

**To: EIPC member Planning Authorities, EIPC Staff and EIPC Stakeholders**

**From: EIPC NGO Sector**

**Re: Concerns about the Gas-Electric System Interface Study**

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We are honored and happy to have the opportunity to continue to be a part of the EIPC process – the first-ever planning exercise to reach across the entire Eastern Interconnection.

The purpose of this memo is to document concerns that have crystallized in the aftermath of the recent kick-off meeting for the Gas-Electric Study and during our review of the documents regarding this study.

Our biggest concern is that it appears that the current vision for the Gas-Electric Study is sharply limited and overly focused on short-term issues, a flaw that can undermine the value, power and importance of this significant work. An analysis of this sort that is restricted to a short time horizon runs the risk of charting a course that collides with policies, plans, goals and intentions that must play out over a longer stretch of time. Of course, the quintessential and most important example of this kind of policy, which must play out over a longer timeframe, is the climate change-driven imperative to reduce greenhouse gas emissions. Ignoring this fundamental driver of energy system turnover will lead to distorted modeling that delivers outputs that will be less credible and useful. Another key related concern, is that the Gas-Electric Study as described would largely ignore the painstaking, collaborative and very useful work of the previous phase of the EIPC process.

We do not suggest turning away from the fundamental task of assessing near-term questions of gas availability and cost and the closely linked questions of electric reliability and cost. Rather, we strongly believe that ignoring the longer-term issues implicated in this process will result in skewed and much less useful analysis. To that end we strongly suggest the following:

- Rather than building up from PA snapshots of their current systems and plans, the modeling should start with the “roll-up” that was developed cooperatively by the PAs, the States and other stakeholders;
- At least one case should look at a scenario based directly on the “Combined Policy” case from the earlier EIPC modeling – building on the work of incorporating the carbon, RPS/RES and efficiency policies into a coherent and well-modeled look at a possible scenario;
- The modeling exercise should look further into the future than the years under explicit study, creating the ability to evaluate what steps taken in the name of short-term reliability may or may not result in the creation of stranded assets and future costs;
- A range of carbon prices should be included in the modeling – one lesson of the EIPC process was that “turning the wheel sharply” with a price that is markedly different from the base case is essential if you are going to get results from the model that show a range of possible outcomes and give maximum information about the range of possible futures;

- The modeling must rely upon the electricity demand growth projections that were developed in the EIPC process and the efforts to incorporate energy efficiency into such projections, not older approaches that fail to account for increasing efficiency efforts; and
- Similarly, the modeling should look at the full range of demand side efforts and resources, including full capture of cost-effective potential efficiency, in evaluating gas demand going forward and the role of gas demand response as a tool for addressing peak demand with updating of the technology, economics and availability of these rapidly expanding and maturing set of tools.

We look forward to working with the PAs, the EIPC staff and their consultants and the full range of stakeholders to develop the assumptions, cases and sensitivities that will be the basis for the Gas-Electric study.