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Cc: David Whiteley (d.a.whiteley@att.net)

Subject: Questions re scope of work

I tried to ask a question, but apparently no one saw my raised hand or heard me when I spoke. At any rate, two questions occurred to me about the scope of work:

1. I didn't hear anything about incorporating additions to pipeline capacity over the five and ten year horizons. Certainly, there are announced projects plus I know that some consultants can model likely additions going forward based on the anticipated basis differentials. I'm assuming you will ask the consultant to look at this. On a related note, the consultant also should look at existing pipeline capacity that may become available within the study period due to the expiration of contracts and the possibility that existing pipeline shippers do not renew at the same level. Given the shifts in flows of gas that may occur due to the changing sources, it would not surprise me if capacity being utilized today becomes available at a later date.
2. Second, the scope of work mentioned looking at storage and processing capacity within the study area. While there will be a lot of gas supply originating within the study area, there also will be a lot of gas supply originating outside the study area that could be delivered by pipelines that originate outside the study area. It begs the question whether it's worth looking at processing capacity unless one looks at the capacity also is tied in with pipelines that supply the study area but originate outside it. On the flip side of the question, why is it relevant to look at processing capacity at all if the operating assumption is that there will be adequate gas supply to fill the available pipelines up to their capacity. To some degree, these questions about infrastructure from outside the study area apply to gas storage as well.

Don Santa