



July 10, 2014

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

Re: Comments on the REQUEST FOR FURTHER INFORMATION ON CAPACITY MANAGEMENT,
OTHER CONCEPTS AND EXPRESSIONS OF INTEREST IN ACTING AS A COUNTERPARTY

Dear Ms. Hunt:

Tenaska Marketing Ventures (TMV) appreciates the opportunity to submit comments to NESCOE relating to its RFI dated June 11, 2014. Although submitted after the deadline, TMV feels its comments may provide another perspective to NESCOE as it develops the model to deliver additional natural gas supplies to New England. In this spirit we would appreciate your consideration of our response.

In regard to the "Incremental Gas for Electric Reliability (IGER) conceptual model, TMV supports its overall design and would expect it to deliver the intended results in an effective and transparent manner. One suggestion would be to combine the roles of the Contract Entity and the Capacity Manager into a single role. As part of this concept, ISO-NE would be instructed to pay the pipelines directly for the capacity payments net of any capacity release revenue generated. This approach would negate the need for the Contract Entity to provide credit support to the pipelines that could exceed \$250 million. It's reasonable to assume that a company in the role as Contract Entity would charge a fee to provide that level of credit support. By combining the roles of Contract Entity and Capacity Manager this cost could be

eliminated or greatly reduced. If an approach similar to this were to be considered, TMV would be interested in performing the functions of the new combined roles.

Alternatively, if the roles of the Contract Entity and the Capacity Manager remain as currently outlined, TMV would be interested in the role of Capacity Manager. In the role of Capacity Manager, we would propose capacity release transactions be structured to conform to FERC Order 712 governing capacity release transactions executed as Asset Management Agreements (AMA) by doing so it would have the following advantages:

- AMA transaction requirements have been well outlined by FERC.
- Capacity release transactions utilize the respective pipeline's electronic bulletin board (EBB). This provides transparency for capacity release transactions to all parties.
- The pipeline EBBs are the electronic market-place to auction off excess capacity to receive the maximum value for the capacity.
- The EBBs are available to all parties 24/7.

TMV OVERVIEW

Profile

- Wholly owned by Tenaska, Inc
- Ranked #1 as largest acquirer of capacity release in U.S. for five years in a row (2009-2013) by Capacity Center.
- Top 10 Gas Marketer according to *Platts* since 2003.
- Mastio award winner for outstanding customer service.
- TMV is a truly independent company.....eliminating or greatly reducing potential issues relating to transacting with affiliates and self-dealing.
 - No company-owned generation assets in ISO – NE.
 - No pipeline ownership in New England.
 - No retail gas or power marketing affiliates in New England.
 - No ownership in EDCs or LDCs in New England.

Metrics

- Founded in 1991.
- Managed 128 Bcf of storage capacity in 2013.
- Currently schedule transactions with 125 pipelines and storage operators in North America.
- Sold or managed 2.5 Tcf of natural gas in 2013 equaling 9.5% of total U.S. gas consumption.

Support

- Available 24/7 for gas scheduling and trading.
- Fully integrated Gas Management System (GMS) from deal entry to invoicing /payment.
- Business Contingency Plan with a fully functional off-site Disaster Recovery Center (DRC).

Tenaska, Inc. Profile

- Founded in 1987
- Consistently ranked among *Forbes* Largest Privately Held Companies
- Business Focus
 - Development, design, financing, construction, ownership and operation of power generation facilities.
 - Energy marketing including natural gas, electric power, and biofuels.
 - Management of private equity investments in the power and midstream sectors.
 - Natural gas exploration, production and associated transportation systems.

I sincerely hope that TMV's comments and suggestions will be of some value to NESCOE as you work through the process of identifying a workable structure for all stakeholders. If you have any questions, please feel free to contact me.

Respectively Submitted,

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