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Sent: Friday, February 27, 2015 4:02 PM
To: Grant, Ian S; rll@levitan.com
Cc: David Whiteley
Subject: RE: EIPC Gas-Electric System Interface Study Target 2 Report Posting

David, Ian, Richard,

Thanks very much for the opportunity to comment on behalf of GDF SUEZ Gas North America on the EIPC Gas-Electric System Interface Study Target 2 Report. Thanks also to Richard and his team for meeting with our CEO, Frank Katulak as the project was getting underway to better understand the capabilities of the Distrigas LNG import terminal in Everett, MA and for including the sensitivity analysis on increased utilization of Canaport and Distrigas as captured in Reference Gas Demand Scenario (RGDS) Sensitivity 16.

In the Target 2 Report, the Reference Gas Demand Case Sensitivity Zero, or base case, is described graphically in Table 7 on Page 34 and in narrative form on Page 35, and includes the following: *“Regarding LNG import constraints, the decline in LNG imports reflects a valuation difference in the U.K., E.U. and Asia relative to the U.S., in particular New England. Destination-flexible cargoes are therefore expected to head elsewhere, not New England.”*

We note that these “constraints” are economic, not physical. We recommend modeling actual revaporization nameplate capacity for the LNG import facilities. LNG imports can be made destination inflexible through advance contracting on a seasonal, annual, or multi-year basis. It is notable that the operating experience of this winter contrasts with that of last winter in this way - advanced contracting resulted in higher utilization of LNG infrastructure and that has had a significant positive impact on the ISO-NE system. Given the sharp contrast between winters, it is at least as reasonable to expect more advanced contracting for LNG supply and utilization of the import terminals as it is to assume less or none in the 2018 and 2023 timeframes.

The Target 2 Report notes on Page iii that, “In case sensitivities, the postulated reutilization of the LNG import terminals at both Canaport and Distrigas materially lessens the amount of affected generation.” It would appear that Winter 14/15 has thus far confirmed that analysis. With that in mind, we ask you to reconsider the assumptions behind the LNG Import constraints. Instead, it seems reasonable based on RGDS S16 and the actual experience of this winter where historic natural gas demand has been met in the New England region, that actual nameplate capacity for revaporization from the LNG import terminals be built into the base case model.

Thank you for your consideration of these comments,

Best,
Joe Dalton

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