



U.S. Federal Energy Regulatory Commission
New England Winter Gas-Electric Forum
Notice Inviting Post-Forum Comments
Docket No. AD22-9-000

August 24, 2023

The Northeast Gas Association (NGA) is appreciative of the opportunity to provide comments to the Federal Energy Regulatory Commission (FERC) regarding the New England Winter Gas-Electric Forum Docket No. AD 22-9-000.

NGA is an energy trade association, with offices in Massachusetts and New Jersey, representing members with natural gas interests from throughout the Northeast U.S. region. These companies deliver safe, reliable, and affordable natural gas to 14 million customers, from homes and businesses to schools, hospitals, and power plants.

Our members safely and reliably deliver natural gas to some of the most vital institutions throughout the northeast. In the greater Boston area currently served by the Everett Marine Terminal (Everett) facility includes institutions such as major universities, hospitals, biotech and research companies, and others. Any interruption in supply would directly impact these institutions, residents, regional and national economies.

We commend the FERC for its continued focus on the electric reliability in the New England power market. The FERC's forums on winter gas-electric reliability remain timely and helpful, and the sessions held last fall in Vermont and in June in Maine provided an opportunity to hear from key market participants and stakeholders about the reliability challenges in particular.

In its request for comments issued on July 10, 2023, the FERC requested comments on a number of questions raised by the Forum. Our response in this document will focus on the first of these questions, entitled "Panel1: Should Everett be retained, and if so, how?"

As a trade association representing the natural gas utilities (LDCs), interstate pipeline companies, liquefied natural gas (LNG) providers, and others, our position is that Everett should be retained in order to best ensure energy security for the region.

Value of Everett Facility to Overall New England Energy Market

The Everett LNG facility has provided direct-connect LNG supplies to power units of the Mystic power plant for the last twenty years, and LNG supplies to its longstanding customers, gas utilities and pipeline companies among others, for over fifty years. With the scheduled closure of the Mystic power plant in 2024, the financial viability of the Everett facility has come into question.

At the FERC forum held on June 20, 2023, ISO New England (ISO-NE) presented an EPRI study suggesting that the Everett facility is not essential to electric reliability in the coming years.



As summarized in the ISO Newswire of June 30, 2023: “The initial results of [the Operational Impact of Extreme Weather Events-Energy Adequacy study](#) focused on Winter 2027 and found relatively low risk of energy shortfalls on the electric system in that season, with or without the Everett facility. The study did not analyze the potential impact of the facility’s closure on the region’s natural gas system, as that system is outside the scope of the ISO’s expertise.” Subsequent to the Forum, the ISO-NE has reaffirmed these findings as part of their analysis through Winter 2032. Therefore, the underlying assumptions in the study regarding gas reliability of secondary (non-firm) pipeline services and assumptions about the availability of LNG to generators who may or may not pre-arrange for supplies are critical to such study and will need more in-depth examination, scenario analysis and potential adjustment. NGA, therefore, as described later, suggests joint efforts to help fill this critical gas/electric information gap so that the important study can be as meaningful as possible.

Statements by ISO-NE CEO Gordon van Welie and NERC CEO Jim Robb emphasized the strategic importance of Everett as a critical reserve unit, reflecting its indispensable role in a market still dependent on natural gas for about fifty percent of the power generation supply. Therefore, this issue must also be examined in the context of the broader regional energy landscape and not exclusively electric power generation.

NGA does not wish to comment on the electric power system per se but instead simply to note that in the high-demand winter period, the interrelation of fuels in the overall New England energy market is brought to the fore. In the winter during peak demand periods, there is stress on all energy delivery systems, and actions taken on one delivery system can have repercussions for others, be it electric, natural gas, oil, propane and more. In addition, NGA has concerns regarding the short time horizon of the study. If Everett is not retained, it cannot easily resume operations should the need arise after 2027 and it is not reasonable to believe that a replacement could be built in a timely manner if needed.

Value of Everett Facility to Overall New England Natural Gas Market

For the natural gas system, the Everett facility remains highly valuable and should be maintained, at least for the mid-term future until a time when it may be clear that the supply, balancing flexibility, and reliability role of Everett has been firmly supplanted by an installed alternative resource.

New England is a challenging market for new infrastructure development – not only for natural gas but also for electric generation and transmission. Delays in project permitting and construction are impacting planned electric transmission additions. Until sufficient resources are constructed and operational, it is imprudent planning to allow a major energy facility such as Everett to retire.

It is not hyperbole to say that Everett is located in the “heart of the market” – it is. It is a key piece of infrastructure, and its absence would be felt widely.

