Sempra Energy Subsidiary To Sell U.S. Natural Gas Storage Assets To ArcLight Capital Partners

January 2, 2019

SAN DIEGO, Jan. 2, 2019 /PRNewswire/ -- Sempra Energy (NYSE: SRE) today announced that its subsidiary has entered into an agreement to sell its non-utility U.S. natural gas storage facilities to an affiliate of ArcLight Capital Partners (ArcLight) for $332 million in cash, subject to adjustments for working capital. The facilities will become part of the Enstor natural gas storage platform, which ArcLight acquired in 2018.

"Our agreement to sell our non-utility U.S. natural gas storage assets is an important component to achieving our portfolio-optimization goals we announced in June 2018," said Joseph A. Householder, president and chief operating officer of Sempra Energy. "Completing this sale, along with the recently announced sale of our non-utility U.S. solar assets, enables us to reallocate capital to further strengthen our balance sheet and support Sempra Energy's future growth opportunities."

The gas storage assets included in the sale to ArcLight are the Mississippi Hub storage facility in Simpson County, Miss., with a working capacity of 22.3 billion cubic feet (Bcf) of natural gas, and the Bay Gas storage facility in Southwest Alabama, which comprises five underground caverns with a working capacity of 20.4 Bcf of natural gas.

Sempra Energy's subsidiary currently owns approximately 91 percent of Bay Gas storage facility. Immediately prior to the sale, Sempra Energy's subsidiary will purchase the approximate 9-percent interest from a minority owner and include it in the sale to ArcLight.

The sale of the non-utility natural gas assets to ArcLight is expected to be completed in the first quarter 2019, subject to customary closing conditions. At closing, ArcLight will own 100 percent of Mississippi Hub and Bay Gas storage facilities.

Sempra Energy's financial advisor for this transaction is Wells Fargo Securities, LLC and its legal advisor is Jones Day.

Last month, Sempra Energy announced that it had completed the sale of its non-utility U.S. operating solar assets, solar and battery storage development projects, as well as its ownership interest in one wind facility, to Consolidated Edison, Inc. for approximately $1.6 billion in cash.

An active sales process continues for Sempra Energy's non-utility U.S. wind assets.

ArcLight is one of the leading private equity firms focused on energy infrastructure investments. Founded in 2001, the firm helped pioneer an asset-based private equity approach to investing in the dynamic energy sector. ArcLight has invested approximately $21 billion in over 100 transactions since inception. Based in Boston, the firm's investment team employs a hands-on value creation strategy that utilizes its in-house technical, operational, and commercial specialists and works closely with the firm's 1,000-person asset management affiliate.

Sempra Energy, a San Diego-based energy services holding company with 2017 revenues of more than $11 billion, is the utility holding company with the largest U.S. customer base. The Sempra Energy companies' approximately 20,000 employees serve more than 40 million consumers worldwide.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words such as "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "contemplates," "assumes," "depends," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "target," "pursue," "outlook," "maintain," or similar expressions or when we discuss our guidance, strategy, plans, goals, vision, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: actions and the timing of actions, including decisions, new regulations, and issuances of permits and other authorizations by the California Public Utilities Commission, U.S. Department of Energy, California Department of Conservation's Division of Oil, Gas, and Geothermal Resources, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency, Pipeline and Hazardous Materials Safety Administration, Los Angeles County Department of Public Health, Public Utility Commission of Texas, states, cities and counties, and other regulatory and governmental bodies in the U.S. and other countries in which we operate; the timing and success of business development efforts, major acquisitions such as our interest in Oncor, and construction projects, including risks in (i) timely obtaining or maintaining permits and other authorizations, (ii) completing construction projects on schedule and on budget, (iii) obtaining the consent and participation of partners and counterparties and their ability to fulfill contractual commitments, and (iv) not realizing anticipated benefits; the resolution of civil and criminal litigation and regulatory investigations; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; denial of approvals of proposed settlements; and delays in, or disallowance or denial of, regulatory agency authorizations to recover costs in rates from customers or regulatory agency approval for projects required to enhance safety and reliability; and moves to reduce or eliminate reliance on natural gas; the greater degree and prevalence of wildfires in California in recent years and risk that we may be found liable for damages regardless of fault, such as where inverse condemnation applies, and risk that we may not be able to recover any such costs in rates from customers in California; the availability of electric power and natural gas and natural gas storage capacity, including disruptions caused by failures in the

transmission grid, limitations on the withdrawal or injection of natural gas from or into storage facilities, and equipment failures; risks posed by actions of third parties who control the operations of our investments; weather conditions, natural disasters, accidents, equipment failures, computer system outages, explosions, terrorist attacks and other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause wildfires and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits), may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; cybersecurity threats to the energy grid, storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers and employees; our ability to successfully execute our plan to divest certain non-utility assets within the anticipated timeframe, if at all, or that such plan may not yield the anticipated benefits; actions of activist shareholders, which could impact the market price of our equity and debt securities and disrupt our operations as a result of, among other things, requiring significant time and attention by management and our board of directors; changes in capital markets, energy markets and economic conditions, including the availability of credit and the liquidity of our investments; and volatility in inflation, interest and currency exchange rates and commodity prices and our ability to effectively hedge the risk of such volatility; the impact of recent federal tax reform and uncertainty as to how it may be applied, and our ability to mitigate adverse impacts; actions by credit rating agencies to downgrade our credit ratings or those of our subsidiaries or to place those ratings on negative outlook and our ability to borrow at favorable interest rates; changes in foreign and domestic trade policies and laws, including border tariffs, and revisions to or replacement of international trade agreements, such as the North American Free Trade Agreement, that may increase our costs or impair our ability to resolve trade disputes; the ability to win competitively bid infrastructure projects against a number of strong and aggressive competitors; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates due to the growth in distributed and local power generation and from possible departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation or other forms of distributed and local power generation and the potential risk of nonrecovery for stranded assets and contractual obligations; Oncor Electric Delivery Company LLC's (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory capital requirements and commitments, or the determination by Oncor's independent directors or a minority member director to retain such amounts to meet future requirements; and other uncertainties, some of which may be difficult to predict and are beyond our control.

These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the U.S. Securities and Exchange Commission (SEC). These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov. Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.

Sempra South American Utilities, Sempra North American Infrastructure, Sempra LNG & Midstream, Sempra Renewables, Sempra Mexico, Sempra Texas Utility, Oncor Electric Delivery Company LLC (Oncor) and Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) are not the same companies as the California utilities, San Diego Gas & Electric Company (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra South American Utilities, Sempra North American Infrastructure, Sempra LNG & Midstream, Sempra Renewables, Sempra Mexico, Sempra Texas Utility, Oncor and IEnova are not regulated by the California Public Utilities Commission.

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