

New England States
Committee on Electricity

To: New England Gas-Electric Focus Group
From: NESCOE
Date: January 27, 2014
Subject: Additional data or analysis in connection with adequacy of increased pipeline capacity

ISO-New England, Inc. (ISO-NE) has identified New England's reliance on natural gas for power generation, and the need for incremental natural gas pipeline infrastructure to meet the high demand for natural gas for heating and power generation, as a serious risk to continued reliability of New England's electric power system. This winter, pipeline constraints, and high prices for natural gas in New England, are increasing the price of wholesale power. This experience underscores the need to increase as promptly as possible natural gas supply coming into New England.

In December 2013, the New England Governors committed to continue to work together, in coordination with ISO-NE and through NESCOE, to advance a regional energy infrastructure initiative that diversifies our energy supply portfolio while ensuring that the benefits and costs of transmission and pipeline investments are shared appropriately among the New England States.¹

In January 2014, NESCOE requested ISO-NE's assistance in seeking approval by FERC of a tariff 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. Specifically, NESCOE indicated that the additional capacity should be capable of delivering natural gas from one or more of the "hubs" at the Ramapo, Wright or similar facility at prices reflecting no or minimal "basis differential" relative to Henry Hub, in amounts sufficient in aggregate to achieve, when taken together with firm commitments by other market participants, an increase in the amount of firm pipeline capacity into New England of 1000 mmcf/day above 2013 levels or, 600mmcf/day beyond what has already been announced for the AIM and CT expansion projects.²

NESCOE welcomes additional data or analysis from Focus Group participants relative to whether the level of increased pipeline capacity noted above may be adequate to satisfy

¹ See, http://www.nescoe.com/uploads/New_England_Governors_Statement-Energy_12-5-13_final.pdf

² See, http://www.nescoe.com/uploads/ISO_assistance_Trans___Gas_1_21_14_final.pdf

New England's pressing challenges.³ To enable Focus Group participants to review any data or analysis provided, please send it by **Monday, February 10, 2014** to NewEnglandGasElectric@onlinefilefolder.com, which address posts to the New England Gas Electric Information Exchange (http://www.nescoe.com/Gas-Elec_Info_Exchange.html). Any analysis that exceeds five pages should include a one-page summary.

³ Specifically, NESCOE welcomes data or analysis incremental to that ISO-NE has produced in various studies, and that which NESCOE has produced through independent consultant Black & Veatch, available at www.nescoe.com