

VERESEN

Jordan Cove LNGSM

 Pacific Connector
GAS PIPELINE

Serving the Asia Pacific LNG Market through Jordan Cove LNG

Vern A. Wadey
Vice President

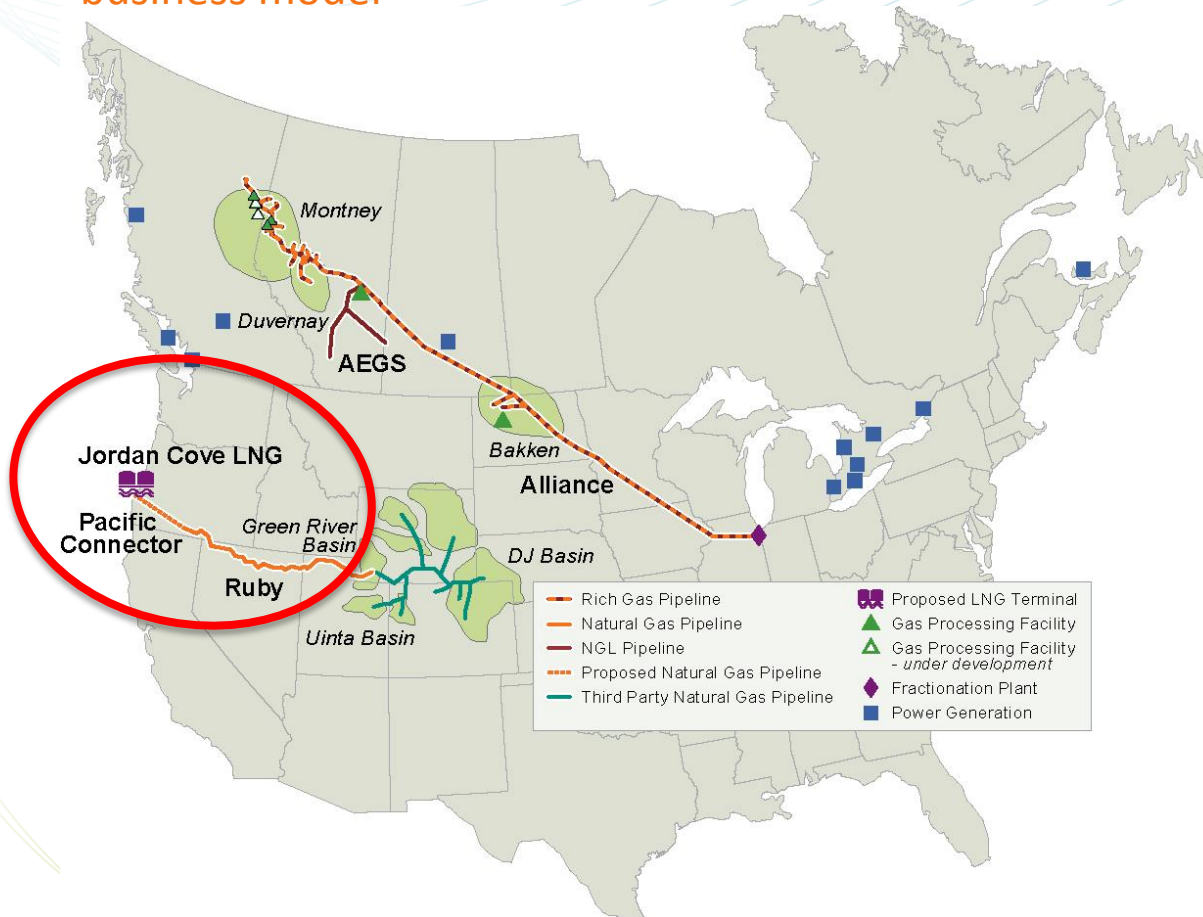
Pacific North West Economic Region
25th Annual Summit Big Sky, Montana
Monday, July 13, 2015



*Pacific NorthWest
Economic Region*

Veresen Inc.: A strong, diversified portfolio of energy infrastructure assets

Publically traded (TSX: VSN), with a market cap of \$7 billion and earnings and cash flow reflecting the reliable, consistent performance of an energy infrastructure business model



Pipelines

- 6,000+ km of regulated gas transmission
- 1,300+ km of NGL transportation

Midstream

- 900 km of gathering systems
- 670 mmcf/d of processing
- 100,000 HP of compression
- 100,000+ bbls/d of fractionation

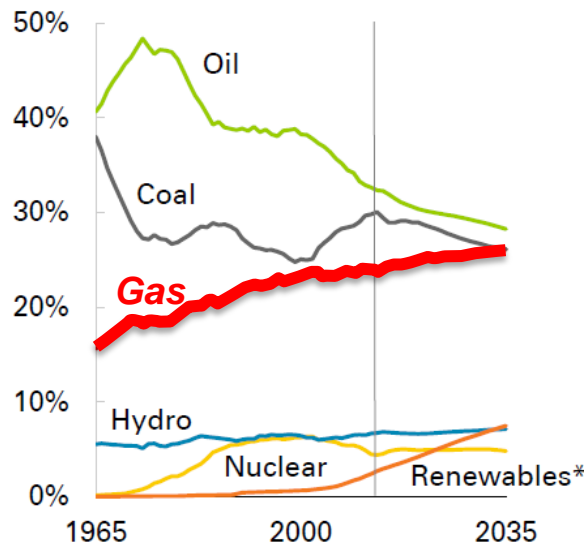
Power

- 13 plants
- 830 MW of generation
- 17 years average PPA

Globally, natural gas is becoming the dominant energy for power generation, industry, and residential use

