

New England States Committee on Electricity

New England States Committee on Electricity Issues Phase I of its Gas Study, *Natural Gas Infrastructure & Electric Generation: A review of issues facing New England* conducted by Black & Veatch

December 21, 2012 – The New England States Committee on Electricity (NESCOE) today issued Phase I of its Gas Study, *Natural Gas Infrastructure & Electric Generation: A review of issues facing New England* conducted by Black & Veatch.

The purpose of the NESCOE Gas Study is to analyze the current and future natural gas fuel supply and infrastructure in New England and to assist policymakers' understanding of the future implications for natural gas-fired power generation in New England, power system reliability and consumer costs over the long-term. In this initial phase of the study, NESCOE asked Black & Veatch to independently summarize and verify - or challenge - conclusions in recent studies and papers concerning the adequacy of the natural gas infrastructure to meet New England's forecasted demand in the near future.

Black & Veatch assessed the adequacy of natural gas infrastructure in New England based on the studies and information available to date. Black & Veatch believes that New England's natural gas infrastructure will become increasingly stressed as regional demand for natural gas grows, leading to infrastructure inadequacy at key locations.

Black & Veatch also identified information gaps and missing elements in prior studies and papers, each of which adds value to the discussion but have different scopes and purposes. Black & Veatch observed that, due to prior studies' significant differences in their scopes and purposes:

- No study or other benchmark specifically articulates what level of natural gas infrastructure could be considered “adequate” to alleviate the electric reliability challenges facing New England;
- No study has examined the seasonality, daily and hourly fluctuations of demand in an effort to identify the nature and duration of potential infrastructure constraints;

- No study considers the intra-regional constraints and unique characteristics of New England's natural gas and electric infrastructure.
- No study examines the costs of constructing any kinds of incremental infrastructure.
- No study has quantified the benefits of additional infrastructure in a way that accounts for the uncertainties attributable to market fundamentals.

Based on the Phase I conclusions and recommendations, NESCOE will initiate Phase II of the Gas Study to obtain additional information and analysis. An example of further information that would provide significant value is an evaluation of the timing and magnitude of any natural gas deficiency, as well as differences between western and eastern New England gas markets. To the extent any number of potential solutions related to natural gas infrastructure are necessary to preserve electric system reliability, an assessment of their costs and benefits will be critically important.

NESCOE appreciates the ongoing work of ISO-NE and others in moving forward discussions about New England's gas-electric challenges and potential solutions. NESCOE looks forward to continuing coordination in this area.

The Phase I Gas Study is available at this link:
[http://www.nescoe.com/Gas Supply Study.html](http://www.nescoe.com/Gas_Supply_Study.html)