

NECA
14th Annual Power Markets
Conference
November 17, 2015

New England States Committee on Electricity



NESCOE is New England's Regional State Committee, governed by a Board of Managers appointed by each of the New England Governors to represent the collective views of the six New England states on regional electricity matters

- ✧ **Focus:** Resource Adequacy, System Planning & Expansion
- ✧ **Resources:** 6 full-time staff with diverse disciplines & experience. Consultants, primarily for transmission engineering & independent studies
- ✧ **More information:** including filings & comments at
 - www.nescoc.com
 - Twitter @NESCOEStates

Any views expressed should not be construed as representing those of NESCOE, any NESCOE manager, or any individual state.

Overview of State Activity

- ❖ Today will be an overview of current activity
- ❖ Many have discussed the why and why not's
- ❖ More to come about the implications on next panel



New England Governors

April 2015 Energy Forum

“New England continues to face significant energy system challenges with serious economic consequences for the region’s consumers. . . . **The economic, system reliability, and environmental consequences of inadequate energy infrastructure require action. Cost-effective investment in new natural gas infrastructure and the continued integration of clean energy resources are important to resolving these challenges.** With these infrastructure investments, and continuing aggressive investment in other clean energy solutions such as energy efficiency and distributed generation, our region can reduce energy costs and thereby attract new businesses and jobs for our hard-working citizens.”

