

May 23, 2014

Via Electronic Mail

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

Re: Comments on Governors' Infrastructure Initiative in New England - Incremental Gas for Electric Reliability ("IGER") Concept and Electric Distribution Companies Proposal ("EDC Proposal") for Management of Pipeline Capacity

Dear Ms. Hunt:

Iroquois Gas Transmission System, L.P. ("Iroquois") is in receipt of the April 30, 2014 letter from the New England States Committee on Electricity ("NESCOE") outlining and describing the IGER Concept and EDC Proposal and Iroquois appreciates the opportunity to provide comments pursuant to this on-going initiative of ensuring adequate firm interstate pipeline capacity for use by gas-fired generation facilities.

Iroquois owns and operates an interstate natural gas transmission pipeline extending 411 miles from the United States-Canada border near Waddington, NY to South Commack, Long Island, NY and continuing on from Northport, Long Island, NY through the Long Island Sound to Hunts Point, Bronx, NY. Iroquois delivers upwards of 350 MDT/d to natural gas utilities that serve the state of Connecticut in addition to numerous Connecticut power plants that generate in excess of 1,100 MW of electricity. Iroquois interconnects with the interstate natural gas transmission systems of: (1) TransCanada PipeLines Limited ("TransCanada") at Waddington, NY; (2) Tennessee Gas Pipeline Company ("Tennessee") at Wright, NY and Shelton, CT; (3) Dominion Transmission, Inc. ("Dominion") at the Canajoharie meter station located near Fort Plain, NY; and (4) Algonquin Gas Transmission LLC ("Algonquin") in Brookfield, CT.

Iroquois is uniquely positioned relative to its interstate pipeline industry peers in that it provides service to gas-fired generation facilities in ISO-NE as well as Zones G, J and K in ISO-NY. As such, Iroquois' existing infrastructure is critical to safely providing reliable transportation capacity to both independent system operators here in the Northeast. Iroquois' firm transportation capacity into Connecticut and the greater metropolitan New York area is 100% subscribed and the prices that were experienced on Iroquois this past winter in this region are indicative of the inadequacy of its pipeline infrastructure to serve the growing needs of both its gas LDC and electric generating customers.



Although traditionally supplied by the Western Canadian Supply Basin (“WCSB”), Iroquois, in 2008 as part of the NE07 pipeline expansion initiative, added physical receipt capability of Marcellus gas via the Algonquin system at its Brookfield, CT interconnect. Currently, Iroquois is developing its Wright Interconnect Project (“WIP”) in conjunction with the Constitution Pipeline Project (“Constitution”) which will bring a new physical connection to Marcellus supplies in the amount of 650 MDT/d by late 2015/early 2016. This direct link to Marcellus gathering systems should dramatically reduce basis across New England. Further, Constitution’s capacity could be economically increased to over 1,300 MDT/d by adding compression. As such, the Wright Hub will become a very significant source of Marcellus supply to New England over the next several years. Additionally, Dominion is developing its Iroquois Project which will create yet another means by which Iroquois can physically connect to the Marcellus supply basin. By November 2016, Iroquois’ connectivity to this prolific supply basin will equal its physical receipt capability from TransCanada. Consequently, Iroquois is well positioned to deliver economically priced supplies of natural gas to the gas-fired generation facilities in New England.

Specifically, the various roles that Iroquois can assume in addressing the critical pipeline infrastructure needs in New England are identified as follows:

1) **Iroquois’ Ability to Re-Deploy Upwards of 350 MDT/d of Expiring Firm Transportation Capacity Contracts From New York City to Connecticut**

The re-deployment or re-packaging of existing assets is generally the lowest cost means for a pipeline to offer incremental transportation capacity to its customers. In light of the New Jersey-New York expansion which was placed into service this past November by Spectra Energy, Iroquois will have the ability over the next several years to re-contract upwards of 350 MDT/d of primary firm transportation capacity previously dedicated to customers in New York City to upstream markets in Connecticut and deeper New England depending upon appropriate pricing signals being in place. This is an extremely cost effective and timely solution particularly for electric generators in Connecticut as it eliminates the timing and cost uncertainty inherent with constructing new greenfield pipelines that are susceptible to permitting delays and construction cost overruns.

2) **Iroquois’ Ability to Collaborate with TransCanada and Portland Natural Gas Transmission System (“PNGTS”) to Offer Upwards of 350 MDT/d of Marcellus Gas from the Wright Hub in Wright, NY to New England**

An Iroquois/TransCanada/PNGTS collaboration leverages existing pipeline assets to bring economically priced incremental firm pipeline capacity to New England while minimizing the amount of infrastructure that needs to be constructed. By utilizing existing readily expandable, in-the-ground pipeline assets, the three companies are able to dramatically reduce the environmental impacts associated with new greenfield expansion. A collaboration of this type could provide price certainty without the risk of lengthy permitting delays or construction overrun costs.



3) **Iroquois' Ability to Economically Expand its Infrastructure Downstream of the Wright Hub by Upwards of 200 MDt/d**

As a result of new Marcellus supplies that will be delivered into Iroquois via Constitution and Dominion, Iroquois has reviewed its pipeline system and determined that it can economically expand its infrastructure by adding only compression to its existing pipeline, thereby avoiding the high cost, disruption, and environmental impact of installing new piping. An expansion such as this would not only enable gas-fired generation facilities in Connecticut to acquire firm transportation capacity, but would also enable Iroquois to deliver incremental Marcellus supplies into Algonquin at Brookfield, CT, thus reducing the amount of new pipe to be installed as part of Algonquin's Atlantic Bridge Project that is proposed to originate from the Ramapo Hub. Based on the anticipated cost of an expansion of the Millennium Pipeline Company delivering into Ramapo, NY as well as the cost of take-away capacity on Algonquin from the Ramapo Hub, Iroquois anticipates that the most cost effective means of delivering Marcellus gas into New England via the Atlantic Bridge Project would be gas originating from the Wright Hub.

Each of the Iroquois roles identified above could be effectively implemented in a manner that is consistent with the IGER Concept and EDC Proposal being pursued by NESCOE, the New England Governors, and state regulators in New England. Iroquois is very supportive of the concept of electric utilities and pipelines working together to develop timely, cost effective infrastructure solutions to meet the needs of this region. As such, Iroquois supports the IGER approach in conjunction with the EDC Proposal and agrees with its industry peers that time is of the essence in order for meaningful solutions to be implemented in light of the various regulatory processes and permitting/construction timeframes.

Iroquois appreciates the opportunity to provide comments into this process and welcomes the opportunity to dialogue further with you on the merits of the various solutions being pursued. Please do not hesitate to contact me if you have any questions or wish to schedule a meeting.

Sincerely,

Scott E. Rupff
Vice President
Marketing, Development & Commercial Operations
Iroquois Pipeline Operating Company
As Agent For:
Iroquois Gas Transmission System, L.P.