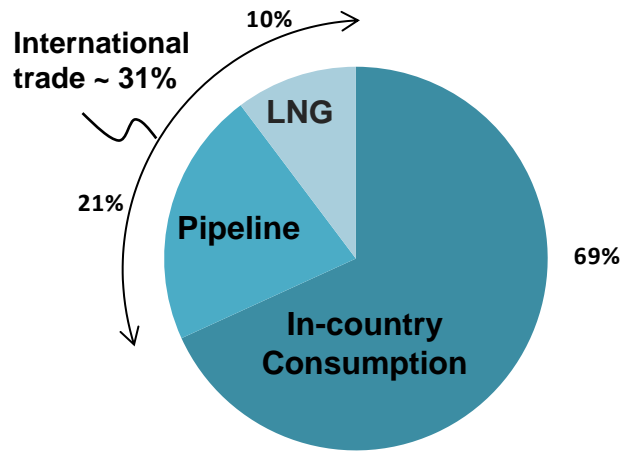
LNG is outpacing global gas industry growth and justifying new, large scale capital expenditures LNG liquefaction facilities

Global shares of primary energy %

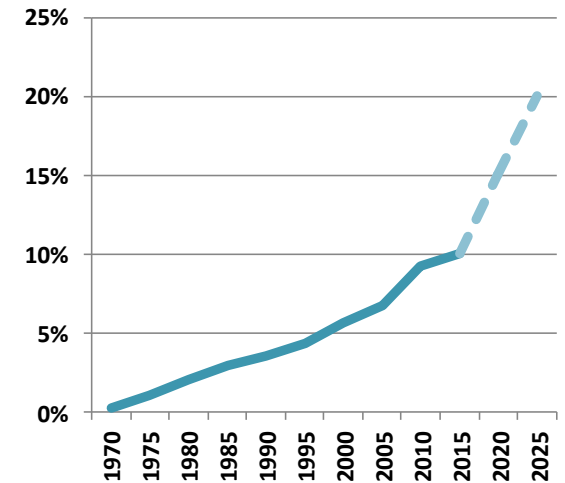


*Includes biofuels

2013 Global GAS consumption
Approximately 323 Bcf/d



LNG as a share of Global Gas (%)
450 MTPA Projected by 2025

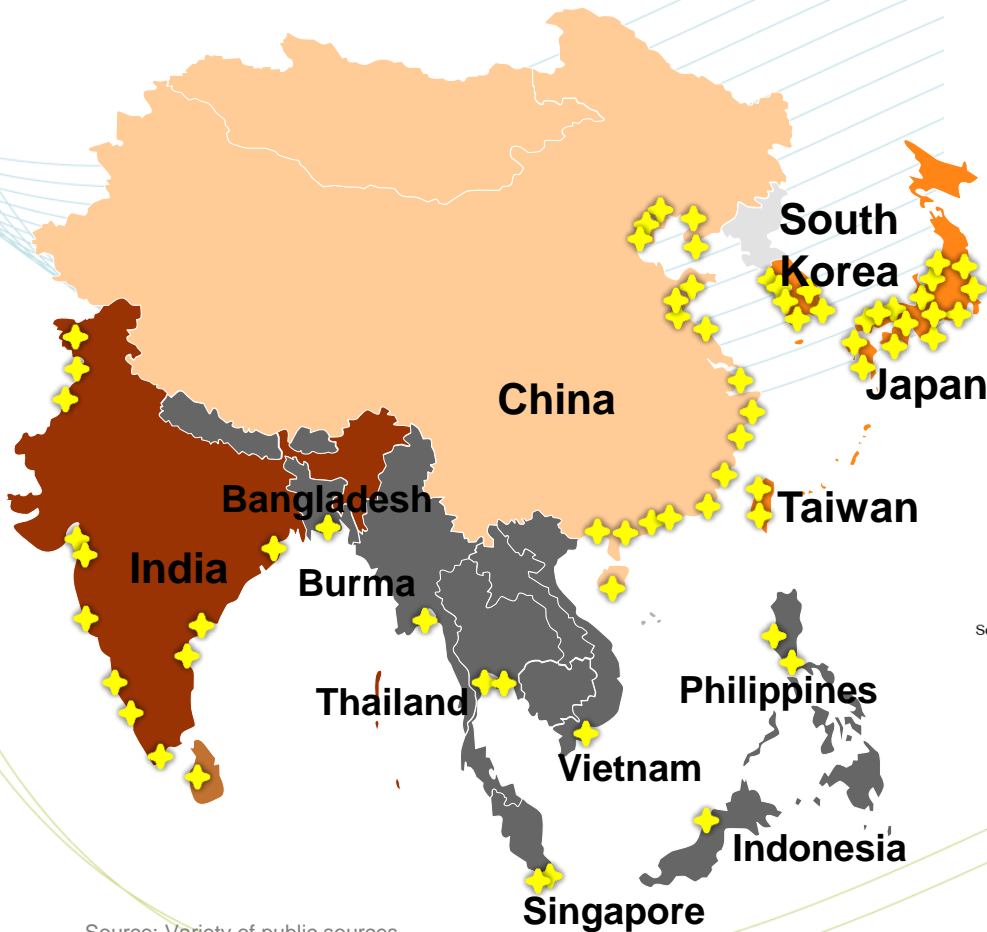


Source: Actuals: BP Statistical Review of World Energy 2014
Outlook: Wood Mackenzie (2015)

