

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

Petition of ISO New England, Inc. for            )  
Waiver of Tariff Provisions                        )

Docket No. ER18-1509

**COMMENTS OF THE NORTHEAST GAS ASSOCIATION**

The Northeast Gas Association<sup>1</sup> (NGA) appreciates the opportunity to provide comments in the above-referenced proceeding. Our comments focus on the importance of liquefied natural gas (LNG) to the New England natural gas and energy marketplace.

As background, this proceeding was initiated by a petition of ISO New England, Inc. pursuant to the Commission’s Rule 207 for waiver of certain provisions of the ISO’s Transmission, Markets and Services Tariff (“Tariff”) in order to ensure reliable electric service for New England consumers during the ISO’s 2022-2023 and 2023-2024 Capacity Commitment Periods. ISO-NE stated in its original filing to the FERC that “The genesis of the requested waivers is the submission by Exelon Generation Company, LLC’s (“Exelon”) of Retirement De-List Bids for the Mystic Generating Station (“Mystic Station”) on March 23, 2018. Those bids notified the ISO of Exelon’s intention to retire the generators at its Mystic facility when the existing Capacity Supply Obligations associated with the plant expire on May 31, 2022.”

ISO further notes that Exelon is in the process of acquiring the Distrigas LNG import terminal from its current owner, ENGIE North America Inc. Distrigas is the source of fuel supplies for the Mystic electric generating units owned by Exelon that operate on natural gas.

ISO has stated that “Exelon’s planned retirements come at a time when the ISO and New England stakeholders are grappling with a growing threat to the reliable operation of the New England electric system.”

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<sup>1</sup> NGA is a regional trade association that focuses on education and training, technology research and development, operations, planning, and increasing public awareness of natural gas in the Northeast U.S. NGA represents natural gas distribution companies, transmission companies, liquefied natural gas importers and associate member companies. Its member companies provide natural gas service to over 13 million customers in 9 states (CT, ME, MA, NH, NJ, NY, PA, RI, VT).

The interconnectedness of the electric power and natural gas systems in New England is well-known to the Commission and has been the subject of several proceedings and analyses over many years. Efforts to increase electric-gas coordination on an operational level have helped both electric grid and natural gas system operators plan more effectively to manage system reliability.

As a regional trade association in the Northeast region for natural gas companies, ranging from natural gas utilities to interstate pipelines to LNG import terminal operators, NGA wishes to convey to the Commission the centrality of LNG to regional natural gas system reliability. In the review of the power market issues raised in this docket regarding the future availability of the Mystic generating units, the value of LNG to the overall regional energy market should not be overlooked.

The New England region uses more LNG than any other region in the country. There are three operating import terminals providing LNG to the market: Distrigas in Everett, MA; Northeast Gateway offshore Gloucester, MA, owned by Excelerate Energy; and Canaport in Saint John, New Brunswick, Canada, owned by Repsol and Irving Oil. (A fourth facility, the Neptune LNG Deep Water Port, owned by ENGIE and located offshore Gloucester, MA, is currently inactive but is maintained and could be reactivated given market demand.)

LNG is important to the regional electric grid as reported by ISO-NE in its filing. For the natural gas utilities, LNG is essential to their winter supply portfolios and design day planning. In the New England region, Distrigas has over 3 billion cubic feet (Bcf) of LNG storage onsite. The natural gas utilities in the region own and operate another 16 Bcf of LNG storage in forty-six satellite storage facilities located in five of the six New England states. As there is no underground storage in New England, and as there are interstate pipeline constraints experienced at key points in the wintertime, LNG is an important source of in-region storage and supply. Prior to each winter, the gas utilities refill their storage tanks. Many LDCs rely upon trucked-in supplies obtained from the Distrigas terminal; there is some limited utility capability for liquefaction off the pipeline system.

For the larger gas utilities in New England, LNG provides from 25 to 40% of design day supply requirements.

The New England natural gas utilities continue to add customers each year and as a result have seen their design day demand grow from 3.8 Bcf in 2008 to 4.6 Bcf in 2018. In the recent winter of 2017-18, during the cold snap period of late December and early January, the New England natural gas utilities collectively set three new daily sendout records. LNG remains an essential part of the gas utilities' ability to plan for, and meet, growing demand.

Natural gas asset owners and natural gas utilities in the region are doing their part to secure transportation and supplies to reliably serve natural gas customers. NGA has often observed that regional energy market reliability would be enhanced by power generators increasing their commitment to additional firm gas transportation capacity – both pipeline and LNG.

The waiver sought by the electric grid operator is a short term solution supporting power market reliability, but a longer term remedy still needs to be enacted, in our view.

In conclusion, the Dstrigas LNG terminal is integral to the New England natural gas market in terms of supply and reliability. We respectfully urge the Commission to consider in its assessment of the energy market issues raised by this tariff waiver request the importance of maintaining regional LNG access within the time period under review.