

## Loring Holdings, LLC

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To: New England Gas-Electric Focus Group

From: Loring Holdings, LLC  
Developer of the Loring Energy Projects

Date: February 20, 2014

Re: Industrial Energy Consumer Group “Assessing Natural Gas Supply Options for New England and their Impacts on Natural Gas and Electricity Prices.” – Feb 7, 2014, Competitive Energy Services

CC: Industrial Energy Consumer Group  
Maine Governor’s Energy Office

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### **Background**

On January 27<sup>th</sup>, NESCOE sent a letter to the New England Gas-Electric Focus Group which was subsequently shared with the Natural Gas Working Group in Maine. The letter welcomed additional data and analysis from Focus Group participants relative to whether the level of increased pipeline capacity of 1000 mmcf/day above 2013 levels was adequate to satisfy New England’s pressing challenges.

On February 10<sup>th</sup>, the Industrial Energy Consumer Group submitted, “Assessing Natural Gas Supply Options for New England and their Impacts on Natural Gas and Electricity Prices”; prepared by Competitive Energy Services (“CES”).

Loring Holdings, LLC (“Loring”) is a Maine-based energy development company with offices at the Loring Commerce Centre in Limestone, Maine. Our mission is to develop the assets and resources of the former Loring Air Force Base for energy infrastructure and economic development in Maine and New England. We are currently developing two projects related to the above-referenced report submitted by the Industrial Energy Consumers Group and we hereby submit our strong support for the conclusions offered in the CES assessment.

For the past several years, we have been developing the Loring Commerce Centre and the 200-mile Searsport-Loring Corridor for: (1) the introduction of natural gas to northern Maine and (2) electric transmission to New England.

## **Natural Gas Infrastructure**

In order to expand natural gas infrastructure into northern Maine, an anchor customer is required. Northern Maine is seriously lacking in-region generation resources and is facing a reliability issue. Therefore, we have proposed a 65MW Cogeneration facility to be located at the Loring Commerce Centre to provide baseload capacity and anchor a new natural gas pipeline, thereby securing access to low-cost, clean burning natural gas for the businesses and families still consuming home heating oil in Northern Maine.

We recognize that one of the fundamental missions of NESCOE revolves around the dependence of natural gas for electric generation and that more gas-fired generation in Northern Maine may only further the issue. But the cost of a modest anchor customer of 65MW is more than justified because of the economic and environmental benefit of access to natural gas for heat and industrial processing.

By converting from heating oil to natural gas, within the first five years, the region will see over \$50 million in annual savings and will reduce annual carbon emissions by over 200,000 tons. And this represents only the immediate demand. With access to lost-cost energy, the region will have the opportunity to attract new businesses and expand the demand for gas over the next several decades.

Key to achieving these economic and environmental savings is securing long-term gas supply. The NESCOE initiative is heading the right direction, but as emphasized in the CES report, we must plan for the future. Natural Gas is positioned to be the major energy source for New England for the next 100 years. We have the opportunity now to plan for the needs of today as well as the near future. The Loring project and the Northern Maine region represent a significant demand for long-term gas supply and consideration should be made towards growth and expansion of demand when planning additional pipeline capacity into New England.

## **Electric Transmission**

In order to expand natural gas infrastructure into New England, NESCOE is pursuing new transmission of energy from clean resources, mostly located in Maine and Canada. Loring is also well positioned to meet this demand through use of the Searsport-Loring Corridor.

The Loring Commerce Centre is located at the epicenter of northeast hydro, wind and biomass resources. With Quebec to the west, Newfoundland and Labrador to the north, New Brunswick to the east and Maine wind and biomass in our own backyard, a DC Converter at Loring can harvest those resources and send 1200-2400MW of clean energy to New England through the proposed underground and underwater Maine Power Express HVDC transmission line.

## **Conclusion**

As mentioned above, these two projects are directly related to the mission of NESCOE and the Gas-Electric Focus Group and as such, we support the CES Assessment provided by the Industrial Energy Consumer Group. The conclusions drawn do well to highlight the true changes that have occurred in the gas-electric market this past year and the recommendation of two (2) billion cubic feet of new capacity shows honest foresight and a clear recognition of the true demand.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Hayes Gahagan". The signature is written in a cursive, fluid style with a horizontal line at the end.

Hayes Gahagan  
Managing Member  
Loring Holdings, LLC