

TESTIMONY OF  
STEPHEN GIBELLI, ASSISTANT GENERAL COUNSEL

Energy and Technology Committee  
March 17, 2015

**RE: H.B. No. 6985, AN ACT INCREASING NATURAL GAS TRANSPORTATION  
CAPACITY**

Eversource Energy thanks the committee for the opportunity to provide testimony on H.B. No. 6985. Eversource is committed to finding ways to support Connecticut's energy goal of providing cheaper, cleaner and more reliable energy resources to the citizens of our state. We believe this bill will support that effort. It follows the work last year of the New England governor's and New England States Committee ("NESCO") to craft a solution to high electric prices that are hurting electric customers and impacting the region's competitiveness.

This bill would provide state authority to permit electric distribution companies to enter into contracts for gas capacity for the benefit of the state's electric customers. Eversource believes that the electric distribution companies are best positioned to purchase such capacity since this will directly benefit our customers by ensuring a supply of natural gas for generation, particularly during peak winter periods, and will lower costs. This bill is consistent with the state's energy goals of providing cheaper, cleaner and more reliable energy for our citizens.

It is no secret, or surprise, that the electric generation costs in our region are among the highest in the nation. The average generation rate in Connecticut has been the highest in the continental U.S., and recently came in only behind the remote states of Hawaii and Alaska. Lack of sufficient

natural gas pipeline infrastructure in New England is driving electricity prices ever higher, limiting economic competitiveness and growth, and straining systems to the point where serious reliability issues threaten public safety and security. Currently most of the generation in our region is fueled by natural gas. Natural gas generation reliance has increased from 15% in 2000 to over 46% in 2013. This increase in reliance has come without any significant new pipeline capacity.

Upcoming retirements of New England generation will make this problem worse as most of the new capacity generation in the ISO queue will be fueled by natural gas. This winter, we saw generation rates spike up to 10 percent due to the inability to get natural gas delivered into our region. The problem is the region's electric gas fired generators utilize interruptible contracts, which means that gas may not be available to them during times of high gas demand. In contrast New England gas LDCs, which are regulated, have an obligation to serve their firm customers even on the coldest days of the year, which is the reason they sign up for firm contracts for gas. This means that gas is available to their customers whenever they need it. Conversely generators, who are not regulated, purchase their supply during winter periods at higher costs on the spot market. But in many cases on the coldest days of the year simply due to pipeline constraints, generators cannot get natural gas and are forced to shut down. ISO-NE has had to take a number of costly steps this winter to ensure the reliability of the grid. This bill will facilitate increases in pipeline capacity, thereby, allowing for greater natural gas availability to electric generators serving our region.

We believe that there is an opportunity to save the regions electric customers an average of about a billion dollars per year during normal weather conditions and even more during severe cold

weather. Furthermore, an analysis performed by ICF International estimates that savings during the extreme 2013-2014 winter, customers in our region could have saved approximately \$2.5 billion if we had additional gas pipeline capacity available. Therefore, it is imperative that we find ways to alleviate the bottleneck to reduce energy costs in our state.

In addition, there are environmental benefits of increased pipeline capacity. We believe that this bill will allow us to continue to bolster New England's trend of reduced carbon emissions.

Additional carbon reductions will come as generators and customers rely more on cleaner-burning natural gas and do not have to continue to use older coal and oil generating plants during period of natural gas restraints.

Thank you.