

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

New England Power Generators Association,	)	
	)	
	)	
Complainant	)	
	)	
v.	)	Docket No. EL13-66-000
	)	
ISO New England, Inc.,	)	
	)	
Respondent	)	

**MOTION TO INTERVENE TIMELY AND FILE COMMENTS OF THE  
INTERSTATE NATURAL GAS ASSOCIATION OF AMERICA**

Per Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission),<sup>1</sup> the Interstate Natural Gas Association of America (INGAA) hereby moves to intervene timely in this proceeding and file comments. In support of its motion, INGAA states the following:

**I. Background**

INGAA is a not for profit trade association comprised of 26 member companies, representing the vast majority of the interstate natural gas transmission pipeline companies in the United States and comparable companies in Canada. INGAA’s members, which operate approximately 200,000 miles of pipelines, provide an indispensable link between natural gas producers and natural gas consumers in the residential, commercial, industrial and electric power sectors. INGAA’s U.S. members are regulated by the Federal Energy Regulatory Commission under the Natural Gas Act, 15 U.S.C. §§ 717-717w.

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<sup>1</sup> 18 C.F.R. §§ 385.212 and 385.214.

## II. Motion to Intervene

On May 17, the New England Power Generators Association (NEPGA) filed a complaint<sup>2</sup> against the ISO New England Inc. (ISO-NE or the ISO) asserting that the ISO has reinterpreted its tariff to impose a firm fuel obligation on generators that is contrary to the tariff. NEPGA argues that, in a November 5, 2012 memo, the ISO announced a new treatment of capacity resources under its tariff, which would require generators and others to maintain or arrange for sufficient fuel supplies to accommodate any potential operational requests above and beyond commitments scheduled in the day-ahead market.

As the trade association representing the vast majority of the interstate natural gas transmission pipeline companies, INGAA offers a national perspective on issues of potentially nationwide significance. INGAA has taken a lead role in the Commission's examination of gas-electric coordination and has participated actively in the Commission's technical conferences on this issue, including those involving ISO-NE. INGAA also has participated actively in the ISO-NE proceeding on permissible pipeline-ISO communications.<sup>3</sup> Intervention in this case is a natural extension of INGAA's efforts to date. Furthermore, this proceeding could set precedent on how generators must satisfy their capacity resource obligations for not only ISO-NE but for other ISOs and RTOs. INGAA has a direct and substantial interest in the outcome of this proceeding that cannot be adequately represented by any other party.<sup>4</sup> Allowing INGAA to

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<sup>2</sup> *New England Power Generators Association v. ISO New England, Inc.*, Complaint and Request for Expedited Consideration of the New England Power Generators Association, Docket No. EL13-66 (May 17, 2013)(Complaint).

<sup>3</sup> *ISO New England Inc.*, Docket No. ER13-356.

<sup>4</sup> 18 C.F.R. § 385.214(b)(2)(ii).

participate in this proceeding would be in the public interest<sup>5</sup> and, because INGAA is motioning to intervene timely, INGAA's participation will not disrupt the proceeding.

### **III. Communications**

All communications concerning this Motion should be addressed to:

Joan Dreskin  
General Counsel  
Interstate Natural Gas Association of America  
20 F Street, N.W., Suite 450  
Washington, D.C. 20001  
Telephone: 202-216-5928  
jdreskin@ingaa.org

### **IV. Comments**

This proceeding highlights the urgency associated with the ISO's increasing reliance on natural gas-fired resources without ensuring that its wholesale electric market rules support the infrastructure development necessary to ensure continued bulk power system reliability. Both NEPGA and the ISO acknowledge that there are pipeline capacity limitations in certain parts of New England, particularly from the west, and that there are many days when pipelines operate at full or close to full capacity. As the ISO acknowledges, and NEPGA highlights, "absent further expansion of pipeline capacity, New England will likely experience more limitations on gas delivery to generators and, during the cold winter conditions, may experience more extreme disruptions, even with all supply sources fully committed."<sup>6</sup> Both parties acknowledge the potential electric reliability concerns affecting the ISO region, yet little has been done to resolve this significant issue to ensure additional pipeline infrastructure in the near future.

