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June 18, 2014

Mr. Carl Pechman
QER Secretariat
QER Interagency Task Force
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Regarding: Quadrennial Energy Review Task Force Public Meeting Regarding
Infrastructure Constraints in New England, April 21, 2014

Dear Mr. Pechman:

Attached please find comments of Bay State Gas Company d/b/a Columbia Gas of Massachusetts, The Berkshire Gas Company, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities, Connecticut Natural Gas Corporation, Fitchburg Gas and Electric Light Company, City of Holyoke, Massachusetts Gas and Electric Department, Northern Utilities, Inc., NSTAR Gas Company, The Southern Connecticut Gas Company, Westfield Gas & Electric Department, and Yankee Gas Services Company submitted in the above-referenced matter.

Sincerely,

SCHIFF HARDIN LLP

/s/ Debra Ann Palmer

Debra Ann Palmer
Noy Davis

DAP:cdr

Attachment

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**COMMENTS OF THE
NEW ENGLAND LOCAL DISTRIBUTION COMPANIES**

Submitted Following Quadrennial Energy Review Task Force
Public Meeting Regarding Infrastructure Constraints in New England
April 21, 2014
Providence, Rhode Island and Hartford, Connecticut

The New England LDCs, a group of local distribution companies¹ serving customers in New England, is deeply concerned about the effects of infrastructure constraints in the region. The New England LDCs applaud the Department of Energy (“DOE”) in its efforts through the Secretariat and the Quadrennial Energy Review Task Force (the “Task Force”) to examine energy infrastructure constraints in New England and regional approaches to addressing those constraints. The Secretariat and Task Force convened a two-part public meeting on this issue on April 21, 2014. The April 10 notice of this meeting invited written comments within 60 days of the meeting.²

The New England LDCs are active participants in national, regional and local level discussions as regulators and participants have discussed and attempted to develop solutions to the natural gas infrastructure issues in New England. Specifically at the regional level, the New England LDCs have discussed proposals with the New England States Committee on Electricity (“NESCOE”) and energy market participants and believe that some of the proposals can help to provide much needed additional natural gas infrastructure in the region. The New England LDCs fully support NESCOE’s ongoing efforts to implement a cost recovery mechanism that will permit the construction of needed natural gas infrastructure.

The New England LDCs have extensive experience in capacity and gas supply planning, negotiating, and contracting for and managing pipeline capacity. Members of the group have substantial experience in negotiating precedent agreements with interstate pipelines for new capacity. They also have experience with the regulatory issues associated with obtaining approval of the contracts and cost recovery mechanisms for pipeline capacity.

The New England LDCs support the DOE’s succinct description of a major underlying issue giving rise to the energy infrastructure constraints in the region. Specifically, DOE noted

¹ The New England LDCs are Bay State Gas Company d/b/a Columbia Gas of Massachusetts, The Berkshire Gas Company, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities, Connecticut Natural Gas Corporation, Fitchburg Gas and Electric Light Company, City of Holyoke, Massachusetts Gas and Electric Department, Northern Utilities, Inc., NSTAR Gas Company, The Southern Connecticut Gas Company, Westfield Gas & Electric Department, and Yankee Gas Services Company.

² Quadrennial Energy Review: Notice of Public Meeting, Federal Register, vol. 79, no. 69, 19881 (April 10, 2014).

in the April 15, 2014 memorandum: “Merchant generators in search of the lowest cost fuels have gravitated toward natural gas as a default, and no single generator has an incentive to invest in forward contracts.”³

This description hits the proverbial nail on the head. Needed additional natural gas infrastructure has not been built because the electric markets are not structured to provide the financial incentives for this infrastructure development. Further, as Northeast Utilities’ Thomas May noted in his April 21 statement, many efforts to address this issue through market pricing designs have failed. The New England LDCs agree with Mr. May that collaboration with policymakers will be essential to developing and implementing solutions for pipeline expansion in New England. Since deregulation, regulators have, when needed, used a variety of regulatory tools to ensure that markets operate well. Clearly, the time for developing and utilizing regulatory tools to promote infrastructure in the region is upon us.

The winter of 2013-14 demonstrated the costs and reliability concerns associated with inadequate natural gas infrastructure to serve generation needs in New England.

In order to ensure that new pipeline capacity is constructed in as timely a manner as possible, the New England LDCs support the regional efforts of NESCOE and the New England Governors to move forward expeditiously with development of a tariff mechanism for cost recovery from electric consumers. Development and approval of a cost recovery mechanism in the near future is essential to ensuring that new pipeline capacity can be constructed and in service for the 2017-18 timeframe.

Again, the New England LDCs wish to commend the DOE for its efforts to examine issues regarding energy infrastructure in New England. The time for action to solve this issue is now, and the New England LDCs would be happy to work further with DOE and other federal, state and regional authorities to further refine any proposals.

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³ Department of Energy, April 15, 2014 Memorandum from the Quadrennial Energy Review Task Force Secretariat and Energy Policy and Systems Analysis Staff, United States Department of Energy to Members of the Public re Infrastructure Constraints in New England.