Competitive Solicitations Issued

Three-State Clean Energy

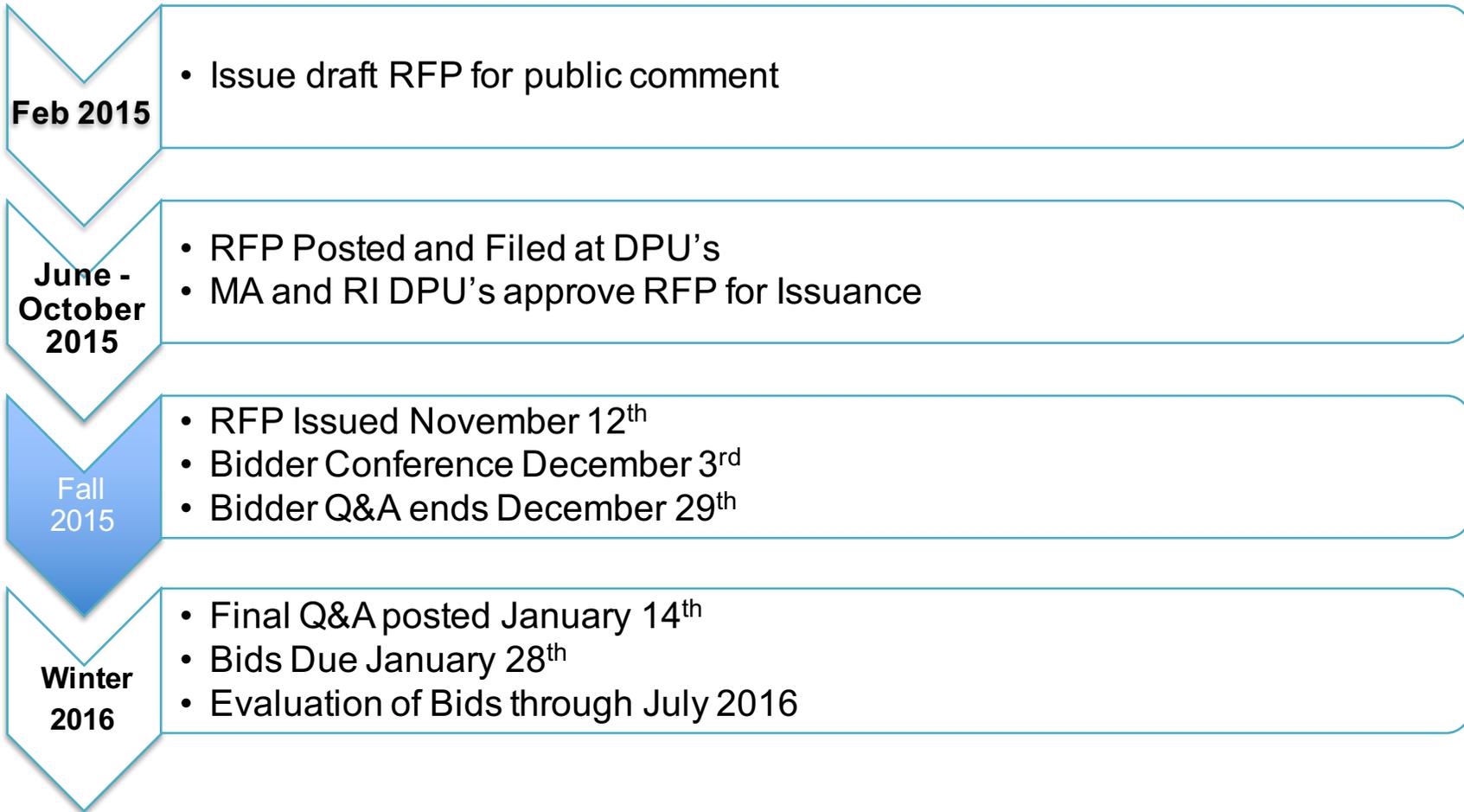
MA/RI EDC Natural Gas, LNG, and Storage

Multi-State Clean Energy RFP

Certain state agencies and utilities in CT, MA and RI developed, with NESCOE assistance, a draft joint RFP for clean energy projects based on each state's current authority. www.CleanEnergyRFP.com

Objective: To explore whether a multi-state procurement might attract larger-scale projects and transmission than single state procurements and achieve individual states' clean energy goals more cost effectively than if each state proceeded on its own.

Multi-State RFP Schedule



Resource Types: Class I renewable power (wind, solar) or large-scale hydro meeting requirements of states' laws. 20 MW minimum threshold. Over 5,000 GWh in total.

Project types

**Traditional PPAs
No
Transmission
Requirement**

**PPAs with
associated
Transmission**

**Clean energy
delivery
commitments**

- **Clean energy delivery commitment proposals tie transmission-only support payments to the project's performance in fulfilling the commitments for the delivery of clean energy**
- **Support payments under a FERC filed and accepted transmission tariff/rate schedule paid for by the participating states**
 - Tx Developer and clean energy supplier ability to negotiate commercial terms.



RFP issuers will jointly and individually evaluate bids

- ✧ No obligation to procure anything at all
- ✧ Each state, EDC use own authority, criteria, judgment to determine whether a proposed project is cost-effective and beneficial for its consumers

MA/RI Gas RFP - Objective

“...to identify cost-effective resources that would function to increase ***the reliability of electric service and reduce electric costs*** for the benefit of electric customers. The primary firm gas supply resources solicited are intended to be utilized by ***gas-fired generators in New England*** to ***improve regional electric supply reliability and lower the regional cost of retail electricity*** in a substantial and timely manner.”

Available at: http://www.nationalgridus.com/energysupply/current_procurement.asp

MA Gas RFP - Background

- On October 2, 2015, the MADPU issued a decision in D.P.U. 15-37 in connection with the MA EDCs and mechanisms to secure new natural gas capacity
- MADPU determined it has authority under G.L. c. 164, § 94A to review and approve contracts filed by EDC's
 - EDCs must demonstrate that
 - a fair and reasonable procurement to identify potential for alleviating gas constraints and improving winter electric supply reliability
 - a proposed agreement results in net benefits for customers and compares favorably to the range of alternative options reasonably available
- EDCs may use proposals from this RFP to coordinate with other State procurements to maximize customer benefits

RI Gas RFP - Background

- Rhode Island General Laws Chapter 39-31-4(a)(3) authorizes participation in the development and issuance of regional or multi-state competitive solicitation for the development and construction of regional natural gas pipeline and capacity
 - Must benefit ratepayers by strengthening energy system reliability and security and potentially mitigate energy price volatility that threatens economic vitality and competitiveness
 - Must be commercially reasonable and advance the purposes of the chapter at levels beyond those commitments necessary to serve local gas distribution customers.
- May use proposals from this RFP to coordinate with other State procurements to maximize customer benefits

Gas RFP - Details

Pipeline
expansion
projects

LNG supply
alternatives

Regional
storage
projects

- ✓ Quantity shall not exceed 2,000,000 MMBtu/day nor be less than 500,000 MMBtu/day
- ✓ Bids for LNG and Storage
 - ✓ Must include both the MDQ and maximum annual quantity of commodity or storage space
 - ✓ Indicate the extent of reinjection that can take place in the winter season
 - ✓ Specify the point for firm injection and include transportation via interstate pipeline to generators in New England on a primary firm basis.
- ✓ Term of not less than 15 years but not to exceed 20 years
- ✓ Competitive bidding process for capacity releases
- ✓ Proposals were due November 13, 2015
 - ✓ Bids are firm through December 31, 2015

Snapshot: Current Activities

- ✓ **CT DEEP** implementing new legislative authority in connection with diverse resource solicitations (natural gas, energy efficiency, renewable energy, large-scale hydropower, and energy storage).
 - Comment opportunity closed Sept. 30 on three proceedings to procure resources pursuant to Public Act 15-107
- ✓ **NH PUC** investigation, with electric utility involvement, into “potential approaches . . . to address cost and price volatility issues currently affecting wholesale markets” (IR15-124)
 - Sept. 2015 Staff Report filed with PUC, issued for public comment
- ✓ **MA DPU** order on 10/2/15 determining that it has legal authority to review and approve contracts filed by EDCs for pipeline capacity, and established a standard of review for such contracts. (15-37)
 - National Grid, Eversource Gas Capacity/Supply RFPs
 - Separately, broad legislative proposals under discussion
- ✓ **VT** in process of siting evaluation of TDI Clean Power Link
- ✓ **ME** and **RI** have enabling laws
 - Maine PUC proceeding underway to evaluate gas pipeline
 - National Grid Gas Capacity/Supply RFP