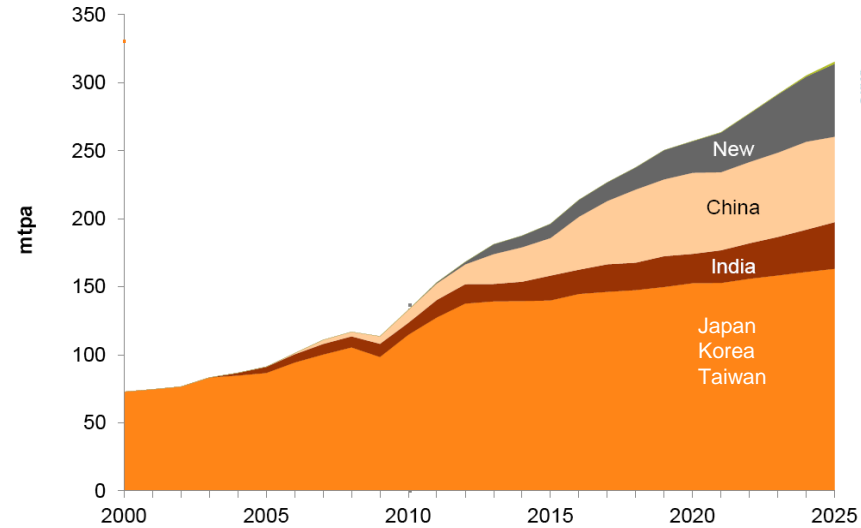
Asia Pacific LNG markets are growing rapidly and competing for new long-term supply sources

Growing LNG Market Demand

◆ existing & proposed import facilities



Asian LNG imports (2000 to 2025)

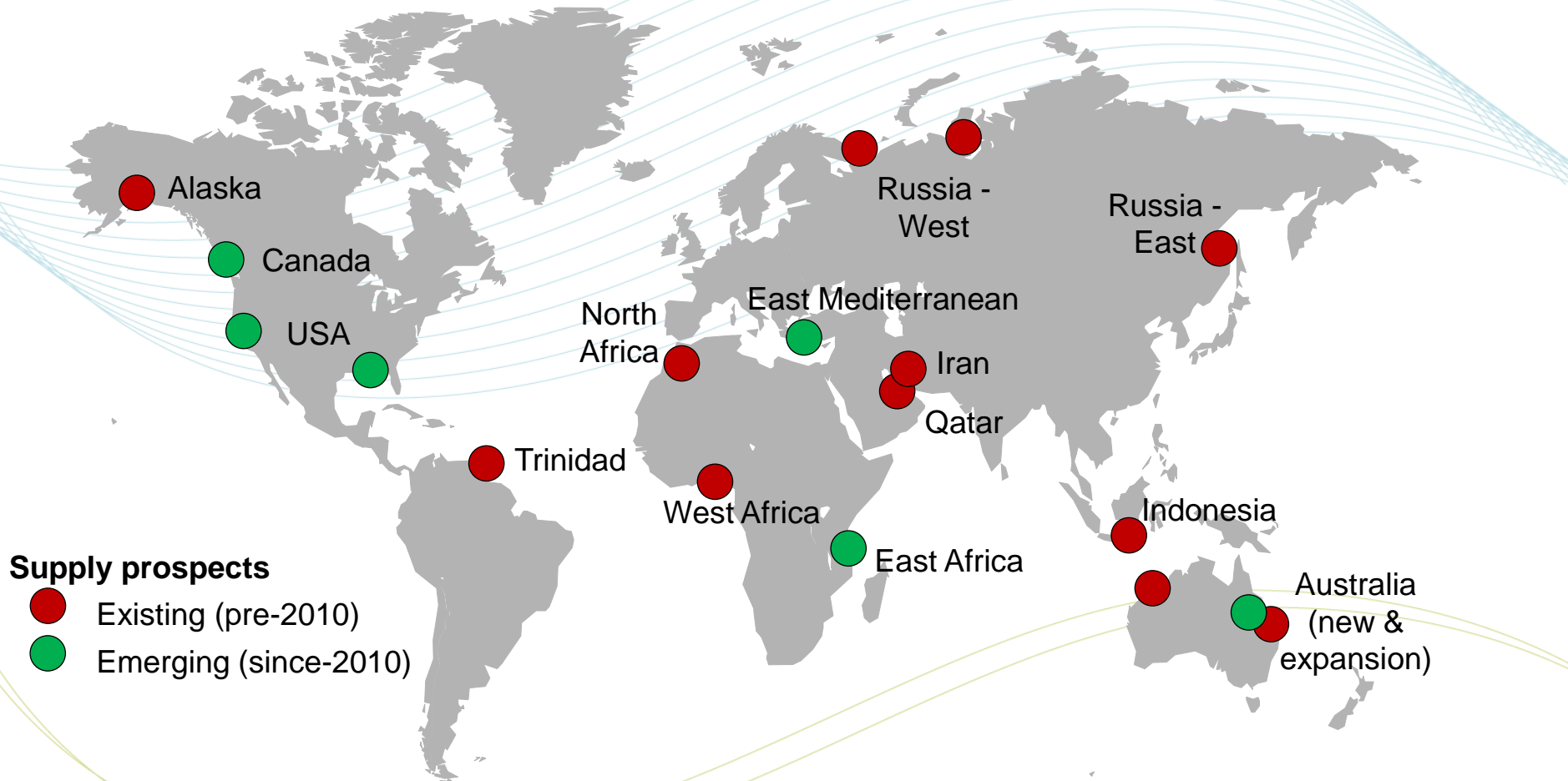


Source: BG Group



New LNG supply sources are entering the global LNG marketplace to meet expected demand growth

