December 5, 2018
Toronto, ON

Fuel Security & Natural Gas

The Northeast Power Coordinating Council General Meeting

Stephen Leahy
Northeast Gas Association
About NGA

- Non-profit trade association

- Local gas utilities (LDCs) serving New England, New York, New Jersey, Pennsylvania

- Several interstate pipeline companies

- LNG importers, suppliers and trucking companies

- Over 400 “associate member” companies, from industry suppliers and contractors to electric grid operators

- www.northeastgas.org
NGA’S ANTITRUST COMPLIANCE PROCEDURES

Adopted by the NGA Board of Directors on June 20, 2018

Objective

The Northeast Gas Association (NGA) and its member companies are committed to full compliance with all laws and regulations, and to maintaining the highest ethical standards in the way we conduct our operations and activities. Our commitment includes strict compliance with federal and state antitrust laws, which are designed to protect this country’s free competitive economy.

Responsibility for Antitrust Compliance

Compliance with the antitrust laws is a serious business. Antitrust violations may result in heavy fines for corporations, and in fines and even imprisonment for individuals. While NGA’s attorneys provide guidance on antitrust matters, you bear the ultimate responsibility for assuring that your actions and the actions of any of those under your direction comply with the antitrust laws.

Antitrust Guidelines

In all NGA operations and activities, you must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety. The following guidelines will help you do that:

- *Do* consult counsel about any documents that touch on sensitive antitrust subjects such as pricing, market allocations, anti-employee poaching practices, refusals to deal with any company, and the like.

https://www.northeastgas.org/compliance_docs.php
Topics

- Winter Outlook
- Natural Gas Market Update
- Infrastructure Developments in Last Year
- Regulatory & Environmental Issues
Winter Outlook

- Storage levels lower than average
- U.S. gas production higher this year – new annual output record likely
- LNG imports to region remain lower but still significant for winter peak market
- Commodity price higher than last year but generally in $3/Mcf range – although spot price volatility increasing in recent month
- FERC Winter Assessment, 10-18-18:
  - “Regional pipeline constraints in New York City, Boston and Los Angeles increase the risk of price volatility.”
Recent Metrics

**Storage Levels**

U.S. stocks currently 19% below 5-year average; East Region stocks 13% below average.

**Spot Price, Jan. 2017 – Nov. 2018**

Chart: US. EIA, 11-29-18
Natural Gas Market Update
Interstate Pipelines Serving NGA Region

Copyright: Northeast Gas Association
Prepared by: Coler & Colantonio, Inc.
February 2012
Natural Gas Service Areas
Northeast region producing ~29 Bcf/d. Further growth expected. PA is now 2nd largest gas producing state in U.S., behind Texas.

• Most LDCs in Northeast set multiple sendout records in first week of Jan. 2018.

• New England natural gas utilities collectively set 3 new sendout records that week – with new all-time peak set on 1-6-18, at close to 4.4 Bcf.

• Good gas-electric communication during winter and cold snap.
Gas Utility Growth Has Continued

Since 2010, natural gas has added over 1 million new household customers in the Northeast states.
Recently-Added Gas Generation Capacity

Footprint Power
Salem Harbor
Salem, MA
674 MWs
Online June 2018

CPV Towantic Energy Center
Oxford, CT
805 MWs
Online June 2018

CPV Valley Energy Center
Wawayanda, NY
680 MWs
Full commercial operation, October 2018
Infrastructure Developments
Projects Recently Completed / Entered Service in 2018

- Enbridge & DTE Energy: “NEXUS Project”
- Energy Transfer: “Rover Pipeline”
- Millennium: “Valley Lateral Project”
- PNGTS: “Portland XPress” [phase 1]
- Transco: “Atlantic Sunrise”
- Transco: “Garden State Expansion Project” [phase 2].
Most New Capacity Directed Outside the NY/NE Area

Existing and planned natural gas pipelines in the northeastern United States

Map: U.S. EIA, 5-18
Con Ed’s “Smart Solutions” – Planned Mix of Efficiency, Electric, CNG, LNG & RNG

Smart Solutions for Natural Gas Customers

- Solution 1: Enhanced Gas Energy Efficiency Program
  - Implementation Plan – filed March 2018
- Solution 2: Gas Demand Response Program
  - Implementation Plan (Pilot) – filed April 2018
- Solution 3: Gas Innovation Program
  - RFP - second quarter 2018
- Solution 4: Market Solicitation for Non-Pipeline Solutions
  - RFP – released December 15, 2017; responses received March 1, 2018
- Solution 5: Parallel Planning for Traditional Pipeline Solution

Read Con Edison’s Smart Solutions for Natural Gas Customers filings:
Proposed In-State Pipeline & LNG for System Reliability

Granite Bridge Pipeline

- New 16” pipeline linking existing infrastructure
- Located in NHDOT right-of-way along Route 101
- Utilize an Energy Infrastructure Corridor
- 27 mile route between Manchester and Stratham
- No eminent domain or FERC preemption
- Lowest cost option to meet customers’ needs
Regulatory & Safety Issues
Federal Review of Pipeline Permitting

In February, the Government of Canada introduced proposals to replace the National Energy Board (NEB) with a new agency, the Canadian Energy Regulator, and to enact an Impact Assessment system “to better incorporate environmental review into major infrastructure projects.”

- A single Agency, the Impact Assessment Agency of Canada, would lead all impact assessments for major projects.
- Bill C-69 approved in House of Commons, before Senate now.

In April, FERC issued Notice of Inquiry seeking public comment on its approach to the certification of new interstate natural gas pipelines (Docket No. PL18-1-000)

- Should the current process be updated/revised?
- What should be the criteria?
- What about environmental concerns/GHG?
- Balancing federal and state oversight.
- Comments submitted in July.
Merrimack Valley Incident

- Overpressurization incident on Sept. 13 on Columbia Gas of MA system in Lawrence, MA.
- One fatality, 20 injuries, 131 homes damaged (with 5 destroyed). About 8,500 meters in 3 towns had gas service interrupted. Services lines and in-home appliances (boilers, dryers, water heaters) needed to be replaced.
- System restoration progressing. Pipeline replacement of ~45 miles completed. As of Dec. 1, gas heat & hot water had been restored to over 90% of impacted residences.
- NTSB released preliminary report on Oct. 11. MA DPU has hired consultant to conduct safety & operational assessment of entire state gas distribution system. NGA seeking consultant to develop “Pipeline Safety Management System” for MA (and other states’) utilities.
- NGA remains grateful to all the utilities from multiple states for providing workers in response to mutual aid request. Thanks also to the American Gas Association and Canadian Gas Association.

Photo: NTSB
Questions?