



## I. RESPONSES TO FERC QUESTIONS

### Panel 2: Reactions to the EPRI Study

**Please comment on the assumptions and conclusions of the EPRI study and what next steps should be taken given the study’s results. As part of these comments, please address the following:**

- a. Do these findings provide the information needed to make decisions about winter energy risks in New England? If not, what additional information is needed?**
- b. Are additional or continuous studies needed to assess New England electric and gas winter issues? If so, what analyses are needed and how often should this be conducted?**

The EPRI and ISO-NE joint study (the “EPRI Study”) was helpful and informative.

However, the EPRI Study, which considers EMT in a very limited manner, is not an operational gas system study and does not analyze the impact of potential gas infrastructure changes or retirements on the New England gas system. As an operational gas system impacts the ability to maintain a reliable electric system, additional analysis of these two systems is needed. FERC, ISO-NE, NEPOOL, the states, gas and electric customers, and other stakeholders cannot fully understand New England’s current winter electric reliability challenges without an analysis of potential challenges to the operation of the gas system.

Accordingly, NESCOE recommends that FERC coordinate and lead a process to study and assess the operational interplay between the interstate gas and electric systems and investigate how changes to the electric system are likely to change gas system needs as New England transitions away from its reliance on fossil fuels. As a result of state decarbonization laws and programs, demand is expected to shift from the gas to electric system.<sup>2</sup> These shifts

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<sup>2</sup> For example, programs that promote electrification of commercial and residential space and water heating are expected to increase electric demand and reduce the region’s use of natural gas

may create operational challenges for the gas system as demand may decrease and existing gas infrastructure goes offline. As described above, challenges on the gas system could have second-order effects on the electric system. A FERC analysis would help stakeholders and decisionmakers better understand how future fossil fuel infrastructure retirements may impact the interoperability of the electric and gas systems in New England now and in the future.<sup>3</sup>

FERC's jurisdiction across the natural gas and electric industries, ability to collect confidential information, and investigative powers are necessary to help stakeholders better understand the region's integrated winter reliability challenges. Put simply, FERC's powers are unique. The states lack the authority to investigate the interstate gas pipeline which is necessary to truly understand the operational challenges resulting from gas system retirements—and how those gas system challenges will impact the electric system. Similarly, ISO-NE lacks a gas system mandate, with its roles and responsibilities focused on the region's electricity system. Accordingly, the New England states, ISO-NE, NEPOOL, electricity and gas consumers, and other stakeholders have a continuing need for FERC's leadership on this issue. NESCOE would be pleased to provide relevant data points within states' possession to inform that assessment.

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but several questions arise such as: Will the transition cause electric power generators to require additional or alternative natural gas infrastructure to maintain reliability, or will it instead increase natural gas availability from existing infrastructure to electric power generators? Will existing gas assets be likely to decommission in this scenario? If so, to what extent, and on what timescales, will that decommissioning affect flow through the New England gas system, and power system reliability?

<sup>3</sup> Although NESCOE requests FERC-led analysis to better understand the interoperability of the New England gas and electric systems, the request should not be interpreted to opine about who should pay for solutions that may be necessary to support either system.

A FERC-led process could include, but not necessarily be limited to, one or more stakeholder meetings, FERC and stakeholder requests for information, and the commission of limited studies and/or analyses.

Additionally, FERC should assess whether it would be appropriate for it to study New England's electric and gas winter challenges at regular intervals, possibly biennially. A significant benefit of the EPRI Study is that it has created an analytical framework that will allow the region to conduct repeatable electric reliability risk assessments. A similar framework that captures gas reliability risks, as well as a clear process for linking and interactions between these two frameworks, would be valuable. In the alternative, by conducting a study at certain defined intervals, FERC could better assess relevant changes to winter reliability issues and the interoperability of the gas and electric systems in New England as the region increasingly transitions to renewable sources of generation.

### **Panel 3: Path to Sustainable Solutions – Infrastructure**

**Please comment on what infrastructure is necessary to support reliable electric and gas system operations in New England. As part of these comments, please address the following:**

- a. Are those infrastructure projects currently being pursued? If not, why not?**
- b. What obstacles need to be addressed to allow new infrastructure to be placed timely into operation, and how are those obstacles currently being addressed?**
- c. What steps, if any, should the Commission, ISO-NE, the New England states, and/or others take to address obstacles under their jurisdiction?**

The New England states are continuing to pursue infrastructure projects that would help ensure reliability as New England transitions away from fossil fuels. This includes investments in a variety of resources—transmission, wind, storage, solar, energy efficiency, and demand

response—some of which are already having a demonstrable positive impact on winter reliability.<sup>4</sup>

As NESCOE has previously noted, however, the timeline for when these projects will be completed and placed in service is unpredictable given the challenges associated with siting, permitting, and constructing new infrastructure in New England.<sup>5</sup> The uncertainty of offshore wind and transmission expansion in New England is especially relevant in the analysis as the EPRI Study showed that the total energy shortfall during a severe winter event is influenced by the availability of offshore wind. The EPRI Study also showed that the New England Clean Energy Connect is an important factor. Accordingly, any analysis of New England’s winter reliability challenges should account for possible delays in planned infrastructure projects.

