



February 10, 2014

Heather Hunt, Executive Director  
New England States Committee on Electricity (NESCOE)  
4 Bellows Road  
Westborough, MA 01581

Re: New England Governors' Energy Infrastructure Initiative

Dear Heather:

In December, the New England Governors said that “securing the future of the New England economy and environment requires strategic investments in our region’s energy resources and infrastructure.” Among the areas that the Governors cited as needing investment was “new natural gas pipeline infrastructure.” The Northeast Gas Association (NGA) is pleased to express its support for the Governors’ energy infrastructure initiative. The Governors’ call for increased energy infrastructure will help lead the region, we believe, to attaining the reliable and cost-effective energy supplies it needs, to support economic development and environmental protection.

The inter-relation of natural gas and power generation in New England has been a challenging issue for more than a decade, and NESCOE in its gas-electric work over the last year brought timely attention to the current and future issues facing New England in this area. The NESCOE studies conducted by Black & Veatch (B&V) indicated that additional natural gas infrastructure is needed to address reliability and pricing concerns for the New England energy market.

NESCOE recently asked the New England stakeholder community to submit additional data and analysis regarding natural gas pipeline capacity needs. In a separate letter, New England’s natural gas industry is submitting such comments; NGA is one of the participants in that joint letter. We hope that those comments prove helpful to NESCOE as it seeks to work with ISO-NE in development of a tariff, to be submitted for approval at the FERC, “for the recovery of the cost of firm natural gas pipeline capacity, in a manner that is effective to achieve the construction of new, or expansion of existing, pipelines.”

In this letter, NGA wants to emphasize its commitment to work with the Governors and NESCOE in advancing this energy initiative to increase gas pipeline capacity, among other actions. Natural gas offers many benefits for multiple sectors in our state and regional economies – from home heating to fueling businesses and industries, to powering electric generation. Increasing access to natural gas will help local communities and states achieve lower costs and lower air emissions.

The region’s natural gas utilities are adding new customers every day, and are participating in plans by the natural gas transmission companies to bring additional pipeline infrastructure to the region.

A central challenge for natural gas in New England, as identified by the NESCOE studies, is the low level of pipeline capacity held by gas-fired power generators in the region. Even as more than 50% of the electric generation fleet in the region is designed for natural gas, the majority of those plants rely on interruptible, or non-firm, transportation capacity.

As evidenced by this current winter, and from experiences over the past decade, the power market in New England has remained over-reliant on non-firm pipeline capacity. This situation leaves the region subject to significant concerns of both reliability and price volatility. Recent pipeline "open seasons" for new transportation capacity have enlisted commitments from natural gas utilities in the region, but none from the power sector. Natural gas supply and transportation capacity can be attained, but the power market needs to act to invest in long-term reliability.

The Governors' call for action provides the opportunity to break this long-standing stalemate that has constrained the regional energy market. NESCOE's commitment to working with ISO-NE in the development of a tariff is a positive step forward.

We commend the New England Governors for their leadership, and pledge our support to NESCOE as it works to implement the Governors' call for needed investments in the region's energy infrastructure.

Sincerely,

A handwritten signature in black ink that reads "Thomas M. Kiley". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Thomas M. Kiley  
President & CEO

cc: NGA Board of Directors

