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May 16, 2014

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

Re: IGER and EDC Models for Management of Pipeline Capacity

Dear Ms. Hunt:

The New England LDCs[1] have reviewed the materials circulated by NESCOE on April 30, 2014, and wish to thank NESCOE, the New England Governors, and state regulators in New England for their efforts in pursuing much needed additional natural gas infrastructure in the region to support electric generation. The April 30 letter seeks comments on the IGER and EDC models with respect to contracting for, and recovering the costs associated with, new interstate pipeline capacity for use by gas-fired generation facilities.

The New England LDCs have been actively involved in discussions with state representatives regarding the IGER and EDC models and believe that both models will make the construction of additional pipeline capacity for generation needs feasible. The New England LDCs have extensive experience in capacity/supply planning, negotiating, and contracting for and managing pipeline capacity and many members of the group have recently signed precedent agreements for Algonquin Incremental Market ("AIM") and the Tennessee Connecticut capacity projects. They also have experience with the regulatory issues associated with obtaining approval of the contracts and cost recovery mechanisms for pipeline capacity. The EDC model, in particular, will make use of this expertise in a manner that will benefit electricity consumers in New England. The New England LDCs are willing to continue to work with NESCOE and other stakeholders to further refine the IGER or EDC models in order to permit the construction of pipeline capacity in a timely, efficient, and cost-effective manner.

[1] The New England LDCs are: Bay State Gas Company, d/b/a Columbia Gas of Massachusetts; The Berkshire Gas Company; EnergyNorth Natural Gas, Inc, d/b/a Liberty Utilities; Connecticut Natural Gas Corporation; Fitchburg Gas and Electric Light Company; City of Holyoke, Massachusetts Gas and Electric Department; NorthernUtilities, Inc.; NSTAR Gas Company; The Southern Connecticut Gas Company; Westfield Gas & Electric Department; and Yankee Gas Services Company.

The winter of 2013-14 demonstrated the costs and reliability concerns associated with inadequate natural gas infrastructure to serve generation needs in New England. In order to ensure that new pipeline capacity is constructed in as timely a manner as possible, the New England LDCs support NESCOE's efforts to move forward expeditiously with development of a tariff mechanism for cost recovery from electric consumers. Development and approval of a cost recovery mechanism in the near future is essential to ensuring that new pipeline capacity can be constructed and in service for the 2017-18 timeframe.

Thank you again for your efforts regarding energy infrastructure in New England.

Respectfully submitted,

SCHIFF HARDIN LLP

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