There have been efforts to add new natural gas infrastructure in recent years to meet New England market demand, such as interstate pipeline capacity, and while some of these projects

received FERC certificates, they were unable to receive state or other necessary permits and did not advance. The region cannot afford to lose infrastructure already constructed, permitted, and in service.

Everett has interconnections with the two largest interstate pipeline companies – Algonquin and Tennessee. Everett has a direct connection to National Grid, the largest gas LDC in the region.

Unlike New York or Pennsylvania, New England has no underground natural gas storage. LNG represents our local storage, both at the Everett facility, and within the local storage tanks owned and operated by the LDCs. Some of the LDC LNG supplies come from liquefaction off the interstate pipeline system, but a significant amount is sourced from Everett. The Everett facility includes an extensive trucking network whereby trucks receive supply and transport it to the utility storage tanks, in some cases during winter months.

LNG provides nearly thirty percent of design day supply in the winter for local gas utilities. Everett, because of its location, provides valuable balancing and system pressure support to the overall natural gas network. In recent comments submitted to the MA Department of Public Utilities (DPU), National Grid noted: “The Constellation Everett Facility is in a unique position to support gas system reliability due to both its location and significant sendout capability. The facility is located at a strategic delivery site for both National Grid as well as other customers (e.g., other local distribution companies (“LDCs”), power plants, industrial customers) of Algonquin Gas Transmission (“AGT”) and Tennessee Gas Pipeline (“TGP”) pipelines in areas north and west of Boston. Constellation is capable of providing critical hydraulic balancing on the AGT, TGP, and National Grid systems in eastern Massachusetts through direct connection to each of the respective facilities.”

In addition, in its recent comments to the MA DPU, Eversource stated: “EMT’s [Everett’s] location on the extreme east end of the pipeline network provides a supply source downstream of pipeline constraints on the coldest days of the year and serves as a critical backup in the event of a force majeure on one of the pipelines serving Massachusetts.”

These two comments underscore the importance of Everett to the overall hydraulics of the regional natural gas network.

Role of Other LNG Supply Options

New England is fortunate to have access to three LNG import facilities: Constellation’s Everett Marine Terminal; Exceleerate’s Northeast Gateway facility located offshore near Cape Ann, MA; and the Repsol Saint John LNG facility in Saint John, New Brunswick, Canada. All three are critically important sources of supply and reliability for the New England region; with only three LNG import facilities in the region, closure of a single facility could have catastrophic impacts on both cost and reliability for New England customers. New England LDCs also can contract for LNG to be delivered by truck, from such points as Quebec, Canada, Pennsylvania, and elsewhere.



National Grid's LNG's liquefaction facility in Providence, RI came on line in June 2023, providing another source of LNG supply to the region during the off-peak period. A new liquefaction facility is also under construction in central Massachusetts that will provide another source of LNG supply to the region during the off-peak period available to be delivered by truck.

However, the extensive infrastructure and supply interconnections of the Everett facility make it uniquely valuable for the Boston region. The local distribution companies serving the region rely on Everett and believe that keeping the facility operational is essential to ensuring reliable and affordable delivery of energy throughout the region. Everett has served as a critical "reserve" gas resource to the region for decades and is uniquely positioned from a geographic perspective to offer supply to the local distribution companies in the region.

While none of the LNG import terminals has unrestricted access to demand centers in New England (for example none can reach demand markets; on Iroquois, the Tennessee 300 line and on various pipeline laterals such as the Algonquin G system) Everett has the relatively best access to demand sources due its proximity and location in the heart of Boston with multiple outlets to pipelines and LDC's.

Regional Electric and Gas Coordination

NGA and ISO-NE know that coordination across the electric and gas industries in the region is critical and as such, we jointly convene and co-chair the "Electric-Gas Operations Committee" (EGOC). The EGOC provides the opportunity to share critical information and promotes greater regional reliability of the electric and natural gas systems through improved education, understanding, communications, and coordination. NGA and its members will continue to make the EGOC a priority because it is our contention that today regional energy security and reliability can only be ensured through the continued coordination of the interrelated natural gas and electric delivery systems.

Pipeline Constraints and the Challenges for Further System Expansion

The New England natural gas market is well-recognized as "pipeline constrained." There are no new pipeline projects under construction; furthermore, a new pipeline, or any significant energy infrastructure project, would likely take years to construct if it could even be permitted. Over the years several regional natural gas utilities have attempted to participate in proposed pipeline projects that would have delivered domestic natural gas to the region, but for a variety of reasons those projects were unable to advance. Meanwhile, demand for natural gas from New England residents and businesses continues to grow.

