



Tennessee Gas Pipeline
Company, L.L.C.
a Kinder Morgan company

May 23, 2014

Ms. Heather Hunt
Executive Director
New England States Committee on Electricity
655 Longmeadow Street
Longmeadow, MA 01106

Re: Approach to Increasing Natural Gas Infrastructure
Incremental Gas for Electric Reliability (IGER)
Electric Distribution Company (EDC) Proposal

Dear Ms. Hunt:

We are writing to you to offer our support and comments in response to the April 30, 2014, memorandum from the New England States Committee on Electricity (NESCOE) requesting feedback and comments on the New England states' Incremental Gas for Electric Reliability (IGER) concept and related electric distribution company (EDC) proposal wherein, subject to receipt of necessary cost recovery assurances and remuneration acceptable to them, electric distribution companies would consider entering into long term contracts with interstate pipeline companies for new firm transportation capacity. These firm contractual commitments would provide the market support for much needed pipeline infrastructure to support the increasing reliance on gas-fired electric generation within the New England region, providing increased reliability and enhanced access to competitive gas supplies from the Marcellus and Utica regions.

Kinder Morgan is the largest natural gas pipeline and storage operator in North America and owns and operates Tennessee Gas Pipeline Company, L.L.C. (Tennessee), the largest interstate pipeline system serving New England. We have been actively engaged in the gas-electric coordination initiatives of the Federal Energy Regulatory Commission as well as the New England Gas-Electric Focus Group discussions over the past 18 months. In addition, Tennessee is participating in the adjudicatory proceeding established by the Maine Public Utilities Commission to consider the appropriate parameters of an energy cost reduction contract that may be executed by either the State of Maine or one of its regulated transmission or distribution utilities pursuant to the Maine Energy Cost Reduction Act, recently enacted legislation to support development of new pipeline infrastructure into the ISO-New England region.

Kinder Morgan commends the New England Governors' infrastructure initiative and the efforts of NESCOE to advance the Governors' objectives to promote the development of additional pipeline infrastructure and enhanced reliability of the electric grid through the IGER concept. Further, we are greatly encouraged by and supportive of the EDC proposal and view each of them as a means to provide a workable mechanism to support investment in new pipeline infrastructure and provide a solution to the reliability conundrum within the existing electric generation model.

Kinder Morgan and Tennessee have invested over \$1.5 billion of capital to develop pipeline infrastructure to provide an outlet for Marcellus and Utica gas supplies. However, the majority of these

pipeline expansions have been designed to move gas to a liquid trading point and have not addressed the critical infrastructure needs of the New England region. More recently, Tennessee has partnered with several of our Connecticut gas distribution customers to develop our Connecticut Expansion project which is proposed to place new pipeline capacity in service in November 2016.

Of greater significance, Tennessee is currently developing our Northeast Energy Direct Project, (formerly, the Northeast Expansion Project), which is designed to bring up to 2.2 million dekatherms of incremental gas supply to the region. This project is designed to address the infrastructure needs of the New England region and is of the scale required to have meaningful impact on the gas basis differential to provide lower costs to consumers and economic growth for the region. It has been widely recognized as a potential solution to the critical needs of the region in prior infrastructure studies completed by Black and Veatch, at the request of NESCOE, and Competitive Energy Services at the request of the Industrial Energy Consumer Group. The project will leverage off of Tennessee's existing pipeline footprint in New York and New England to provide firm transportation service receipt points at Wright, New York to various delivery points located on Tennessee's 200 Line and delivery laterals, in the States of Massachusetts, New Hampshire and Connecticut. In addition, based on customer interest, Tennessee is extending the project path from Wright, New York back to Tennessee's 300 Line in Northern Pennsylvania to provide direct access to Marcellus and Utica production. Tennessee is in active negotiation of precedent agreements with shippers whom submitted service requests in our recent open season. The project is planned to be in service in November 2018. The scalable nature of the Northeast Energy Direct Project is ideally suited to accommodate capacity commitments which may result from implementation of the IGER/EDC proposals.

Tennessee has been providing reliable gas service to the New England region for over 60 years and Kinder Morgan is committed to continuing that legacy. The past winter clearly demonstrated the critical need for additional pipeline capacity in the New England region as Tennessee consistently flowed at or near maximum capacity. The full utilization of their firm entitlements by Tennessee's gas utility customers also meant that there was little capacity available for gas-fired electric generation relying on interruptible capacity, causing these generators to burn more costly and less-clean burning fuel oil. Kinder Morgan supports the IGER concept and EDC proposal and stands ready to assist NESCOE and the other stakeholders in further developing these proposals and the regulatory framework to facilitate the introduction of new gas infrastructure and supply to New England at the earliest opportunity.

Sincerely,



Kimberly S. Watson

President, Tennessee Gas Pipeline Company

CC: New England Gas-Electric Focus Group
Cynthia Jacobs, NEPOOL Administrator