

Tri-Chairs of the New England Gas-Electric Focus Group

April 17, 2013

Mr. John Moura
Director of Reliability Assessments
North American Electric Reliability Corporation
3353 Peachtree Road, N.E.
Suite 600, North Tower
Atlanta, GA 30326

Re: NERC Phase II Gas-Electric Report

Dear Mr. Moura:

We are writing to offer our assistance in connection with NERC's draft *2013 Special Reliability Assessment: Increasing Dependence on Natural Gas for Electric Power, Phase II Vulnerability Assessment Phase II* report. It is our understanding that NERC is in the process of finalizing this report. We also understand that, in developing the draft, NERC solicited the guidance and input of industry organizations and regional stakeholder groups formed to address gas-electric interdependency issues.

New England formed such a stakeholder group, the Gas-Electric Focus Group, in 2012. This Focus Group was highlighted in a recent Federal Energy Regulatory Commission (FERC) staff update to the Commission on gas-electric coordination.¹ The Phase II report should be informed by the ongoing work of the Focus Group, including the identification of region-specific challenges and efforts to develop potential solutions that achieve support across industries.

New England states and stakeholders established the Gas-Electric Focus Group following discussions at the FERC Technical Conference on gas and electric market coordination that was held in Boston in August 2012. The Focus Group has met frequently since its formation, engaging in efforts to improve cross-sector coordination, foster a common understanding of reliability challenges, and collaborate on potential solutions tailored to New England and around which consensus can be achieved.

¹ See Gas-Electric Coordination Quarterly Update, Docket No. AD12-12, Mar. 21, 2013, at Slide 8, available at <http://www.ferc.gov/legal/staff-reports/2013/A-3-presentation.pdf>.

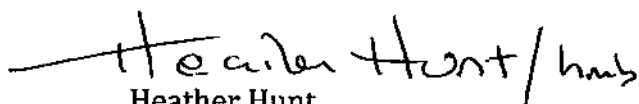
Participants on the Focus Group include representatives of all the major pipelines serving New England, electricity generators, gas marketers, LNG terminal operators, transmission owners, public power representatives, electricity and gas end users, natural gas local distribution companies, and other regional stakeholders. In addition, ISO New England has been invited to participate in discussions and is providing technical support to help facilitate an understanding of the impact of the gas/electric issues on power system operations. As Tri-Chairs, we represent the New England states, the natural gas industry and the New England Power Pool (NEPOOL).

Later this year, the Focus Group will be issuing a final report documenting its work, which may include potential solutions formulated to address the specific reliability issues affecting New England. While non-binding and advisory, the report is intended to represent a cross-industry perspective and may help to refine areas for further analysis and outline attainable and targeted solutions to regional challenges. In addition, it is intended that this report will also be an input into the ISO/NEPOOL process for considering appropriate electric market design changes. NERC should leverage the experience and ongoing work of the Focus Group to inform its draft report, and we invite you to contact us if we can be of assistance.

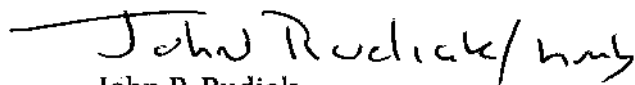
Sincerely,



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