Significant LNG export plans are proposed to export natural gas supplies from Canada and the United States



Supply prospects

- Existing (pre-2010)
- Emerging (since-2010)

LNG buyers are assessing project risks associated with new and existing LNG suppliers

Long-term issues such as geopolitical, judicial, and price transparency are also highly important considerations

	Long-term Diversity of Supply	Labor	Permitting/Regulatory	Geopolitical Environment	Existing Infrastructure	New Infrastructure Cost
US	●	●	●	●	●	●
Canada	●	●	●	●	●	●
Australia	●	●	●	●	●	●
East Africa	●	●	●	●	●	●
Russia	●	●	●	●	●	●
Qatar	●	●	●	●	●	●

Note: Risk evaluations based on evaluative discussions

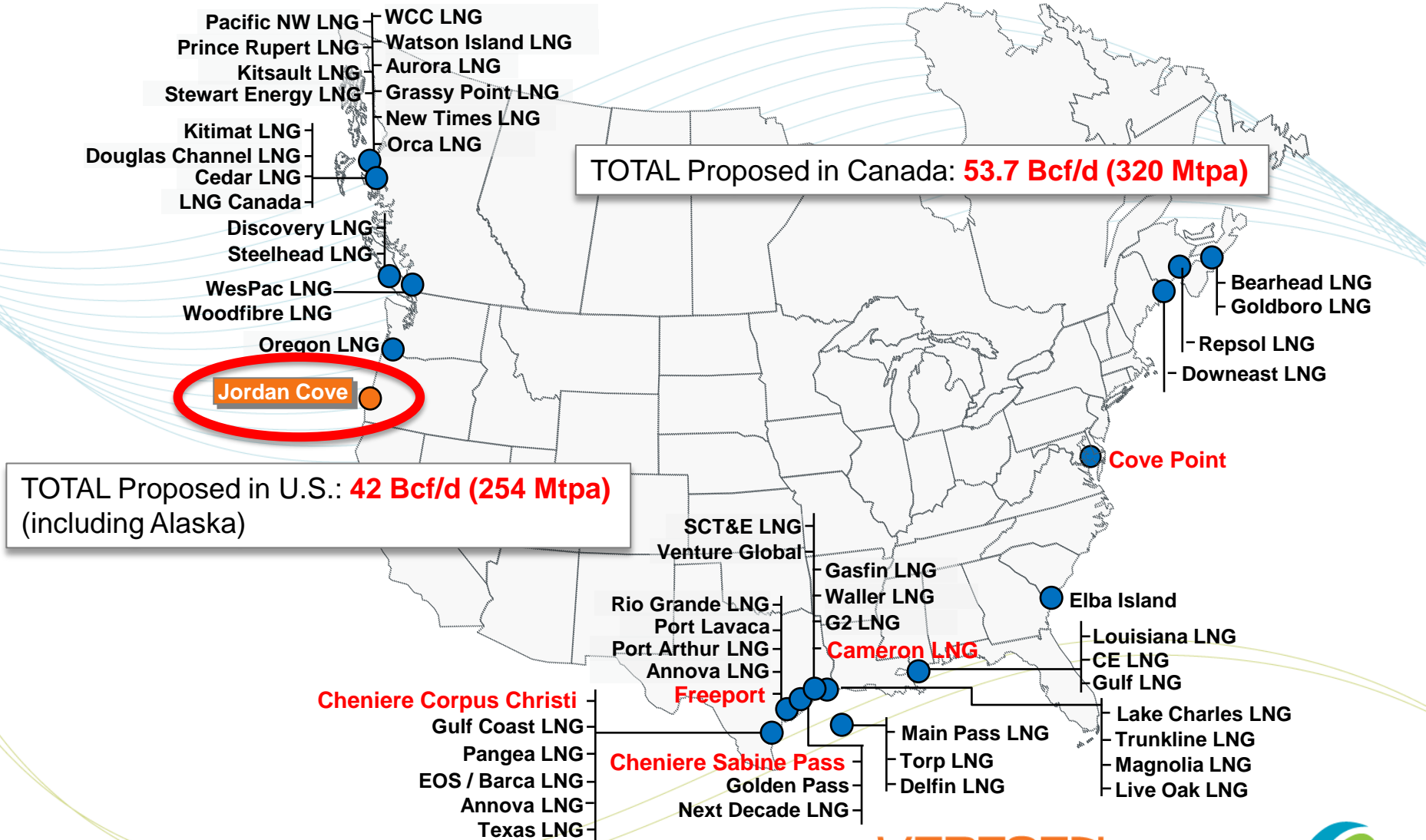
Global LNG buyers seeking new, price competitive, reliable LNG sources from North America

