Sempra and TotalEnergies Expand North American Strategic Alliance for LNG and Renewable Development Projects

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SAN DIEGO, March 31, 2022 /PRNewswire/ -- Sempra (NYSE: SRE) (BMV: SRE) and TotalEnergies today announced that Sempra Infrastructure, a subsidiary of Sempra, and TotalEnergies are expanding their North American strategic alliance through two memoranda of understanding (MOU): one for Sempra Infrastructure's proposed Vista Pacífico LNG project in Mexico; and a second MOU for a proposed offshore wind project in California under development by TotalEnergies, as well as other renewable energy and energy storage projects under development by Sempra Infrastructure in Northern Mexico.

The MOU for Vista Pacífico LNG contemplates TotalEnergies potentially contracting for approximately one-third of the long-term export production of the liquefied natural gas (LNG) facility under development on Mexico's West Coast, as well as TotalEnergies' potential participation as a minority equity investor in the project.

The second MOU provides a framework for broader cooperation in the development of North American renewable energy projects, including the potential acquisition by Sempra Infrastructure of a target of 30% of TotalEnergies' equity interest in a proposed offshore wind project, which would result in 24% of the project, in preparation for an upcoming auction off the coast of California. In addition, the MOU provides the framework for TotalEnergies' potential acquisition of equity participation targeting 30% in certain Sempra Infrastructure renewable and energy storage development projects in Northern Mexico.

"With last week's energy accord between the U.S. and European Commission, alliances between some of the leading energy companies like TotalEnergies and Sempra are increasingly important to transatlantic trade and energy security," said Jeffrey W. Martin, chairman and chief executive officer of Sempra. "We own one of the largest energy networks in North America, and by collaborating with TotalEnergies to create additional scale advantages in LNG and renewable energy, our customers benefit from having access to cleaner and more affordable energy options and improved security of supply."

"We are pleased to further strengthen our partnership with Sempra in LNG and renewables in North America. Over the past years, TotalEnergies has become the leading exporter of U.S. LNG and has built up a pipeline of 4 GW of solar projects and 3 GW of offshore wind projects currently under development in the U.S.," said Patrick Pouyanné, chairman and chief executive officer of TotalEnergies. "Our ambition is to offer our customers cleaner, more reliable and more accessible energy, in line with our transformation into a global multi-energy company."

Sempra Infrastructure and TotalEnergies are already participants in two joint venture projects: Cameron LNG, a 12-Mtpa LNG export facility operating in Hackberry, Louisiana, and Energia Costa Azul (ECA) LNG Phase 1, an approximately 3-Mtpa liquefaction facility under construction in Baja California, Mexico.

The proposed Vista Pacífico LNG project is expected to be a mid-scale facility that would source lower-cost natural gas from the Permian Basin for export to high-demand markets, including Asia, Europe and South America, and to satisfy natural gas demand requirements in other regions of Mexico.

In January, Sempra Infrastructure signed a non-binding agreement with Comisión Federal de Electricidad, Mexico's state-owned electric company, for the potential joint development of the Vista Pacífico LNG project.

The MOUs that are the subject of this announcement are non-binding, and accordingly, the development of these projects is subject to a number of risks and uncertainties, including reaching definitive agreements, securing all necessary permits and reaching a final investment decision.

About Sempra

Sempra's mission is to be North America's premier energy infrastructure company. The Sempra family of companies have 20,000 talented employees who deliver energy with purpose to nearly 40 million consumers. With more than $72 billion in total assets at the end of 2021, the San Diego-based company is the owner of one of the largest energy networks in North America helping some of the world's leading economies move to cleaner sources of energy. The company is helping to advance the global energy transition through electrification and decarbonization in the markets it serves, including California, Texas, Mexico and the LNG export market. Sempra is consistently recognized as a leader in sustainable business practices and for its long-standing commitment to building a high-performing culture focused on safety, workforce development and training, and diversity and inclusion. Sempra is the only North American utility sector company included on the Dow Jones Sustainability World Index and was also named one of the "World's Most Admired Companies" for 2022 by Fortune Magazine. For additional information about Sempra, please visit Sempra's website at www.sempra.com and on Twitter @Sempra.

About TotalEnergies

TotalEnergies is a global multi-energy company that produces and markets energies: oil and biofuels, natural gas and green gases, renewables and electricity. Our 105,000 employees are committed to energy that is ever more affordable, cleaner, more reliable and accessible to as many people as possible. Active in more than 130 countries, TotalEnergies puts sustainable development in all its dimensions at the heart of its projects and operations to contribute to the well-being of people.

