



July 3, 2014

Heather Hunt  
Executive Director  
New England States Committee on Electricity  
4 Bellows Road  
Westborough, MA 01581

RE: NESCOE June 11 Request for Further Information & Comment

Dear Ms. Hunt:

GDF SUEZ Gas NA LLC (GDF SUEZ) and Distrigas of Massachusetts LLC (Distrigas) welcome the opportunity to respond to the New England States Committee on Electricity (NESCOE) June 11, 2014 "Request for Further Information on Capacity Management, Other Concepts and Expressions of Interest in Acting as a Counterparty."

The latest memo from NESCOE solicits input on:

- 1) Request for expressions of interest to act as a Counter Party (the Contract Entity from the IGER approach)
- 2) Request for further guidance on issues associated with the Capacity Manager and/or indications of willingness to serve in that role
- 3) Other approaches

Notwithstanding NESCOE's review of the previous round of submitted comments which acknowledged that a number of entities questioned the practicality and the wisdom of proceeding along the path of a massive publicly financed infrastructure overbuild and the strong support for the portfolio of options approach, NESCOE's latest request focuses on a preordained outcome. The fact that NESCOE requested expressions of interest of parties to act as Contract Entity and Capacity Manager would seem to make the consideration of other options moot.

I observed in my May 30 letter that there was limited detail regarding the Incremental Gas for Electric Reliability (IGER) concept upon which to offer constructive guidance. Not much has changed. Without additional detail, the headlong rush forward on a FERC filing seems to be an imprudent path to follow.

**Francis J. Katulak**  
President and Chief Executive Officer

**GDF SUEZ Gas NA LLC**  
1990 Post Oak Blvd., Suite 1900  
Houston, TX 77056  
tel. 713 636-1280 - fax 713 636-1247  
email: frank.katulak@gdfsuezna.com  
www.gdfsuezna.com

However, given that NESCOE and the states have announced publicly their intention to make a FERC submission in September, I offer the following as important to consider as you proceed:

- 1) the strongest possible safeguards must be put in place to prevent even the appearance of conflicts of interest both in the selection and administration of duty on the part of both the contract entity and capacity manager
- 2) stakeholders in the region should be fully informed by NESCOE on how IGER or any proposal can overcome the numerous legal, regulatory, legislative, and marketplace challenges that would have to be cleared in order for the proposal to be implementable – before the FERC filing is made
- 3) using the ISO-NE electricity tariff to subsidize construction of new natural gas pipeline represents a fundamental disconnect between the purpose of the tariff and this application
- 4) undermining the value of the firmness provided by other resources currently in the market is a serious and unwelcome consequence of this proposal as currently understood
- 5) as proposed, the IGER concept not only creates an unlevel playing field, but also explicitly picks winners and losers with respect to any other potential natural gas reliability solution to the states' concerns; and with respect to the economic implications for natural gas fired power plants not situated along a favored pipeline expansion
- 6) a mandated solution stultifies the development of competitive solutions creating a self-fulfilling prophecy of the market not solving the problem

Thank you for the opportunity to provide our perspective on these important issues for our region.

Sincerely,

A handwritten signature in blue ink that reads "Frank Katelich". The signature is written in a cursive style with a large, stylized "F" and "K".