

New England Governors Infrastructure Initiative NEPOOL Transmission Committee Update

New England States Committee on Electricity
May 27, 2014

Overview

- Report on NEPOOL Sector meetings
- Update on continuing State discussions
- Gas Concept Request for Feedback & Next Step

NEPOOL Sector Meetings

- **States met with each NEPOOL Sector over two days – March 31 & April 14**
 - States appreciated Sector member time in preparing for and attending discussions
 - States provided written summary of Sector meetings in memo dated April 29, 2014

- **Common Issues/Questions Across Sectors**
 - Whether supportive or concerned about state action, there was generally consistent agreement that New England has a problem to solve
 - Nature of the problem: reliability and economic competitiveness
 - Markets vs. other means
 - ISO-NE role

Status of State Discussions To Date

No +/-or Low Carbon Resources

Natural Gas Pipeline

Cost Allocation on Transmission, Pipeline: Still talking, anticipate consensus view in the near-term

- ✓ Anticipate one-time solicitation for incremental transmission
 - ✓ All states share in costs of transmission
 - ✓ EDC participation in seeking & evaluating power proposals critical, in some states statutorily required
 - ✓ States developing protocols to address EDC Conflicts of Interest
 - ✓ States that enter power contracts will share power costs
- ✓ Anticipate one-time solicitation for incremental capacity
 - ✓ Will request proposals priced in increments of 200 mmcf/day, to allow the evaluation of the cost of adding sufficient increments of additional capacity to achieve levels of at least 1bcf above 2013 levels.
 - ✓ Seeking input on, alternatives to concept states set out in April 30, 2014 memo by May 30, 2014

Natural Gas Pipeline Development Concept

The six New England states are interested in exploring a concept through which to develop incremental gas pipeline for electric power system reliability as explained in a memorandum dated April 30, 2014. The states welcome comment -

- On the approach generally, and on characteristics of contracting entity and capacity manager to best serve electric customers and to minimize transaction costs
 - On any alternative configurations and structural means to minimize market distortions
- On the utility proposal as set forth in April 22, 2014 letter to NESCOE
- On specific going-forward market adjustments that would eliminate the need for state action to ensure reliability and economic competitiveness through infrastructure investment after the one-time action currently in process

States presently intend to advance a proposal to NEPOOL for discussion in June toward a Participant Committee vote in September.

Comments to RegionalInfrastructure@nescoe.com by May 30, 2014.

Based on review of input, states may request more detailed expressions of interest from entities interested in serving as a contracting entity in early June.