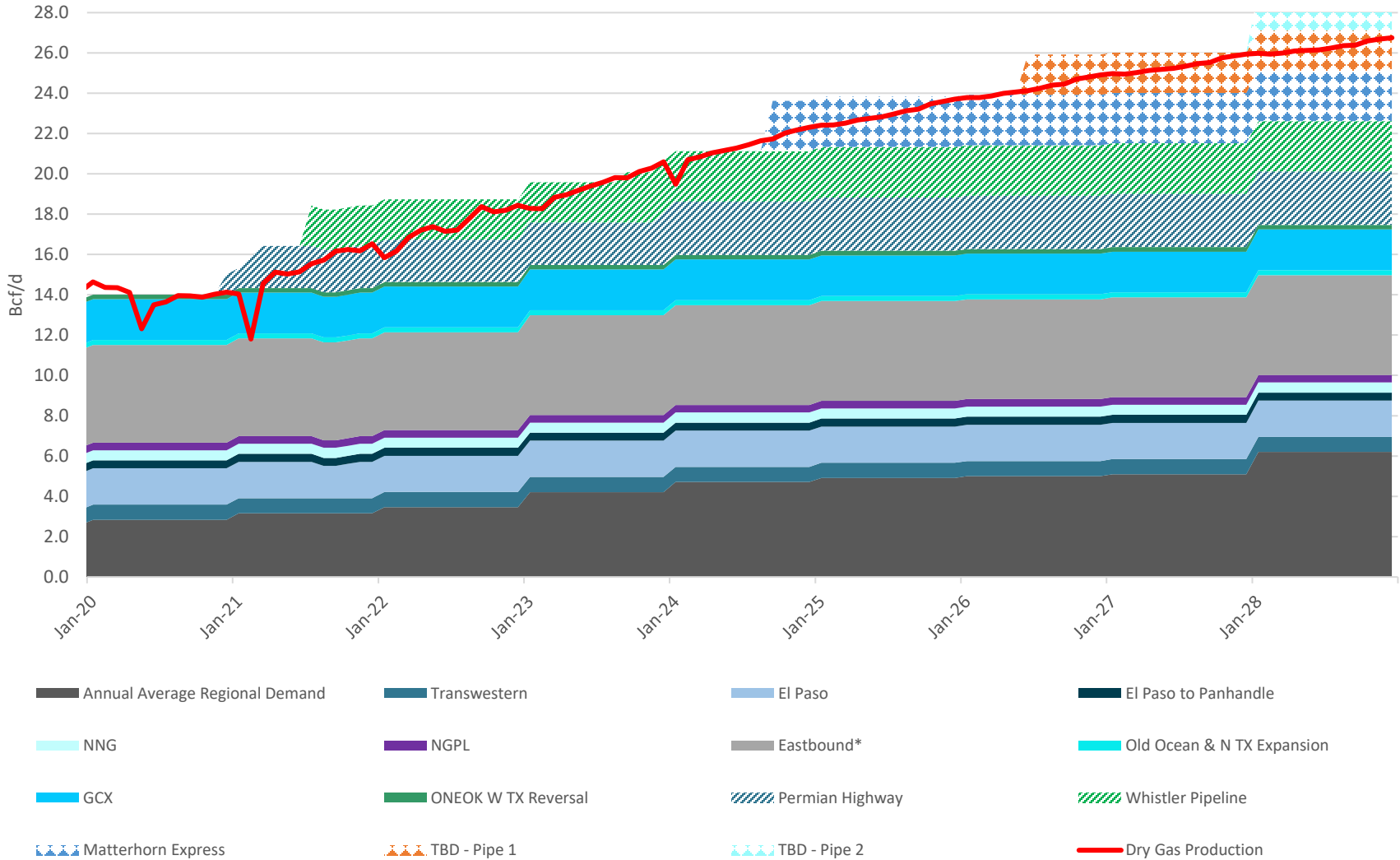
Renewable (wind and solar) generation has accounted for around 16% of US generation on average in 2024. On the best day, renewables accounted for 27% of load and during this heat wave have only accounted for 12% of load despite near record high output.