Plentiful amounts of natural gas, sourced from all regions of North America



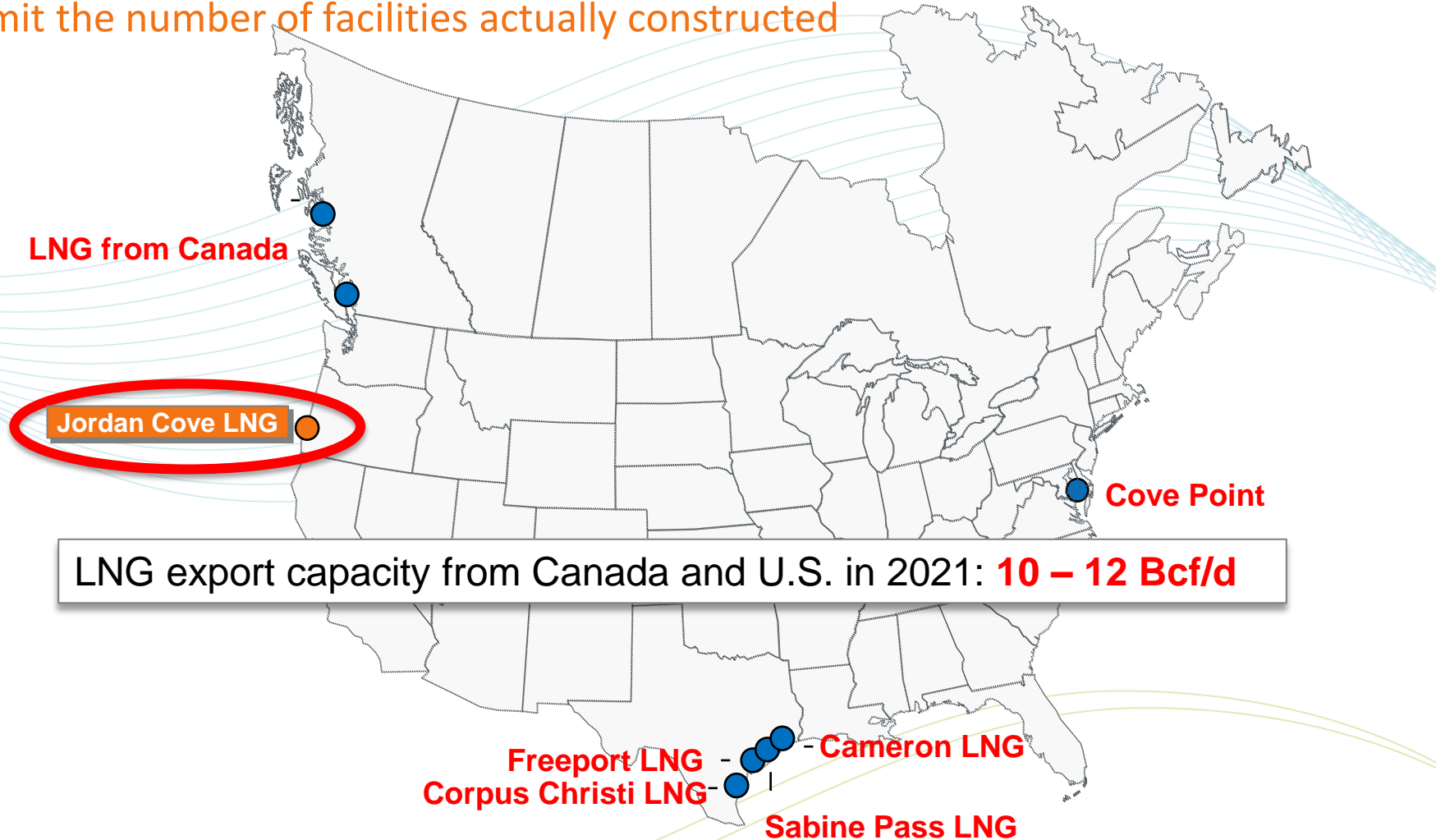
Multiple LNG facilities proposed within North America....

