

September 11, 2014

Ms. Heather Hunt
Executive Director
New England States Committee on Electricity
655 Longmeadow Street
Longmeadow, MA 01106

Dear Ms. Hunt:

I am writing on behalf of America's Natural Gas Alliance (ANGA) and its member companies to express our support for your continued efforts to ensure reliability and reduce energy costs in the New England region through the expansion of natural gas infrastructure to serve the electricity market. ANGA recognizes the significant progress that your organization has achieved toward realization of the New England Governors' initiative to increase the reliability of gas supply to power generation in New England. We commend the conceptual framework that NESCOE has devised and the efforts that you have taken to solicit the best ideas from regional stakeholders regarding the implementation of that framework (now dubbed the Incremental Gas for Electric Reliability, or IGER, approach).

ANGA members are very concerned that the recent decision by the state of Massachusetts to study a low demand scenario pipeline capacity will result in the loss of the substantial momentum that you have developed toward completion of the IGER process. As we noted in our prior submission, despite claims to the contrary, New England is not overly reliant on natural gas-fired generation. It is overly reliant on *inadequately piped* natural gas-fired generation. The pipeline expansions sought are designed to remedy these infrastructure constraints to make the existing fleet more reliable and less economically volatile, enabling the region to take advantage of the abundant, economically stable natural gas supplies only a few hundred miles away.

We urge that NESCOE continue to make progress toward the goal set by the New England states, through NESCOE, that at least 1 Bcf of incremental capacity be brought on-line by the 2017-2018 winter season.

There are numerous factors that should be given considerable weight in the decision to proceed. These factors include:

- the substantial interest in your proposal exhibited by the stakeholders in New England;
- the possibility that the congestion-induced price run-ups experienced last winter due to pipeline constraints in the region could reoccur;
- the announced decommissioning of several large non-gas fired generating plants in the region; and

- forecasts that supplies in the Northeast will outpace demand by a significant amount over the foreseeable future, likely to result in a persistent basis differentials between New England and upstream regions on pipelines serving the area.

Clearly, it is in the best interests of all New Englanders to proceed with the IGER process. Therefore, ANGA supports the idea expressed in the August 15 letter from the Electric Distribution Companies (EDCs), that NESCOE, without delay, solicit actual infrastructure proposals. As the EDCs state in their letter, NESCOE could release a solicitation without stipulating the exact model for pipeline ownership and operation, for marketing the incremental capacity and for allocating incremental costs. Respondents could supply their own ideas for those aspects of the program.

Moving forward with a solicitation at this time has many advantages. First, obtaining real proposals will help Massachusetts and the other states compare the real costs and benefits associated with obtaining additional pipeline capacity whether it be from expanding existing pipelines or building new greenfield lines or employing other resource procurement strategies. Second, the New England states will collectively be able to select proposals based on a number of criteria, including economic and environmental considerations, rather than having to consider projects individually on an ad hoc basis as proposals emerge. Finally, the immediate issuance of an RFP for real project proposals could enable NESCOE to meet the Winter 2017-2018 goal established by the New England states through your organization earlier this year.

Natural gas is the lifeblood of the New England economy. As discussed in the attached letter to the New England Governors, it provides thousands of jobs in the energy sector alone and offers significant environmental advantages to other fossil fuels. New England is not over-reliant on natural gas. It is, however, in desperate need of increased infrastructure to gain access to the relatively inexpensive natural gas supplies at its doorstep in the Northeast. The abundance of gas in the Northeast shale plays has exceeded all prognostications. In fact, in a recent study conducted for ANGA, Bentek Energy projects that by 2023, Northeast production will exceed Northeast average daily demand for natural gas by 5.4 bcf per day. Clearly, New England needs to find a way for the construction of new infrastructure to reach these supplies.

In closing, ANGA urges NESCOE to build on its impressive progress to date by immediately soliciting proposals for incremental pipeline capacity projects. We stand ready to support the process in any way we can. Please let us know if you need more information about natural gas production in the region or about any other aspect of our business.

Sincerely,



Amy Farrell
Vice President, Market Development