Lower 48 Renewable Generation



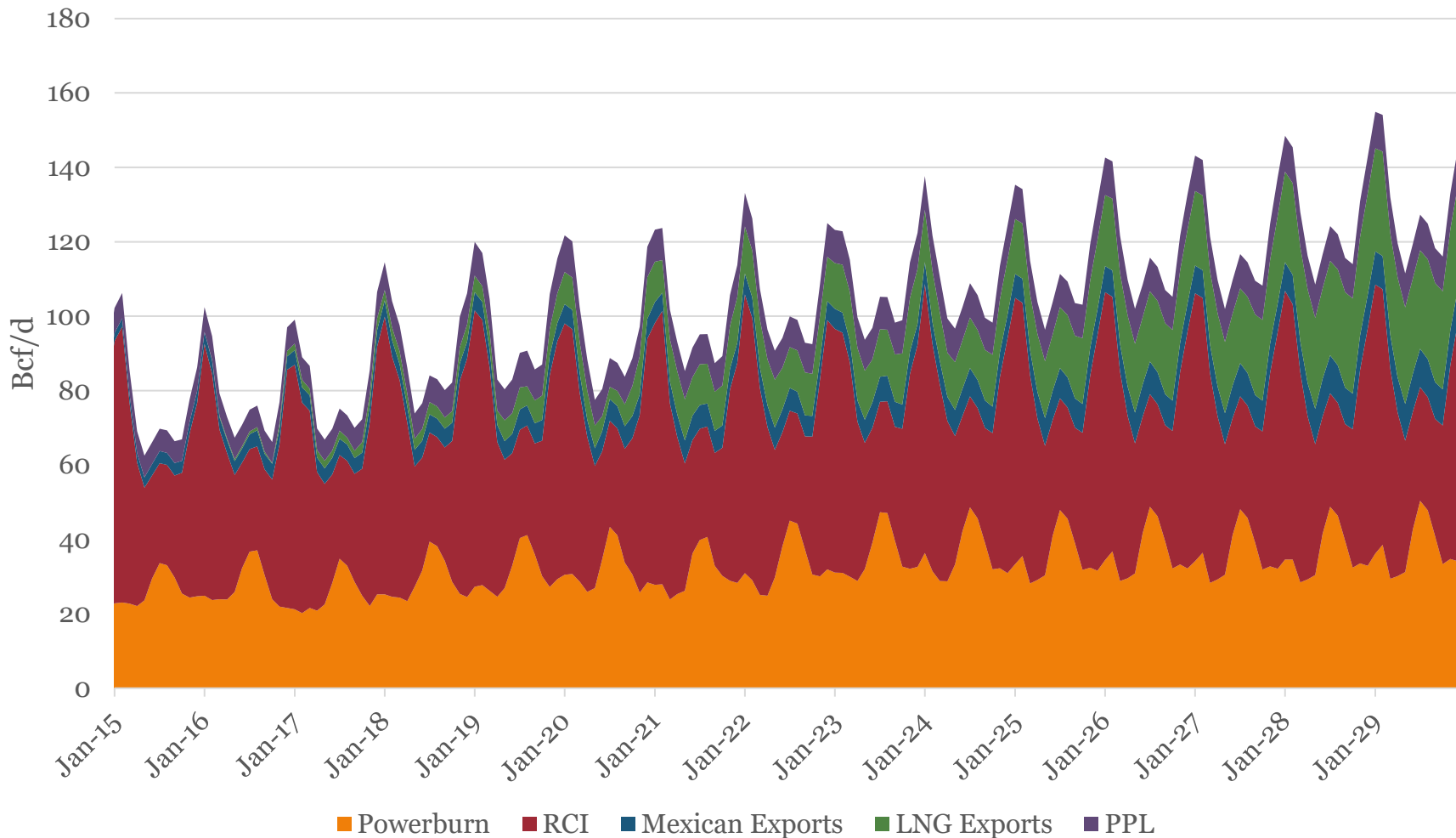
Matterhorn will significantly debottleneck Permian allowing for 2.5 Bcf/d of growth and then additional capacity will be needed until the start of Saguaro Connector and Mexico Pacific Limited