Development optimism has driven a significant number of proposed facilities



... with only a few likely in-service between 2016 – 2021

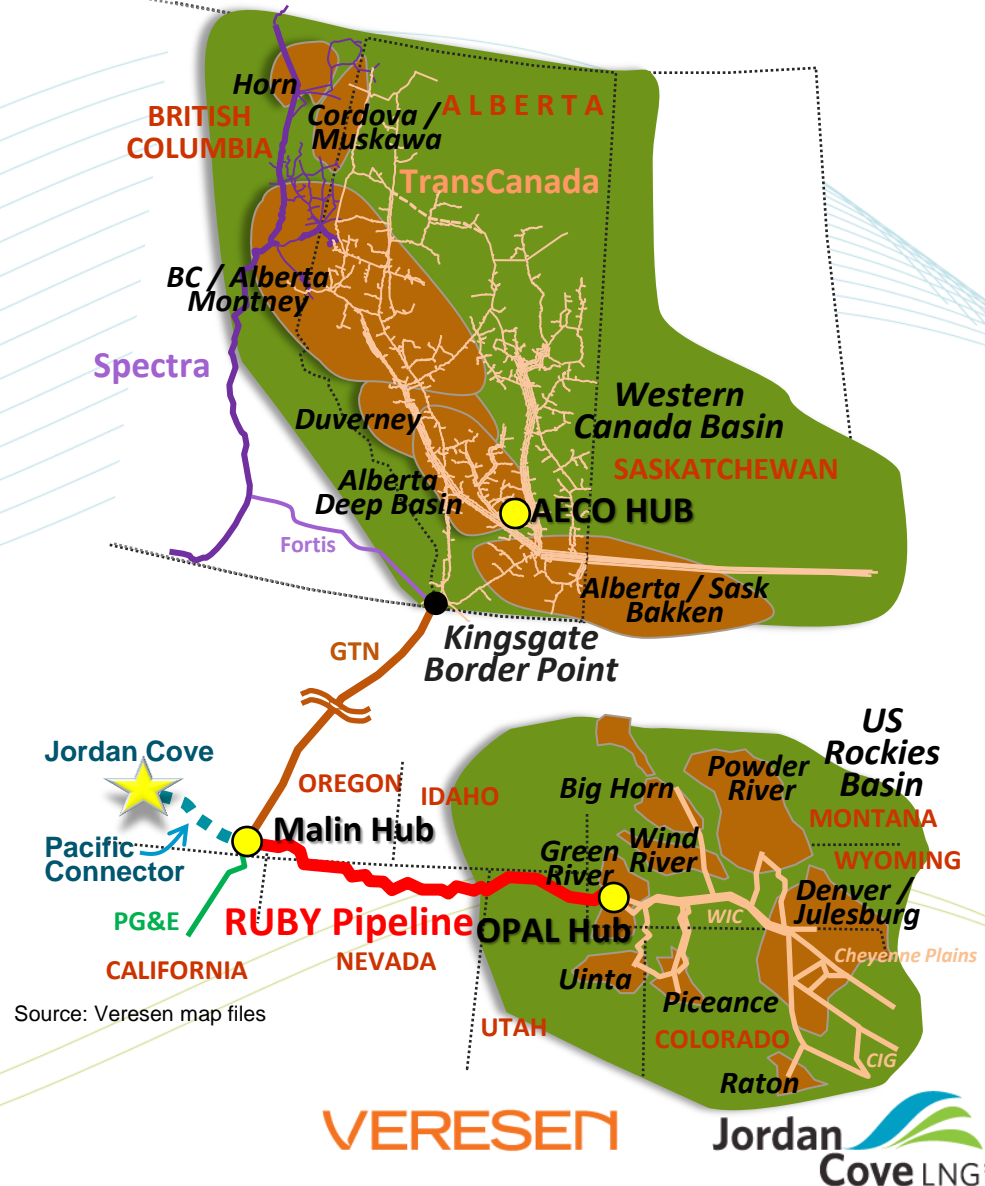
Regulatory timelines, economic viability, and community acceptance will limit the number of facilities actually constructed



Supply diversity and direct access to North American gas commodity prices via AECO and OPAL Hubs

Gas supplies to Jordan Cove are primarily transported by existing pipeline infrastructure

- Complete access to the Western Canada Sedimentary Basin and US Rockies, each with multiple major producing basins
- Proven natural gas resources capable of lasting hundreds of years
- Flexibility in gas purchases through marketing entities, contract purchases, and or JV for gas purchases in the ground.



International Port of Coos Bay, Oregon

U.S. west coast export location with strong community and political support



Southwest Oregon welcomes Jordan Cove!

Coos Bay, Oregon, is an ideal port for exports of high-value LNG to Asia Pacific markets

- Jordan Cove has an established 10-year history in Oregon
- Local land use permits for terminal and pipeline are in hand
- Development is supported by elected federal and state political representatives, community and business leaders
- Project Labor Agreements in place
- **Grassroots community support – visit: www.boostsouthwestoregon.com**

“I urged DOE to consider this application without delay, and I am pleased the department decided that Jordan Cove deserves to move forward.”

Senator Wyden – Oregon (Mar 2014)

Senator Ron Wyden
Town Hall in Coos Bay, Oregon
November 2013



Jordan Cove LNG: Competing in the global LNG market

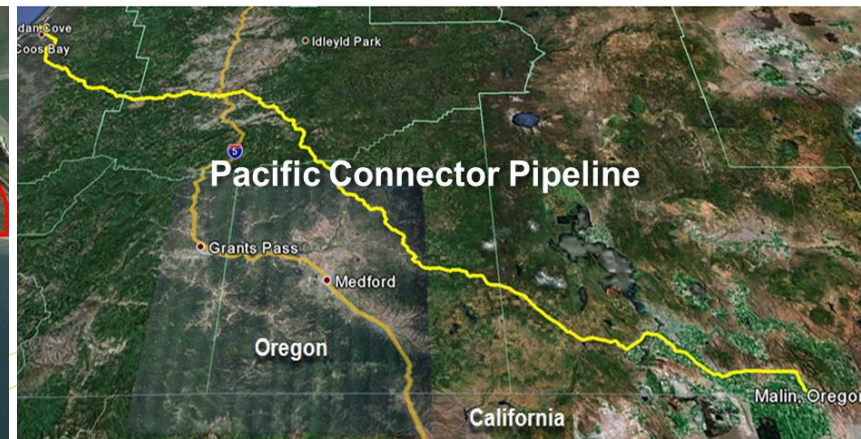
Terminal and pipeline facilities filed for construction with FERC

Terminal: Jordan Cove LNG

- 6 mtpa facility (phase 1)
 - expandable to 9 mtpa (later date)
- 400+ acre site includes:
 - marine facility;
 - two 160,000 m³ LNG tanks;
 - four – 1.5 mtpa liquefaction trains;
 - two gas treating facilities; and,
 - 420 MW power plant.
- Ownership: 100% Veresen

