



PROCESS  
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## REGULATORY UPDATE

**FERC Approves Spectra's Expansion in New England:** on March 3, FERC approved Spectra Energy Partner's Algonquin Incremental Market ("AIM") plan, the first of a group of major natural gas pipeline projects that seek to save New England from winter delivery constraints. The estimated \$972 million AIM project would allow Algonquin to provide 342,000 Dth/d of firm transportation service from New York to city gates in Connecticut, Rhode Island and Massachusetts. The project will put in place about 37 miles of pipeline in the form of loops and laterals and add 81,620 horsepower of compression at six stations in New York, Connecticut and Rhode Island. Algonquin would also install related equipment and abandon certain facilities. Spectra Energy has posted an estimated in-service date of November 2016. You can read FERC's order approving the project [here](#).

**Pipeline developers pitch 'innovative' solution to supply generation in New England:** Developers of a proposed "Access Northeast" natural gas transportation project aim to serve electric power generation and potentially save New England roughly a billion dollars per year once it is in operation. Their Access Northeast project joins two of the largest electricity companies in New England with a major New England pipeline company, and follows an idea pursued by the New England States Committee on Electricity, or NESCOE, until that process collapsed last summer. According to the proposal, Access Northeast will provide new Electric Reliability Services (ERS) for firm transportation of natural gas and natural gas supply supported by regional storage facilities for their customers. This proposed service provides greater fuel certainty and performance flexibility for generators through reserved No Notice Transportation with an hourly supply option.

ICF International prepared a study about the Project that reaches the following primary conclusions: (1) New England needs incremental firm natural gas supplies for the electric sector during winter months; (2) New England's reliance on non-firm winter gas supplies poses increasing risks on electricity consumer costs; (3) Diminishing New England gas supply sources increase consumer exposure to non-firm gas supplies; (4) Expected growth in the Marcellus/Utica production basins provides a reliable and economic supply source to New England and are located very close to the region; Lack of gas infrastructure to fuel power generation makes New England consumers especially vulnerable to cold weather situations; and (5) Access Northeast will enhance New England's grid reliability, complement the ISO-NE's market improvements to incentivize generation availability, and support the region's renewable energy goals. The report also concluded that the Project could save New England billions of dollars each year. You can read ICF International's report [here](#).

**Gas transmission system can adapt to handle EPA CO2 rule, experts say:** the U.S. natural gas transmission system will be able to adapt to handle the growing demand from power plants that could

be needed to meet carbon dioxide reduction targets set by the U.S. EPA's Clean Power Plan, according to recent analyses released by a government agency and an industry consultant. For many states, the EPA's carbon reduction goals depend on running existing natural gas combined cycle plants more often. Critics argue that the gas transmission system cannot provide enough fuel to run these plants so much more, and that insufficient fuel will lead to blackouts or other reliability problems. In a preliminary assessment released Nov. 4, 2014, the North American Electric Reliability Corp. echoed the concerns of some states and business groups that there was insufficient unused capacity to support the EPA's needs. NERC and these groups fear the gas pipeline industry could not permit and build pipes quickly enough to support increased demand. In addition, many are worried that the system would not be able to handle peak demand, such as when, in the winter of 2013-2014, Midwestern and Eastern power generators faced fuel shortages as insufficient pipeline capacity during deep cold spells. "What we're really talking about is peak capacity," FERC Commissioner Philip Moeller said at the February 19<sup>th</sup> National Overview Technical Conference on the Clean Power Plan. "When it's really needed, when it's really, really cold, and there's stress on the system." However, the U.S. Department of Energy and consultant The Brattle Group each found, though different reports issued last month, that the system has enough unused capacity for more generation, and that the power and gas industries have the technical expertise to solve the problems of peak demand.

**REMINDER: FERC Holding National Overview Session on the EPA's Clean Power Plan**

**Implementation:** FERC has held/is holding three regional technical conferences to address potential impacts of the U.S. EPA's proposed Clean Power Plan on electric reliability, wholesale electric markets and operations, and energy infrastructure, along with a National Overview session:

- National Overview session: February 19, 2015, 10:00 a.m. – 5:45 p.m. (FERC headquarters)
- Western Region: February 25, 2015 (Denver, CO)
- Eastern Region: March 11, 2015 (Washington, DC)
- Central Region: March 31, 2015 (St. Louis, MO)

## JUDICIAL UPDATE

Texas Eastern Transmission 5<sup>th</sup> Circuit Case Set for Briefing: in 2012, PGC intervened in a 5<sup>th</sup> Circuit appeal involving Texas Eastern Transmission. The case concerns appeals of several Commission orders that required Texas Eastern to file tariff records that comply with the Commission's policy on reserve charge credits. Texas Eastern refused to provide full reservation charge credits for non-*force majeure* outages or during routine maintenance. The case is important because it could uphold or reject FERC's policy on reservation charge credits during these events. The case has been held in abeyance since 2012, pending a Commission order on rehearing. FERC issued an order denying Texas Eastern's motion for rehearing in November, and the case was removed from abeyance. On February 25, the 5<sup>th</sup> Circuit issued a briefing notice in this proceeding, which starts the briefing clock. Texas Eastern has until April 6, 2015 to file its initial brief (unless it seeks and is granted an extension). FERC then has 33 days to respond from the date Texas Eastern files. Under 5<sup>th</sup> Circuit rules, intervenors have 7 days after the filing of the principal brief of the party supported by the intervenor. So, PGC would have 7 days after FERC's brief is served to file our response.

## ON THE HORIZON

- PGC Membership Meeting: March 13, 2015
- Next Commission Meeting: March 19, 2015
- FERC Technical Conference on the EPA Clean Power Plan: Eastern Region Perspective - March 11, 2015, Central Region Perspective – March 31, 2015
- Fuel Assurance Comment Deadline: March 20, 2015