The New England region is severely constrained from a gas supply perspective and thus subject to higher price dynamics. In its 2022 energy market review published in March 2023, the FERC noted that the high-price fundamentals of the regional gas market due to capacity limitations. The agency stated that: "Due to constrained pipeline capacity into New England, segments of the region's pipelines often reach their maximum capacity in wintertime. Prices at Algonquin Citygates frequently reflect winter scarcity as well as the region's reliance on LNG imports to supplement pipeline supplies."



How to Retain Everett

A central factor in securing LNG supplies is contract commitments. As was discussed in Portland, Maine on June 20, Constellation, the owner and operator of Everett, is holding discussions with gas utilities regarding term contracts for supply from Everett.

Cost implications exist, but the primary implication concerns overall reliability. Other near-term supply options are being assessed by the LDCs but the retention of Everett seems the most practical and prudent.

The FERC asked for comments on options for the short-term (2023/24-2024/25) and beyond (2025/26). Retaining Everett for at least the short-term is the path we recommend. In such a highly-constrained market with over fifty percent of households in New England using natural gas and about fifty percent of power generation being derived from natural gas as well, the responsible step is to retain the facility at this time to allow time for alternatives to be confirmed and implemented.

In addition, the utilities continue to work with customers and provide options to lower gas demand, including energy efficiency, demand response programs, and electrification where practicable and supported by state regulations. While these efforts are important, they cannot overcome the gap that would result from the closure of Everett.

Uncertainty of Market Developments and Unexpected Events

The uncertainty of market developments, such as delays in electric generation and transmission projects, and the volatility infused into domestic natural gas and electric markets due to global events, such as Russia's invasion of Ukraine and its impact on both worldwide LNG supply availability and natural gas pricing, need to be recognized.

Supporting the Role of Existing Natural Gas Infrastructure in a Time of Energy Transition

NGA and its members support the transition to a net-zero carbon energy system. As this transition advances, we recognize our responsibility to our millions of customers, who rely on our delivery of necessary natural gas supplies and its associated reliability, resiliency, affordability, and safety. Natural gas – currently providing half of home heating and power generation regionally - will continue to be an important energy resource that powers and balances the electrical grid, heats homes and businesses, and powers industry, while also helping sectors such as power generation lower overall air emissions.

Our members are supportive of and actively participating in efforts to achieve our region's environmental goals. In addition to the reliability concerns, we are concerned that the early closure of Everett might result in increased emissions. In the event that Everett was closed, and sufficient LNG could not be sourced for power generation options for the New England grid in the short to mid-term would likely be an increase in the use of coal and oil peaker units. This would increase greenhouse gas emissions which is counter to the region's environmental goals.

Considering the geographic and infrastructural challenges, along with the lack of viable alternatives, NGA emphasizes the importance of maintaining Everett's operation. It is not merely a question of supply but a multifaceted issue encompassing reliability, affordability, resilience, and environmental stewardship. The continuity of Everett aligns with the energy policy and environmental goals of the region, and its closure would present risks that are both unnecessary and counterproductive.

NGA Suggestion on Helping to Fill the Gas/Electric Information Gap as Relates to the EPRI Studies

As indicated earlier, during the Maine conference the ISO indicated on several occasions a lack of detailed knowledge and understanding of both gas pipeline operations (ie. the level of reliability and risk of non-firm pipeline secondary service) and supply characteristics such as how LNG is procured and contracted for and how that product can flow to markets. This lack of information admittedly has presented a gap in developing and understanding the impact of non-firm gas flow risk and gas supply assumptions for reliability studies and sensitivity analysis.

While much progress has been made on information exchange over the years, it is clear more is needed at this critical time and therefore NGA has sent a letter to ISO-NE suggesting a joint educational effort through a forum process where interstate pipelines, LDCs, LNG importers, and other interested parties can exchange information with the ISO and electric planners about non-firm gas flow risk, LNG import contracting, hourly flow issues and related topics that are important to take into account in the ISO's reliability studies process.

Conclusion

While we applaud the efforts across the region to explore and pilot alternative energy resources, we must not compromise our energy security today based on projects that will take years to come into fruition. In the interim, we must protect our most vulnerable customers, including those in environmental justice communities, low income, and the elderly during a New England winter; the consequences of a failure are far too great.

To best ensure energy security for the region, NGA believes that the Everett facility remains critical and should be maintained until a time when an alternative installed resource can provide the same flexibility and reliability that Everett provides the region today.