

**From:** Bob Pauley [<mailto:bob.pauley@eispc.org>]

**Sent:** Friday, July 19, 2013 11:28 AM

**To:** David Whiteley

**Cc:** Valerie Lemmie

**Subject:** EISPC Comments on EIPC's Scope of Work and on the Webinar Agenda (please also note the request for information from ICF)

Dave:

Tuesday morning, the EC approved the attached staff comments sent Monday as our official comments. I have attached EISPC's comments on the Scope of Work and some additional comments in support on the comments made by EISPC members (at the bottom of the email). We sincerely appreciate the opportunity to comment. We also wanted to provide our comments on the webinar (next paragraph) that is reflected in our comments as well as those of individual states.

From our perspective, the Webinar Agenda isn't as ambitious an agenda as we had hoped. We hope the Webinar Agenda would be expanded to:

- 1) Include a discussion of the potential benefits (mutual cost savings, usefulness, credibility), and costs (including delay, CEII, and coordination issues) of greater involvement by the States and the SSC in the fundamental parameters of the Study; and
- 2) The opportunities for coordination – to the extent reasonably feasible – in the conduct of both the EIPC and EISPC Studies and Whitepapers.

As you will note from EISPC's comments and those of the individual states, there is considerable interest in having the SSC process be more collaborative and expansive while still meeting the deadlines. We were hoping the Webinar would provide an opportunity for the States and the SSC members to discuss how their participation might be different if their input was requested on such things as the development of the baseline infrastructure (e.g., review of resources, natural gas and electric load forecasts), planning assumptions, contracting information, and data. Additionally, since the natural gas industry transcends the EIPC Study region and the Eastern Interconnection, the natural gas industry and others may be helpful in helping the EISPC consultant better characterize the non-study region.

Especially since we will have gas industry experts (LDCs, pipelines, producers, energy intensive industrial customers) attending EIPC and EISPC meetings, it would be a missed opportunity if we did not solicit their active involvement in this effort. The states, and others, may also have perspectives that would benefit the EIPC Study. We worry the usefulness of the Study, as well as its credibility, may be at issue if the foundations of the Study are not broadly accepted.

EISPC also believes there are mutual benefits for EISPC and EIPC to collaborate on the conduct of the two Studies and the EISPC Whitepaper. EISPC's study would benefit greatly from having information from Planning Coordinators and individual utilities / generators. The expertise and experience of EIPC would add substantially to the credibility of EISPC's Study and Whitepaper. Similarly, EISPC believes there are benefits to EIPC. Having both EISPC and EIPC use the same baseline infrastructure for both gas and electric seems to have merit. Using the same gas and electric load growth assumptions for the first 10 years seems to be mutually beneficial. Consistency with other assumptions and data should also benefit both Studies. In short, EISPC believes there are advantages if there is a high degree of comparability between the two Studies (at least for the 5-10 years of the EIPC Study).

The EIPC Scope of Work mentioned a concern that there may not be enough money to perform all of the analysis deemed to be useful. Perhaps, by collaborating with EISPC, it would free up some money for both EIPC and EISPC studies to conduct more useful work.

Having worked with EIPC we are confident that the intent is to have a Study that is broadly useful and credible. EISPC urges the Webinar Agenda be expanded to discuss more active involvement by the states and the SSC while emphasizing the need to adhere to the deadlines.

David:

In addition to the attached EISPC comments on the EIPC Scope of Work, the EISPC generally endorses the comments of Delaware, Maryland, Michigan, New Hampshire, and New York. There are some specific issues that were raised by individual states that EISPC has not considered in our comments but we do not find them to be inconsistent with the attached EISPC comments (below).

- 1. The only useful items in this list are peak hour and 24 hour daily consumption. Pipelines and local distribution companies plan for peak hour and generators are generally limited to 1/20<sup>th</sup> of their daily gas take in any given hour. The consultant should not be given a choice, as this implies, but must do the first two in this list for it to be useful.*
- 2. It is unclear how useful a low gas demand side analysis is for a study that has the intention of identify gas transportation constraints. It might be more useful to add a fuel shortage analysis rather than a low gas demand side analysis.*
- 3. It is unclear how useful a low gas demand side analysis is for a study that has the intention of identify gas transportation constraints. It might be more useful to add a fuel shortage analysis rather than a low gas demand side analysis.*
- 4. On what basis will the forecasts be made (LDC specific, PPA area, capacity zone)?*
- 5. In addition, the consultant should discuss the relationship between curtailment priorities on the pipeline and LDC systems and the availability of natural gas for generators, who will be some of the first gas customers curtailed given any kind of shortage.*
- 6. There should also be a discussion of how price sensitivities affect a generators choice of fuel. For example, many of the dual fuel plants have kerosene/jet fuel as their back up fuel, which is even more costly and hard to get than No. 2 oil, and will cause them to have a disincentive to burn their alternate fuel.*

