

New England Governors Infrastructure Initiative NEPOOL Participants Committee Update

New England States Committee on Electricity

May 2, 2014

Overview

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

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

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.

To that end, 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. Because time is of the essence, comments to RegionalInfrastructure@nescoe.com as soon as possible appreciated.