Pipeline: Pacific Connector

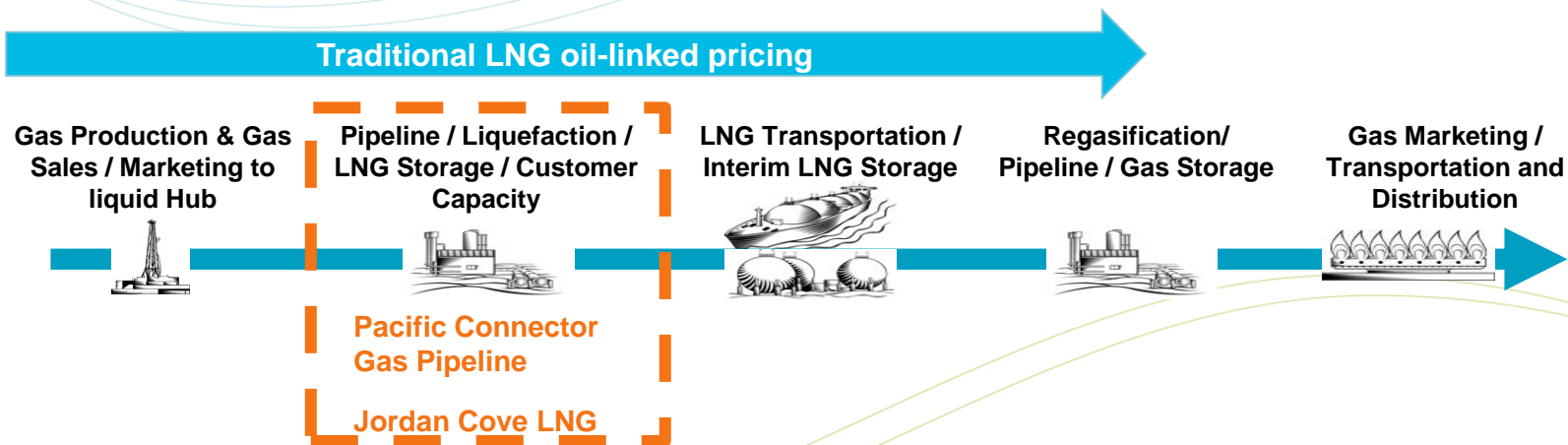
- Design capacity of ~1 Bcf/d for 6 mtpa LNG terminal requirements
 - expandable to 1.5 Bcf/d (later date)
- 232-mile, 36-inch diameter pipeline (1,440 psig MAOP)
- Ownership: 50% Veresen; 50% Williams



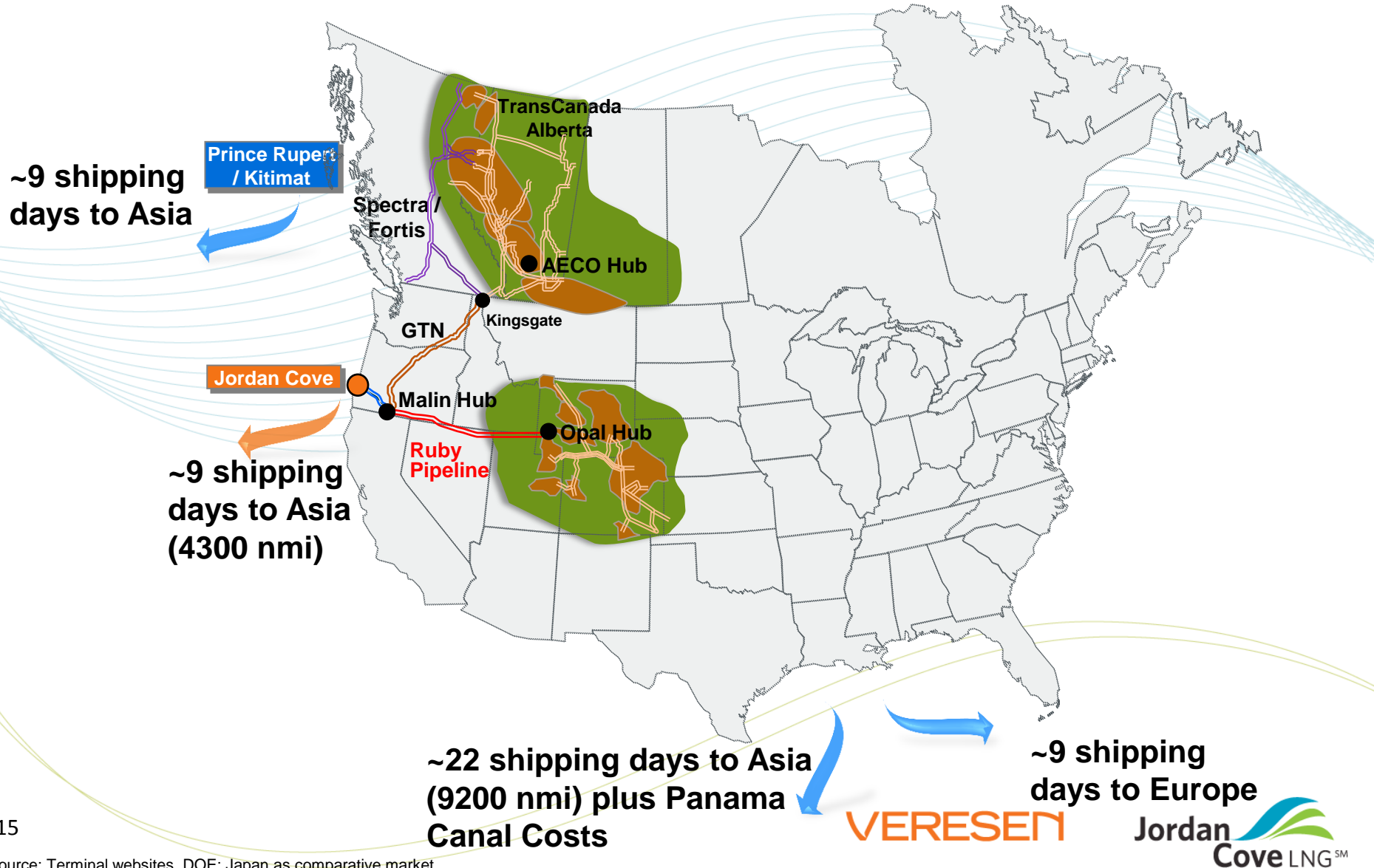
Asia Pacific Buyers are attracted to the characteristics and price of U.S. tolling models

