

TRANSACTION CONFIRMATION

Temporary LNG and Natural Gas Purchase and Sales Agreement between Puget Sound Energy, Inc. and Puget LNG, LLC

THIS TRANSACTION CONFIRMATION (this “Temporary LNG and Natural Gas Purchase and Sales Agreement”) is made and entered into as of this 15th day of March, 2022 by and between Puget Sound Energy, Inc., a Washington corporation having a business address at 335 110th Ave. NE, Bellevue, WA 98004-9734 (“PSE”) and Puget LNG, LLC, a Washington limited liability company having a business address at 335 110th Ave. NE, Bellevue, WA 98004-9734 (“PLNG”), PSE and PLNG shall be referred to herein individually as a “Party” and collectively as the “Parties”.

Recitals

WHEREAS, PSE and PLNG are parties to that NAESB Base Contract for Sale and Purchase of Natural Gas dated February 1, 2021 (“NAESB Base Contract”) and that Transaction Confirmation entitled the Gas Supply Services Agreement dated February 1, 2021 (“GSSA”);

WHEREAS, PLNG and PSE are joint owners of the Tacoma LNG facility located at the Port of Tacoma, Washington;

WHEREAS, PSE is a regulated natural gas utility, subject to the jurisdiction of the Washington Utilities and Transportation Commission (“WUTC”);

WHEREAS, PSE is the exclusive gas supplier to PLNG’s share of the Tacoma LNG facility pursuant to the GSSA;

WHEREAS, the GSSA did not contemplate the circumstance of the transaction described herein, but did allow for a Deferred Exchange (as defined in the GSSA) which is effectively the reverse of the transaction contemplated herein;

WHEREAS, the Operator of Tacoma LNG has determined that, due to the timing and magnitude of test liquefaction runs and permit delays affecting LNG deliveries, the current LNG inventory has begun to age and lose its methane content to the point that it must be used and replaced with new liquefied volumes, managed specifically for methane content;

WHEREAS, PLNG has determined that it has operating flexibility to coordinate with PSE to allow the vaporization into the PSE system of a defined amount of PLNG’s inventory and the subsequent re-liquefaction of the same quantity of gas in order to increase the methane content of stored LNG in the Tacoma LNG facility;

WHEREAS, PSE has determined that it has operating flexibility to coordinate with PLNG to allow the vaporization into the PSE system of a defined amount of PLNG’s inventory and the subsequent re-supply of the same quantity of gas in order to increase the methane content of stored LNG in the Tacoma LNG facility;

REDACTED

WHEREAS, PSE and PLNG will work together in good faith to facilitate an increase to the methane content of stored LNG inventory at the Tacoma LNG facility which will benefit both PSE and PLNG.

NOW THEREFORE, PSE agrees to purchase and PLNG agrees to sell LNG and PSE agrees to sell and PLNG agrees to purchase an identical quantity of natural gas, as further described herein.

ARTICLE I FORM OF AGREEMENT

Section 1.1. This Temporary LNG and Natural Gas Purchase and Sales Agreement is a companion agreement to the NAESB Base Agreement and the GSSA. Terms not otherwise defined in this Temporary LNG and Natural Gas Purchase and Sales Agreement will have the same definitions as are provided in the NAESB Base Agreement and the GSSA.

Section 1.2. This Temporary LNG and Natural Gas Purchase and Sales Agreement is the third transaction confirmation emanating from the NAESB Base Agreement between the Parties. To the extent that provisions of this Temporary LNG and Natural Gas Purchase and Sales Agreement differ from provisions of the NAESB Base Agreement, the provisions in this Temporary LNG and Natural Gas Purchase and Sales Agreement will control.

Section 1.3. A verified copy of this Temporary LNG and Natural Gas Purchase and Sales Agreement will be filed promptly with the WUTC under the Affiliated Interest Contracts or arrangements rules found at WAC 480-90-245.

ARTICLE II TRANSACTION CONFIRMATION DETAILS

Section 2.1. This Temporary LNG and Natural Gas Purchase and Sales Agreement is a one-time temporary transaction confirmation needed by the Tacoma LNG facility and not at the commercial request of either PSE or PLNG, and as such it was neither contemplated to be normal activity nor included in the GSSA by either PSE or PLNG.