Connecticut

Connecticut DEEP comment opportunity closed Sept. 30 on three proceedings to procure resources pursuant to Public Act 15-107, *An Act Concerning Affordable and Reliable Energy*

- ✓ The Act authorizes DEEP to procure a range of resources - natural gas, energy efficiency, renewable energy, large-scale hydropower, and energy storage. The Act authorizes selection of the most cost-effective energy resources through an open and competitive process.
- ✓ **On gas:** "DEEP is working on issues related to procurement for natural gas resources, and is evaluating options for coordinating the solicitation of natural gas resources with other states who have legal authority and interest in doing so, consistent with the strategic approach set forth by the New England Governors. DEEP expects to provide an opportunity for public comment on a request for proposal for natural gas resources this fall, with more details and questions to consider."
- ✓ **Participating in Three State Clean Energy RFP**



Rhode Island

2014 Affordable Clean Energy Security Act (ACES)

- ✓ Authorizes Rhode Island state agencies to participate in regional efforts to solicit natural gas pipeline projects as solutions to electric system reliability challenges
- ✓ Includes provisions relative to electric and gas utility procurement of natural gas pipeline capacity
- ✓ Participating in Three-state Clean Energy RFP
- ✓ Narragansett Electric Company issued Gas RFP



Massachusetts

- ✓ **MA DPU issued order on Oct. 2, 2015 on natural gas pipeline capacity, and established a standard of review for such contracts**
 - Currently being appealed by two entities
 - **MA EDCs issued related RFP**

- ✓ **Issued an order on October 26, 2015 on proposed timetable/method for renewable energy solicitation**
 - **Participating in Three-state Clean Energy RFP**

- ✓ **Broad legislative proposals in connection with clean energy resources**



New Hampshire

- ✓ In mid-September, PUC Staff released report of its investigation into potential approaches involving NH's electric distribution companies to mitigate the high and volatile electricity prices that have affected electricity markets in NH and other New England states in recent winters. Some excerpts:

“we view Access Northeast and Northeast Energy Direct (NED) as two very cost-effective projects that will moderate future winter electricity prices though the numbers clearly indicate that NED will provide the greatest benefits to regional electricity customers. Nonetheless, **Staff’s principal recommendation in this report is that if the Commission chooses to participate in a regional procurement of gas capacity (whether pipeline or LNG) for the benefit of electricity consumers it should condition that participation on the procurement being conducted through an open and transparent process that is demonstrably competitive and results in the lowest possible cost to consumers**”

“Staff has concluded that the Commission may hold that New Hampshire EDCs have authority to enter into gas capacity contracts for the benefit of gas-fired generators, if such a proposal were to be made by a New Hampshire EDC.”

- ✓ NH PUC Issued Staff Report for Public Comment



Maine

- ✓ **PUC has authority to procure gas capacity under certain conditions**
 - up to 200 million cubic feet per day of natural gas at a cost not to exceed \$75 million annually

- ✓ **In adjudicatory proceeding, PUC considering regional need and what level of capacity purchase would be cost-beneficial for Maine**
 - Testimony on multi-state approach due in February
 - Hearings in early April
 - Decision end of May/early June



Vermont

- ✓ **TDI-NE, a 1,000 Mw transmission line, is seeking siting approval**
 - Series of agreements with four Vermont state agencies, three towns, and an electric utility
 - Hearings held in October
 - PSB order expected by end of 2015

- ✓ **Other petitions are expected**

Green Tracking

- Verification of clean energy attributes for imported power is critical if Canadian resources wish to be credited with helping states satisfy carbon reduction requirements or environmental objectives
 - No uniform structure currently in place in Eastern Canada to measure, verify, and track emissions characteristics of imports into New England.
- In 2013, N.E. Governors and Eastern Canadian Premiers adopted a resolution (Resolution 37-1) encouraging Canadian provinces to evaluate existing options and opportunities to adopt verification mechanisms of generation sources and environmental attributes that correspond with the existing New England Power Pool (NEPOOL) GIS verification system
 - Recent changes to NEPOOL GIS rules to facilitate tracking **but corresponding changes** likely needed on other side of the New England's borders.

THANK YOU AND LOOK FORWARD TO THE
PANEL DISCUSSION

www.nescoe.com

Jeffbentz@nescoe.com

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