Permian Dry Gas Production vs Takeaway



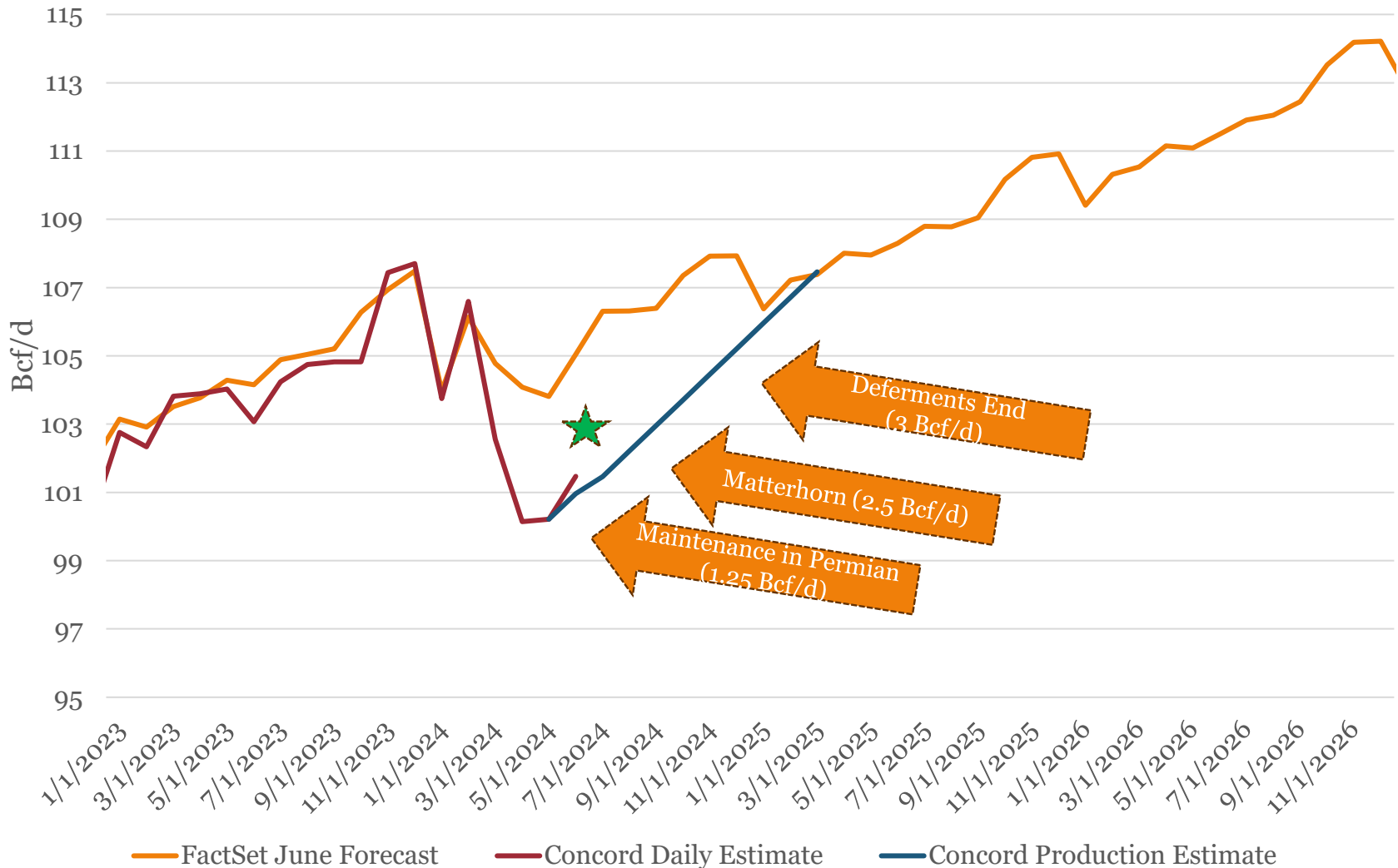
US natural gas demand expected to rise by over 15+ Bcf/d over next 5 years driven by LNG exports

US Natural Gas Demand



Reduced maintenance, new pipeline capacity, and end of deferrals could bring US gas production to new highs by year end if not sooner

US Dry Gas Production



Note: FactSet Production estimate did not fully anticipate maintenance imports and do include all curtailments
Source: Factset Estimates as of June 15, 2024 and Concord Estimates of May 9, 2024

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