



Northeast Gas Association statement, 10-12-17
Regarding Responsible Natural Gas Utility Planning,
and Irresponsible Energy Market Analysis

The Environmental Defense Fund's (EDF's) new report on New England electric and natural gas markets provides a profoundly misleading and inaccurate analysis.

Two utilities cited in their report (Avangrid and Eversource) did nothing irregular, improper, or legally questionable with their reservation of gas capacity on an interstate natural gas pipeline. In fact, they were acting with the full approval of regulators and in the best interests of their customers and their communities. They planned prudently to ensure they had sufficient, reliable supplies of natural gas during some of the harshest cold weather New England experiences. For EDF to portray these public utilities' responsible planning and operations as nefarious only highlights the biased agenda of the report and its sponsors.

Natural gas utilities in New England and nationally are responsible for ensuring the safe and reliable delivery of natural gas to millions of consumers and businesses. The utilities understand the responsibility they have to fulfill. The utilities are regulated by state and federal agencies to ensure safe and reliable operations, and that includes ensuring they have adequate supplies for their customers during all conditions, including challenging weather – when home heating and industrial demand is at its peak.

The report authors' claim that some natural gas and electric utilities in New England are systematically reserving excess natural gas pipeline capacity on the coldest winter days in order to increase the prices charged by a small portfolio of electric power plants is false and, frankly, ridiculous. The prices that any utility-owned power plant receives are strictly regulated and passed through to customers without added profit. Likewise, the utilities make no more or less profit when the price of natural gas sold to customers rises or falls. The cost of energy, as approved by regulators, is a pass-through expense. The allegations made regarding Avangrid and Eversource are reckless and unwarranted.

New England has had a robust debate for over a decade about how to address what is widely acknowledged as a shortage of natural gas pipeline capacity, particularly during the coldest winter months when we need maximum energy supplies for heating at the same time that 50 percent or more of New England's electric supply is coming from gas-fired power plants. Because of current financial incentives in the power market, most power generators in the region that run on natural gas do so without "firm," or guaranteed, pipeline capacity transportation arrangements. The regional power grid operator, Independent System Operator

New England, recognizes this reality by paying owners of gas-fired powered plants to switch to dirtier-burning fuel oil when the gas delivery system is under maximum strain.

Local gas utilities that serve residents and businesses, on the other hand, have signed up for and secured firm pipeline capacity to meet customer demand – because they don't want to leave their customers in the cold and it is responsible utility planning. When weather predictions are uncertain, as they often are in New England, it is common sense to err on the side of caution in reserving gas supply and to have a safety margin or cushion to cover unexpected operational issues. That is what Avangrid and Eversource did. We can only imagine the outcry if they had failed to reserve enough gas supply and homeowners, schools, hospitals, nursing homes, businesses, and industry lost access to fuel.

We welcome and encourage a fact-based debate about what natural gas infrastructure is needed to ensure our region has a reliable, affordable energy system going forward. The EDF report contributes misinformation and misdirection. The natural gas utilities are focused instead on solutions to help meet their commitment to the energy needs, safety, and well-being of the people of New England.