Section 2.2. PLNG shall not assign this Temporary LNG and Natural Gas Purchase and Sales Agreement to a non-affiliated entity without the prior written consent of PSE.

ARTICLE III TERM

Section 3.1. Subject to Section 1.3, the "Effective Date" of this Temporary LNG and Natural Gas Purchase and Sales Agreement shall be March 15, 2022.

Section 3.2. The Term of this Temporary LNG and Natural Gas Purchase and Sales Agreement shall begin on the Effective Date and will end on April 15, 2022 (the "Term"), unless it is extended by a written amendment to this Temporary LNG and Natural Gas Purchase and Sales Agreement that is executed by both Parties.

ARTICLE IV TEMPORARY LNG SALE/PURCHASE

Section 4.1. PLNG shall sell and deliver LNG to PSE's account at Tacoma LNG for PSE to vaporize into its gas system and PSE shall purchase and accept the volume of LNG to be vaporized into natural gas in quantities up to 10,000 Dth per day up to a total of 70,000 Dth for the Term.

Section 4.2. PSE shall pay \$[REDACTED] per Dth for LNG vaporized into natural gas. Official metered volumes delivered into the PSE gas system from Tacoma LNG will be considered the official volume for settlement.

Section 4.3. PSE and PLNG will coordinate daily to estimate the quantity in Dth of LNG to be vaporized each day. The parties expect that sale/purchase of vaporized LNG will occur in the first half of the Term.

Section 4.4. The Parties agree that no other fee or charge will be applicable other than herein described because the transaction is a physical necessity, not a commercial request of either PSE or PLNG.

Section 4.5. The Parties agree that PSE will absorb the cost of vaporization of the LNG into the gas system.

ARTICLE V TEMPORARY NATURAL GAS SALE/PURCHASE

Section 5.1. PSE shall sell and deliver natural gas to PLNG's account at Tacoma LNG for PLNG to liquefy into its LNG storage account at Tacoma LNG and PLNG shall purchase and accept the volume of natural gas to be liquefied in quantities up to 10,000 Dth per day up to a total equal to the total volume of LNG transacted under Article IV.

Section 5.2. PLNG shall pay \$[REDACTED] per Dth for natural gas delivered to the Tacoma LNG pursuant to this agreement. Official metered volumes delivered into the Tacoma LNG facility will be considered the official volume for settlement.

Section 5.3. PSE and PLNG will coordinate daily to estimate the volume in Dth of natural gas to be delivered each day. The parties expect that sale/purchase of natural gas to be liquefied will occur in the second half of the Term.

Section 5.4. The Parties agree that no other fee or charge will be applicable for the purchase/sale of natural gas other than herein described because the transaction is a physical necessity, not a commercial request of either PSE or PLNG.

Section 5.5. PSE will provide natural gas only from British Columbia in compliance with the air permit for Tacoma LNG.

REDACTED

Section 5.6. PSE sales of natural gas to PLNG pursuant to this agreement supersede sales under the GSSA until such time as the volume in this Article V equals the volume in Article IV; thereafter, the GSSA will apply.

Section 5.7. The Parties agree that PLNG will absorb the cost of liquefaction of the natural gas into PLNG's storage account.

**ARTICLE VI
MONTHLY INVOICE**

Section 6.1. PSE shall send a monthly invoice to PLNG, supplemental to the invoice pursuant to the GSSA, which shall include each of the following:

(a) A credit equal to the volume of LNG bought from PLNG by PSE pursuant to Article IV in Dth multiplied by \$ [REDACTED] per Dth, for the month;

plus

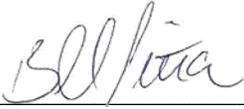
(b) A charge equal to the volume of natural gas sold by PSE to PLNG pursuant to Article V in Dth times \$ [REDACTED] per Dth.

[Signature Page Follows]

REDACTED

Please confirm the foregoing correctly sets forth the terms of the Parties' agreement with respect to this Transaction by signing in the space below and returning a copy of the executed Confirmation.

Puget LNG, LLC

By: 

Name: Blake Littauer

Title: President

Puget Sound Energy, Inc.

By: 

Name: Ron Roberts

Title: Vice President, Energy Supply