Wednesday.

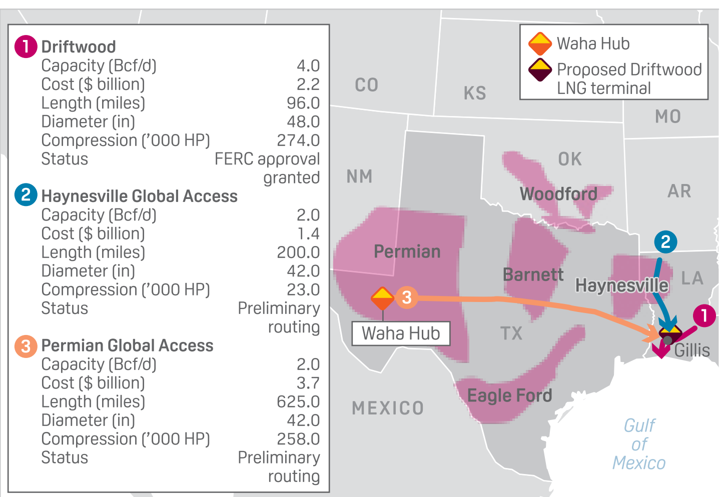
The results for the operator of the Rover gas pipeline, Mariner East NGL pipeline and Dakota Access crude pipeline, as well as other midstream infrastructure throughout the US, reflect the benefits of an overhaul of its corporate structure that has allowed it to more effectively fund projects that are moving additional resources to end-users in key demand centers.

Besides its pipeline assets, Energy Transfer is also is partnering with Shell in the proposed Lake Charles LNG export project in Louisiana. In a statement accompanying its earnings, the company did not disclose any movement toward commercial deals to support construction of the terminal, though it did say that after opening an office in Beijing in April it has continued to expand its international marketing efforts tied to LNG and NGLs.

Meanwhile, LNG export terminal and gas pipeline developer Tellurian said Wednesday in its earnings report for the April-June quarter that it is continuing commercial talks and maintaining previous schedule targets for its projects. The company is preparing to launch a syndication to secure debt financing for Driftwood LNG, which like the Energy Transfer project is to be built in Louisiana.

Tellurian continues to target a final investment decision and Driftwood construction to begin by the end of the year, with operations pegged to start in 2023. Neither an FID nor a project schedule has been announced for Lake Charles LNG.

PROPOSED TELLURIAN PIPELINE NETWORK AND DRIFTWOOD LNG TERMINAL



Source: Tellurian

For the three months ended June 30, Energy Transfer reported net income attributable to partners of $878 million, or 33 cents a share, compared with a profit of $342 million, or 31 cents a share, for the same period a year ago. Comparisons to the prior period were impacted by Energy Transfer's simplification transaction.

Revenue in the quarter slid 1.7% to $13.88 billion, while total costs and expenses fell 7.2% to $12.06 billion.

Higher transported volumes on Energy Transfer gas pipelines in the second quarter were mainly due to Rover being placed fully in-service in November 2018, production increases in the Haynesville shale and deliveries to intrastate markets resulting in increased deliveries off of the Tiger pipeline, as well as increased utilization of higher contracted capacity on the Panhandle and Trunkline pipelines, the company said.

NGL transportation volumes increased as a result of the operator placing Mariner East 2 in service and higher throughput volumes on Energy Transfer's Texas NGL pipeline system resulting primarily from increased production in the Permian and North Texas regions. As for oil, crude transportation and terminal volumes benefited from an increase in barrels through Energy Transfer's existing Texas pipelines and its Bakken pipeline, the company said.

An investor conference call to discuss Energy Transfer's results was set for Thursday.

LNG outlook

The global market has been watching commercial efforts by LNG export terminal developers closely to determine how many of the second wave of US liquefaction projects will be built and, more broadly, what the supply stack will look like during the early to middle part of next decade. LNG prices and trade flows will be impacted.

In July, Tellurian finalized an agreement that calls for France's Total to make a $500 million equity investment in the holding company that includes the proposed Driftwood terminal. The company said at the time that it expects that transaction to give it the momentum it needs to secure additional deals.

It said Wednesday in its earnings release that it continues to advance negotiations for the sale of LNG and interests in Driftwood Holdings with several counterparties.

— Harry Weber

Berkeley gas hook-up ban appears likely to spread to other California cities: WSPA head

- **'It's death by a 1,000 cuts'**
- **Hydraulic fracturing ban might be next**

The move to ban natural gas hook-ups to certain types of new-builds in Berkeley, California, could soon spill over to other municipalities across the state, the president of the Western States Petroleum Association said Wednesday.

"In the city of Berkeley builders will be prohibited from receiving permits that include gas infrastructure," Catherine Reheis-Boyd said the LDC Gas Rockies and West Forum in Los Angeles. "Wow. Can you imagine if every local municipality takes up this issue? It's death by a 1,000 cuts."

Reheis-Boyd made the comments during the LDC Gas Rockies and West Forum in Los Angeles on Wednesday morning.

Passed by the city council last month, the ban takes effect on January 1, 2020. It bans gas hook-ups in new multi-family construction, but provides some allowances for first-floor retail and certain types of large structures. The measure looks poised to spread to other cities across the state, with approximately 50 municipalities mulling their own version of such a law.

