December 22, 2014

Mr. Farhad Aminpour  
Director, Energy Markets Division  
Massachusetts Department of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston, MA 02114

Re: DOER's Low-Demand Gas Study

Dear Mr. Aminpour:

The Northeast Gas Association (NGA) appreciates the opportunity to provide comments on the modeling results prepared by Synapse Energy Economics, Inc. for the Massachusetts Department of Energy Resource's (DOER's) low demand analysis.

The modeling results as presented by Synapse in its presentation to the stakeholder group in Boston on December 18 indicate that the Commonwealth requires increases in gas pipeline capacity in the base case and in all scenario cases. These results are consistent with the natural gas industry experiences in recent years, as the pipelines into Massachusetts continue to encounter consistent capacity constraints and as the Commonwealth’s natural gas utilities experience growing demand. In addition, by not having additional capacity, Massachusetts consumers will face billions of dollars of costs under some of the more likely scenarios.

Our comments on the Synapse presentation of the December 18 modeling results follow.

Confirmation of Need for Gas Pipeline Capacity in Massachusetts under All Scenarios:
The information displayed on pages 27 and 28 of the December 18 presentation identifies preliminary peak hour natural gas shortages in the Commonwealth for both 2020 and 2030, under all scenarios analyzed by Synapse. The capacity need as identified by Synapse ranges from 0.6 billion cubic feet per day (Bcf/d) to 1.1 Bcf/d. It should be noted that these requirements apply to Massachusetts alone. Massachusetts currently equals 50% of the total annual natural gas consumption in New England, and 43% of total regional gas consumption in the power generation sector, so the total regional natural gas capacity demand would be even greater than the needed incremental pipeline capacity as identified by Synapse.

LDC Growth Rates:
In earlier comments in this process, we noted that the larger Massachusetts local natural gas distribution companies (LDCs) were updating their growth forecasts following the very cold winter of 2013-14, to reflect growing peak and system demand. The LDCs are experiencing higher conversion numbers and also incorporating some capacity exempt customers under the guidance of the MA Department of Public Utilities (DPU).
The LDC gas demand numbers should reflect these new market conditions, and the three largest utilities in the Commonwealth – Columbia Gas of MA, National Grid, and NSTAR/NU – did submit updated growth forecasts to MA DOER for this study. It is our understanding that the updated utility forecasts have been utilized by Synapse in this modeling, but we are still uncertain as to the definition of the design day number beyond five years, and would welcome clarification on that point.

**Reliability Analysis and Contingencies:**
System reliability is one of the key criteria to be addressed in this study, along with greenhouse gas reductions and economic costs and benefits. In the modeling analysis, we are unclear as to whether alternative energy options were fully tested for reliability, such as the loss of a large generator under peak day conditions. Some of the options identified as alternatives to natural gas would likely not be fully available on a peak winter day, such as some renewables. It would be useful to test the reliability criteria for all options for design winter conditions.

**Positive Impact of Natural Gas on Emissions:**
The emissions charts associated with various fuels are helpful in terms of understanding rates of compliance with the state’s Global Warming Solutions Act. One issue not reflected, we feel, is the positive impact of natural gas on air emissions in terms of displacing what otherwise “might have been” had gas not displaced such fossil fuels as coal and oil on the regional power system.

NGA thanks DOER for consideration of our comments and for the opportunity to participate in the stakeholder sessions.

Sincerely,

[Signature]

Stephen Leahy
Vice President, Policy