

PA PUC Winter Reliability Inquiry  
UGI Energy Services, LLC Response  
23 October 2017

## Natural Gas

UGI Energy Services, LLC (“UGIES”) is a licensed retail marketer serving customers such as large manufacturers as well as choice customers throughout the Mid-Atlantic and certain states in New England and the Southeast. UGIES also provides firm supply services delivered directly to a number of utilities to meet those utilities’ obligations as the supplier of last resort.

UGIES ensures the highest standard of reliable gas delivery by investing in a portfolio of assets to support customer contracts. The portfolio of assets has physical or contractual delivery rights assigned directly to our customers. These firm delivery rights are designated as primary firm and meet the highest standard a utility would require as a supplier of last resort. UGIES’ portfolio of primary firm assets includes interstate pipeline transportation capacity, gathering pipelines linking Marcellus production directly to customers, underground natural gas storage, and liquefied natural gas (LNG) and propane-air peak shaving facilities. Our asset combination allows UGIES to perform reliably and deliver all of our customer’s gas needs under all weather conditions.

In some states outside of Pennsylvania, a supplier to utilities or core market customers are required to have an officer of the company sign an affidavit guaranteeing the supplier can provide service on a primary firm basis. While Pennsylvania does not require utilities to enforce this type of guarantee for their own delivered supplies or for their core market customers, UGIES maintains the required level of primary firm assets to meet the corresponding demand obligations within Pennsylvania.

## Electric

Pennsylvania, Jersey, Maryland Interconnection, LLC (PJM) is the operator of the electric transmission grid in Pennsylvania and ensures the reliable delivery of electricity to the local electric utilities. UGIES serves retail commercial and industrial electric customers behind many utilities throughout Pennsylvania. UGIES supports customer contracts for electricity by purchasing power from wholesale generators. This practice ensures that customers will get their electricity at the price and service level for which they have contracted.

## Electric generation

UGIES, through its generation affiliate UGID, has an approximate 102 megawatt ownership interest in the Conemaugh generation station (“Conemaugh”), a 1,711 megawatt, coal-fired generator located near Johnstown, Pennsylvania. Conemaugh is owned by a consortium of energy companies and operated by a unit of NRG Energy. Conemaugh purchases coal on a forward basis and maintains adequate coal inventories for operations during the winter. UGID owns and operates the Hunlock Creek Station located near Wilkes-Barre, Pennsylvania, a 130-megawatt natural gas-fueled generating station. UGIES is the fuel manager for Hunlock and provides natural gas produced from the Marcellus Shale in northeastern PA which is delivered with firm

transportation contracts via the Transcontinental Gas Pipeline, LLC and local distribution company UGI Penn Natural Gas. UGID owns and operates a landfill gas-fueled generation plant near Hegins, Pennsylvania, with gross generating capacity of 11 megawatts. This plant is supplied by methane produced directly from an adjacent landfill. UGID also owns and operates 13.5 megawatts of solar-powered generation capacity in Pennsylvania, Maryland and New Jersey. We expect that coal inventory and natural gas supply and transportation contracts will be adequate to meet our generation requirements for this winter.