To address obstacles to new transmission infrastructure investment, the New England states have called for longer-term, proactive regional and interregional transmission planning that will help facilitate the transition to our future grid. In response to the states’ call for a new policy-focused transmission planning process, ISO-NE launched the 2050 Transmission Study, a longer-term analysis based on state-defined assumptions. The study is designed to provide visibility into potential future transmission system needs and costs to integrate clean energy resources and ensure a reliable transition to our future grid. ISO-NE’s tariff now allows this longer-term planning to be a routine practice. Importantly, in October 2023, ISO-NE will commence a process on further tariff changes to give states the ability to translate longer-term

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<sup>4</sup> See ISO-NE Opening Presentation: Winters 2023/2024 and 2024/2025 in New England and the Role of Everett (June 2023) (“ISO-NE Opening Presentation”), at 4, Docket No. AD22-9 (noting that “over a typical winter season, 700 MW of solar PV capacity provides the energy equivalent to ~7-10 M gallons of fuel-oil of ~1.0-1.5 Bcf of natural gas”).

<sup>5</sup> Comments of the New England States Committee on Electricity (Nov. 2022), at 11–12, Docket No. AD22-9.

planning into development of transmission infrastructure through an ISO-NE-administered competitive process.

Finally, in June 2023, the New England states joined with New York and New Jersey to request U.S. Department of Energy support for a Northeast States Collaborative on Interregional Transmission. The effort is expected to investigate opportunities for mutually beneficial options for increasing the flow of electricity between regions—enhancing reliability in periods of system stress and extreme weather—and for assessing offshore wind infrastructure needs and solutions.

#### **Panel 4: Path to Sustainable Solutions – Market Design**

**Please comment on what market reforms are necessary to support reliable electric and gas system operations in New England. As part of these comments, please address the following:**

- a. What proposals currently under consideration in the stakeholder process and in the ISO-NE work plan would be most helpful to address New England’s winter electric and gas system challenges?**
  - i. Please specify which proposals under consideration are a priority for your organization and explain how, if possible, necessary market changes can be expedited.**
  - ii. At a high level, are there any major concerns with the current proposals under discussion that should be addressed?**
- b. Are there additional reforms that are not currently under consideration in the stakeholder process that are necessary for energy resources to enhance fuel procurement strategies? If so, what other reforms should be considered? How should these market changes should be prioritized?**

As NESCOE has stated, if a simple market fix were possible, it would have long since been pursued given the concerted efforts of ISO-NE, states, and stakeholders on New England’s winter reliability challenges, as well as the general interest in avoiding out-of-market solutions,

like reliability-must-run contracts.<sup>6</sup> Past experience and recent analysis suggests that it is likely that the best solution will be a suite of actions, on both the electric and gas fronts, that provide incremental reliability improvements individually but have a large impact collectively.

NESCOE continues to actively engage in the development and discussion of market reforms designed to improve electric reliability. These reforms include the Day-Ahead Ancillary Services Initiative (“DASI”) and reforms to Resource Capacity Accreditation (“RCA”). NESCOE is encouraged that ISO-NE is exploring possible seasonal and prompt capacity market constructs as part of the RCA discussions, which is consistent with one of the near-term action items that NESCOE identified after the September 2022 Forum.<sup>7</sup> Due to the analysis that ISO-NE has undertaken in response to NESCOE’s request,<sup>8</sup> including the Pathways to the Future Grid Study and the Future Grid Reliability Study, New England has a clearer picture of what the clean energy transition and the future grid might entail as well as the challenges that must be addressed.

Consumer investments driven by state-jurisdictional clean energy programs may help alleviate some of the gas-electric challenges facing the region. For example, ISO-NE’s EPRI Study highlighted that every 700 MW of behind-the-meter solar can offset 7–10 million gallons of oil or 1–1.5 bcf of gas.<sup>9</sup> There may be opportunities for additional demand response

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<sup>6</sup> *Id.* at 21.

<sup>7</sup> *Id.* at 26.

<sup>8</sup> In the context of ISO-NE’s 2020 Work Plan, NESCOE asked that ISO-NE dedicate market development and planning resources to support states and stakeholders in analyzing and discussing potential future market frameworks that contemplate and are compatible with the implementation of state energy and environmental laws. NESCOE’s interest was and remains to explore these issues on a calendar of the region’s making, rather than being driven by an emergent issue or near-term filing deadline.

<sup>9</sup> *See* ISO-NE Opening Presentation, at 4.

contributions as well. ISO-NE also noted that increasing behind-the-meter PV nameplate capacity and expected additional off-shore wind coming into service have lessened EMT's importance for maintaining electric reliability in the near term.<sup>10</sup> NESCOE, however, agrees with ISO-NE's word of caution about the uncertainty related to the future of New England winters.<sup>11</sup>

With the information base that ISO-NE has provided, it is time for FERC, ISO-NE, states, and stakeholders to develop durable market reforms that maintain necessary electric and gas system reliability while ensuring that the states can achieve their environmental policy goals and requirements, including decarbonization goals and requirements, in the most efficient and cost-effective way possible. Market reforms that allow market-based, economically efficient solutions will help prevent the need for more costly out-of-market solutions to solve reliability challenges and may also help lessen the need for out-of-market solutions to meet state renewable energy goals and requirements. Reforms could include, but not necessarily be limited to, additional incremental demand response measures to help address reliability challenges. FERC, ISO-NE, states, and stakeholders should think broadly about the range of technologies that may alleviate the gas-electric challenges.

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<sup>10</sup> See May 4, 2023, ISO-NE Winter 2024-25 Analysis; With and Without Everett Marine Terminal, Slide 8, at <https://www.iso-ne.com/static-assets/documents/2023/05/npc-2023-05-04-composite3.pdf>.

<sup>11</sup> *Id.*, Slide 7.



## II. CONCLUSION

While state authority stops at state borders, making states unable to investigate and account for all aspects of the region's gas and electric markets, NESCOE stands ready to assist in the FERC-led analysis requested above. NESCOE looks forward to continuing dialogue with FERC and stakeholders about reliable power and gas systems—and their interplay as the resource mix evolves over time.

Respectfully Submitted,

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