Jordan Cove LNG customers will procure their own gas supply and pipeline transportation

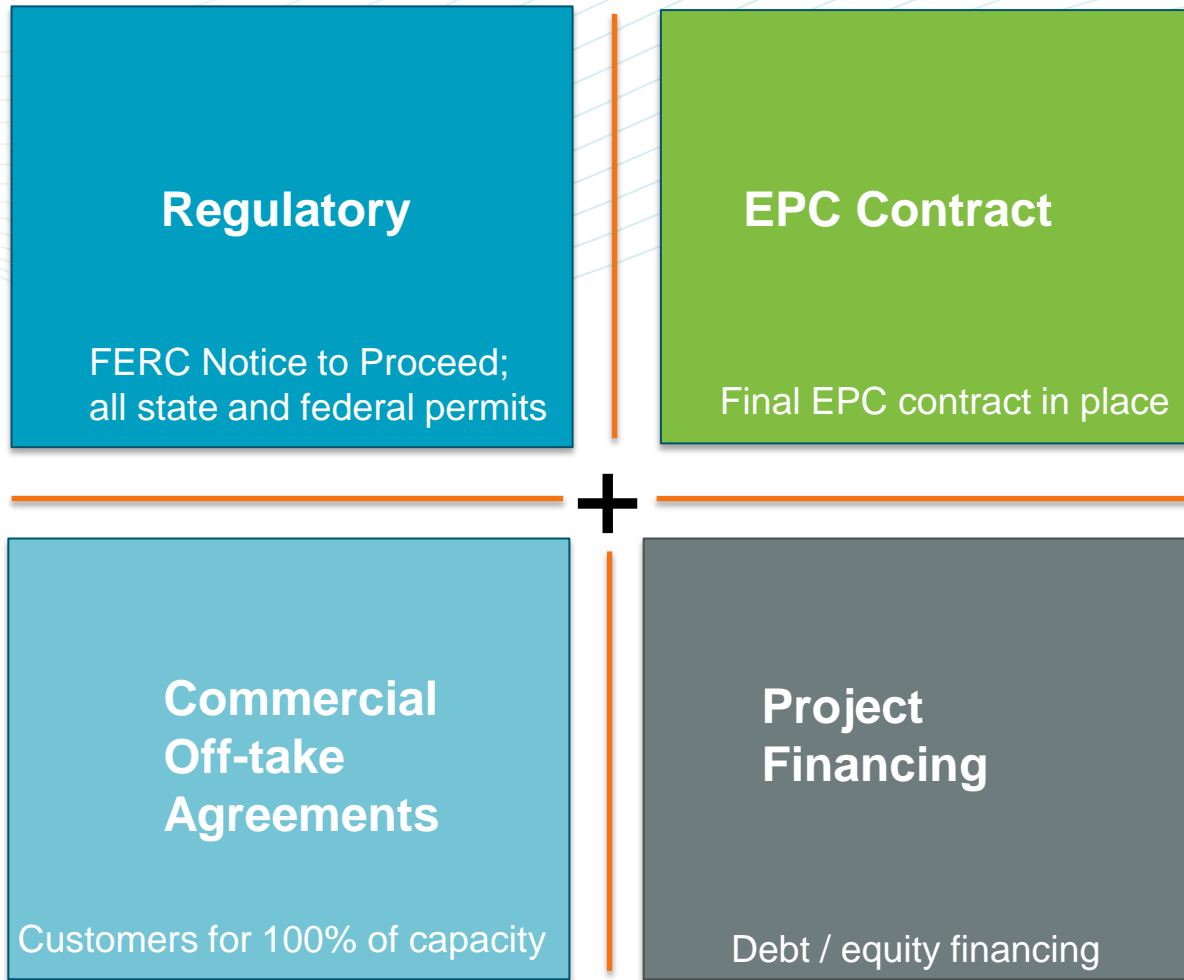
- Tolling arrangements lock in the cost of infrastructure:
 - About 60% of overall costs are locked-in, with only gas commodity costs floating
 - Traditional JCC and / or LNG Sales Agreements have 100% of infrastructure and commodity costs floating with oil prices
- Provides a direct connection to North American gas prices



Shipping distance and logistics from the U.S. west coast is a competitive advantage over the U.S. Gulf Coast



Key work streams to reach a Final Investment Decision



The Jordan Cove LNG advantage

- Competitive with U.S. Gulf Coast brownfield LNG facilities and other global LNG options into Asia
- 9 days shipping from Coos Bay, Oregon to Tokyo
 - No Panama Canal risk, no hurricane risk
- Gas supply from two large distinct gas basins
 - Western Canada and U.S. Rockies
 - Limited local competition for natural gas supply
- Strong local and political support
- Advanced permitting/regulatory status
- Building strong project management team to take Jordan Cove and Pacific Gas pipeline through to FID and to in-service

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Thank you!

www.vereseninc.com

www.jordancovelng.com