The comments by Maryland, Delaware, Michigan, and New York substantiate EISPC's point that there are decisions that should be made by the SSC as part of the collaborative process to obtain the perspectives of the states, the pipelines, the LDCs, energy-intensive industrial customers, and others. By way of examples, 1) the LDCs and industrial customers are likely to have valuable input into the 5 – 10 year demand for natural gas and the attendant infrastructure requirements. 2) The contracting expertise and experience of the LDCs, industrial customers, and pipelines are likely to inform the process and contribute to the credibility of the Study. 3) The natural gas industry may have information on the regions of the Eastern Interconnection,

ERCOT, and Canada that would help EIPC's Study better characterized the areas that are not participating in the EIPC Study.

The states may also have valuable input for their jurisdictional gas utilities in the Study region and outside of the Study region to augment the information provided by the natural gas industry and others.

As we all experienced during Phase I and II, the National Laboratories and DOE will also have useful information that should be considered.

We appreciate the need to do this expeditiously but we hope that there would be greater opportunity for input into the fundamental analysis such as baseline natural gas and electric infrastructure.

If EIPC would be interested in exploring the ability / desirability of coordination, it might be useful to have the consultants for EIPC and EISPC meet with EIPC, EISPC and, perhaps, the SSC to discuss how this coordination might be efficiently handled. The comments by Maryland and New Hampshire reinforce this comment.

*We understand that the active participation of the natural gas industry in final SOW development and project management is intended. As this study is principally focused upon the adequacy and methods for the natural gas and electric systems to expand their existing integrated working relationship, natural gas system expertise will be important to successfully achieve the study objectives. In addition to adding natural gas industry membership to the SSC, EIPC may wish to consider a more direct role for the natural gas industry in the study leadership group itself.*

*Since this initiative is being undertaken by six PPAs and there is a need to look at areas that are not geographically within the footprints of those PPAs, it may be useful to involve a consultant with gas infrastructure and economics expertise to allow those six PPAs to better consider gas facilities located outside their regions and the implications for the gas-electric interface right from the beginning even as inputs are being finalized for the baseline assessment. While the baseline assessment target is stated to be the consultant's responsibility, it is not clear to me whether gas facilities from outside the six-PPAs' regions will be vetted properly at the input level. The consultant's involvement may play an important role even in the determination of inputs, and may provide some head-start with respect to the Consultant's first deliverable (baseline assessment).*

The ESIPC would benefit from the experience, expertise, and databases of EIPC members. Yesterday evening, for example, EISPC received this request for information from ICF. Would EIPC be willing to provide this (and other) information to EISPC's consultants?

*[ICF has] begun to identify some information needs for the study for some of the early tasks and wanted to have you approach EIPC/CRA for some data from the EIPC scenarios.*

*In order to provide the greatest degree of comparability with the EIPC transmission scenarios, we need unit level hourly gas consumption data from the three EIPC scenarios. While the stakeholder reports on the EIPC website ([http://eipconline.com/PhaseII\\_Modeling\\_Results.html](http://eipconline.com/PhaseII_Modeling_Results.html)) provide hourly electric generation by technology class on a NEEM-region basis, they don't offer the level of granularity that*

*would allow for a precise modeling of the gas infrastructure needs for the three scenarios or direct comparability with the gas dispatch modeled therein.*

*We would like to have EISPC request from EIPC/CRA the GE-MAPS files used for Task 9 of the EIPC modeling. In particular we would like to obtain a copy of the hourly unit-level GE-MAPS data and the Ventyx unit ID mapping for units included in the analysis. The most important of these will be the unit-level hourly gas consumption results for all three scenarios. We are happy to receive outputs from GE-MAPS in unit-level form and process the data ourselves provided the unit identification (Ventyx ID) and mapping (unit NEEM region identification) is available. Please note that ICF International licenses both GE-MAPS and the Ventyx Velocity Suite such that there should be no issue transferring this information. Please let us know if you have any questions.*

The EISPC believes that it would be useful, as Maryland suggests, to memorialize the current empirical analysis of the natural gas supply (including the implications of LNG facilities for exporting or importing natural gas). This may be another topic for EISPC and EIPC coordination. Over the next few years, the credibility and usefulness of the Studies will benefit from demonstrating what we considered and what we didn't consider.

EISPC would be interested in knowing how the other members of the SSC responded. For example, were there common themes among the various participants?

Best regards and thank you for the opportunity to comment on the EIPC Scope of Work,

Valerie Lemmie and Bob Pauley