Part of the reason cities are looking to implement such a measure is due to Senate Bill 100. Signed into law last September, It intends to eliminate all gas use by 2045 as the state plans to shift to 100% renewables by that time. However, renewable gas will be allowed under the law.

Electricity generation is intended to replace gas in those new-builds for purposes such as heating and cooking.

"We've heard a lot about the push against fossil fuel use in Colorado, but California is like Colorado on steroids," said Reheis-Boyd, whose organization represents the oil and gas industry in California, Oregon, Washington, Nevada and Arizona. "We are at a tipping point in California."

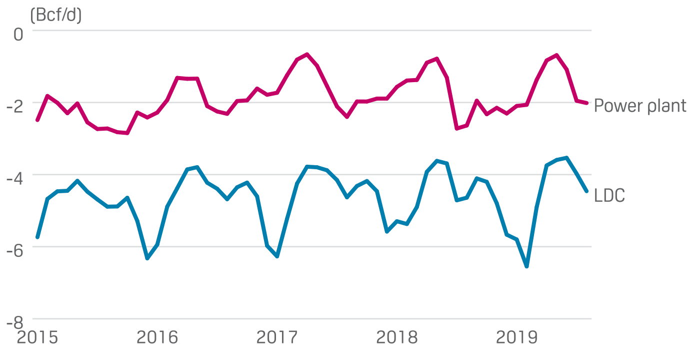
The rapid push to renewables, combined with multiple fees and taxes, have caused California energy costs to increase by 25% over the past several years, while the rest of the US has only increased by about 3%.

"Energy costs are through the roof," Reheis-Boyd said. "This is having a serious impact on low-income residents. We don't shy away from the energy mix, instead we have an all-of-the-above strategy," she said. "But California has picked a winner, and it's not oil and gas."

And while Oregon and Washington also continue to push back against the industry, Reheis-Boyd expects it to eventually extend into Nevada and Arizona as well.

The complete push away from gas by 2045 appears a daunting task as gas currently connects to roughly two-thirds of all homes in California.

CALIFORNIA GAS DEMAND FROM LDCS AND POWER PLANTS



Source: S&P Global Platts Analytics

This past February, gas demand for local distribution companies reached an average of 6.5 Bcf/d, according to data by S&P Global Platts Analytics. It was the largest daily average LDCs pulled from supply over the past five years. Gas-fired power generation also remains strong despite an increase in renewables, averaging more than 2 Bcf/d month to date so far in August.

It also appears likely California Governor Gavin Newsom, Democrat, will unveil some type of proposed ban on hydraulic fracturing in the near future. He supported a ban during his campaign, and just last month he fired the head of California's oil and gas regulatory agency for approving too many hydraulic fracturing permits to producers.

"We have something coming in California," Reheis-Boyd said. "Governor Newsom plans to ban hydraulic fracturing."

California operators had an average of 14 rigs deployed across the state in July, and produced 459,000 b/d, according to Platts Analytics. Gas in the production mix in California fields only averaged 374 MMcf/d in July.

— Brandon Evans

CenterPoint utility customer surge offsets lower energy volatility: execs

- **Now nation's second-largest gas utility**
- **Energy Services guidance reduced**

CenterPoint Energy grew its natural gas and power customer base by 1.3 million in the second quarter, compared with Q2 2018, which helped overcome other factors to boost Q2 earnings about 17% year on year, investors learned in an earnings call Wednesday.

CenterPoint Energy has three main businesses:

- Electric transmission and distribution utilities serving the Houston metro area and southern Indiana
- Natural gas distribution utilities serving customers in Arkansas, Indiana, Louisiana, Minnesota, Mississippi, Ohio, Oklahoma and Texas
- Competitive natural gas sales and services, plus energy efficiency, sustainability and infrastructure modernization services for those states, plus 32 others

In February, CenterPoint completed its merger with Vectren, which added 145,000 power customers and 1.1 million natural gas customers. In addition, CenterPoint's legacy businesses added about 43,000 Houston electric customers and more than 48,000 gas-distribution customers, according to Wednesday's presentation.

With about 4.5 million natural gas customers, CenterPoint is the second-largest gas-distribution company in the US by customer count, said Xia Liu, CenterPoint executive vice president and CFO. The company has about 2.5 million metered power customers in the Houston area and in southern Indiana.

The company reported Q2 earnings of $165 million or 33 cents/share, diluted, up from a loss of $75 million or 17 cents/share for Q2 2018.

"On a guidance basis, and excluding merger impacts, second quarter 2019 adjusted earnings were 35 cents per diluted share compared with 30 cents per diluted share in the second quarter of 2018," said Scott Prochzka, CenterPoint president and CEO. "It's been approximately 180 days since we successfully closed on our merger of Vectren. With the addition of Indiana and Ohio to our regulated operations, we have increased our collective rate base by 45%."

Performance contributors

Liu said contributors to CenterPoint's strong performance in the quarter included 8 cents/share from Vectren operating income contribution and 2 cents/share from operations and maintenance cost savings.

"Rate relief provided a positive impact of [4 cents], mainly attributable to the Transmission Cost of Service filing for Houston electric and the Texas Gas Reliability Infrastructure Program filings for natural gas distribution," Liu said.

In 2013, CenterPoint combined its interstate pipeline and filed

