



# Sequent Energy Management™

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May 28, 2014

## **VIA OVERNIGHT MAIL**

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

### **Re: Comments on Incremental Gas Proposals for New England**

Dear Ms. Hunt:

In response to the request for comments in the April 30, 2014 New England States Committee on Electricity (“NESCOE”) memorandum, Sequent Energy Management, L.P. (“Sequent”) respectfully submits the following comments on the Incremental Gas for Electric Reliability Concept (“IGER Concept”) and the Electric Distribution Company Model (“EDC Model”).

#### **I. Comments**

The IGER Concept and the EDC Model, which are based on finding structural means to minimize market distortions and to minimize future needs for future actions to ensure reliability and economic competitiveness, certainly contains workable concepts. In particular, the role of the capacity manager outlined in the memorandum is a very important component to ensure that any future capacity investment will result in increased reliability and economic benefits to the region. As such, the criteria for selecting a capacity manager will be a critical component of the program.

Specifically, the following characteristics should be required of any capacity manager:

- Proven track record of pipeline capacity management
- Creditworthiness
- Robust systems capabilities
- Transparency and accountability

Deep capacity management experience and a proven track record are vital to ensuring delivery reliability and the creation of additional value. Any capacity management bidder should be required to demonstrate substantial experience managing the capacity assets of utilities, industrials, and power generators and providing incremental value to stakeholders, and should have veritable references of such experience. We agree with NESCOE that any capacity manager should be creditworthy, or provide creditworthiness assurances, as such is an important indicator of performance capabilities.

Systems capability and transparency go hand in hand. A capacity manager should have robust systems capable of segregating and tracking transactions, so that delivery and optimization activities are transparent to the stakeholders. Such systems capabilities also provides for verifiable accounting and reporting of such activities and mitigates conflicts of interests where capacity manager may have other managed assets. Lastly, a capacity manager with a diverse portfolio of pipeline and storage assets may be beneficial; access to supplemental resources could provide additional optionality for delivery reliability.

## **II. About Sequent**

Sequent provides capacity and asset management services to regulated utilities, industrials and power generators throughout the United States and Canada. Sequent markets approximately 6.4 billion cubic feet of natural gas daily on over 80 different pipelines and storage facilities including all of the major pipelines in New England. Sequent is a wholly-owned subsidiary of AGL Resources Inc. (“AGLR”), a natural gas company founded in 1856 and headquartered in Georgia. AGLR owns seven natural gas utilities that provide retail natural gas services to approximately 4.5 million customers.

## **III. Conclusion**

NESCOE has already identified some of the important characteristics in choosing a capacity manager. We urge NESCOE to also consider the additional characteristics described in this letter, as such characteristics are important in achieving the goals that NESCOE has identified for a capacity manager. We also submit that only a thorough canvassing of capacity manager candidates, such as Sequent, will result in securing a qualified, credible, transparent and accountable capacity manager.

Respectfully Submitted,



Peter Tumminello  
President  
Sequent Energy Management, L.P.