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions with respect to the future, involve risks and uncertainties, and are not guarantees. Future results may differ materially from those expressed in any forward-looking statements. These forward-looking statements represent our *estimates and assumptions only as of the date of this press release. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors.*

In this press release, forward-looking statements can be identified by words such as "believes," "expects," "intends," "anticipates," "plans," "estimates," "projects," "forecasts," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "in process," "under construction," "in development," "opportunity," "target," "outlook," "maintain," "continue," "goal," "aim," "commit," or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: California wildfires, including the risks that we may be found liable for damages regardless of fault and that we may not be able to recover all or a substantial portion of costs from insurance, the wildfire fund established by California Assembly Bill 1054, in rates from customers or a combination thereof; decisions, investigations, regulations, issuances or revocations of permits and other authorizations, renewals of franchises, and other actions by (i) the California Public Utilities Commission (CPUC), Comisión Reguladora de Energía, U.S. Department of Energy, U.S. Federal Energy Regulatory Commission, Public Utility Commission of Texas, and other regulatory and governmental bodies and (ii) states, counties, cities and other jurisdictions in the U.S., Mexico and other countries in which we do business; the success of business development efforts, construction projects and acquisitions and divestitures, including risks in (i) the ability to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) the ability to realize anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent or approval of partners or other third parties, including governmental entities and regulatory bodies; the resolution of civil and criminal litigation, regulatory inquiries, investigations and proceedings, arbitrations, and property disputes, including those related to the natural gas leak at Southern California Gas Company's (SoCalGas) Aliso Canyon natural gas storage facility; changes to laws, including proposed changes to the Mexican constitution that could materially limit access to the electric generation market and changes to Mexico's trade rules that could materially limit our ability to import, export, transport and store hydrocarbons; failure of foreign governments and state-owned entities to honor their contracts and commitments; actions by credit rating agencies to downgrade our credit ratings or to place those ratings on negative outlook and our ability to borrow on favorable terms and meet our debt service obligations; the impact of energy and climate policies, legislation and rulemaking, as well as related goals set, and actions taken, by companies in our industry, including actions to reduce or eliminate reliance on natural gas generally and any deterioration of or increased uncertainty in the political or regulatory environment for California natural gas distribution companies and the risk of nonrecovery for stranded assets; the pace of the development and adoption of new technologies in the energy sector, including those designed to support governmental and private party energy and climate goals, and our ability to timely and economically incorporate them into our business; weather, natural disasters, pandemics, accidents, equipment failures, explosions, acts of terrorism, information system outages or other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires or subject us to liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance, 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; the availability of electric power and natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid or limitations on the withdrawal of natural gas from storage facilities; the impact of the COVID-19 pandemic, including potential vaccination mandates, on capital projects, regulatory approvals and the execution of our operations; cybersecurity threats to the energy grid, storage and pipeline infrastructure, information and systems used to operate our businesses, and confidentiality of our proprietary information and personal information of our customers and employees, including ransomware attacks on our systems and the systems of third-party vendors and other parties with which we conduct business, all of which may become more pronounced in the event of geopolitical events and other uncertainties, such as the conflict in Ukraine; the impact at San Diego Gas & Electric Company (SDG&E) on competitive customer rates and reliability due to the growth in distributed and local power generation, including from departing retail load resulting from customers transferring to Community Choice Aggregation Direct Access, and the 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 and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director; volatility in foreign currency exchange, inflation and interest rates and commodity prices, including inflationary pressures in the U.S., and our ability to effectively hedge these risks and with respect to inflation and interest rates, the impact on SDG&E's and SoCalGas' cost of capital and the affordability of customer rates; changes in tax and trade policies, laws and regulations, including tariffs and revisions to international trade agreements that may increase our costs, reduce our competitiveness, or impair our ability to resolve trade disputes; 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 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, and on Sempra's website, www.sempra.com. Investors should not rely unduly on any forward-looking statements.

Sempra Infrastructure, Sempra LNG, Sempra Texas Utilities, Oncor and Infraestructura Energética Nova, S.A.P.I. de C.V. (IEnova) are not the same companies as the California utilities, SDG&E or SoCalGas, and Sempra Infrastructure, Sempra LNG, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.

None of the website references in this press release are active hyperlinks, and the information contained on, or that can be accessed through, any such website is not, and shall not be deemed to be, part of this document.

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