As INGAA has stated in other forums, INGAA understands that generators are acting rationally in New England and elsewhere when they choose not to subscribe to firm

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<sup>5</sup> 18 C.F.R. § 385.214(b)(3).

<sup>6</sup> *ISO New England Inc.*, Gas Dependence White Paper at 5.

transportation or to pay for needed infrastructure expansions if the ISO does not compensate generators for such commitments. Yet with that said, released pipeline capacity or interruptible transportation likely will not be available on coincident peak winter days when a pipeline's firm customers, typically the local gas distribution companies, are using their full contractual entitlements. INGAA highlights that generators are trapped in this Hobson's choice because the ISO's capacity market rules do not provide incentives for generators to hold the necessary services, regardless of fuel type, to ensure reliability, and because electricity prices do not reflect these reliability costs.

INGAA is not taking a position on whether the ISO's tariff requires a firm fuel obligation or what is required for a generator to comply with "Good Utility Practice." Yet, this proceeding highlights the ISO's legitimate concern that the collective result of generators' actions has resulted in a reduction in electric reliability and a greater risk of blackouts that could endanger the public and be very costly to the region's economy.

The transportation services that interstate pipelines do and can provide are part of the solution to enhanced reliability in New England, not part of the problem underlying reliability concerns or NEPGA's complaint. Interstate pipelines have served electric generators successfully for many years and readily will build infrastructure to provide additional pipeline capacity based on customers' firm contractual commitments. In order to attract the capital necessary to develop a project, a pipeline company must demonstrate that there is a reliable, long-term revenue stream that will support and provide an adequate return for the investment in the project. Without this contractual support, additional infrastructure will not be built despite the widespread recognition in the region that additional infrastructure is needed. The natural gas pipeline system has considerable operational flexibility for supplying natural gas reliably to

generators at their required pressures, provided that a generator has contracted for the appropriate pipeline transportation service.

INGAA recognizes that ISO-NE is considering ways to change its Forward Capacity Market.<sup>7</sup> INGAA certainly appreciates the stakeholder processes in the region and the ISO's commitment to ensuring electric reliability. Yet, at the current pace, this stakeholder process will not result in any appreciable changes to the ISO's market rules for several years to come as the ISO already has posted the results of its Forward Capacity Auction 7, for capacity commitments through May 31, 2017. The ISO anticipates filing market rule changes in late 2013, if filed on time, to be effective ahead of its Forward Capacity Auction 9, for the 2018-2019 capacity commitment period.<sup>8</sup>

Since pipeline infrastructure often takes two to three years to plan and build, once the market has signaled its need for such infrastructure through firm contractual commitments, it is imperative that the region revise its wholesale market rules sooner rather than later. If the ISO's market rules are not revised soon, and any changes in the rules governing the price paid to generators for capacity (e.g., to reflect the cost of firm fuel) would not be reflected until June 2018, the pipeline infrastructure will not be there when needed. INGAA questions whether revising price signals such that they do not become effective until 2018 is enough urgency for the electric reliability benefits of the New England region.

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<sup>7</sup> *ISO New England Winter Operational Experiences and Regional Actions*, Presentation by Kevin Kirby, Vice President, Market Operations, ISO New England, Special Open Meeting on Coordination between Natural Gas and Electricity Markets, May 16, 2013, Washington, D.C.

<sup>8</sup> *Id.*

**V. Conclusion**

Wherefore, for the following reasons, INGAA respectfully requests that the Commission grant INGAA's motion to intervene timely in this proceeding with full rights as a party thereto and to file comments.

Respectfully submitted,

/s/ Joan Dreskin

Joan Dreskin  
General Counsel  
Interstate Natural Gas Association of America  
20 F Street, N.W., Suite 450  
Washington, D.C. 20001  
Phone: (202) 216-5928  
[jdreskin@ingaa.org](mailto:jdreskin@ingaa.org)

June 6, 2013

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this 6th day of June, 2013, caused the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in these proceedings.

*/s/ Joan Dreskin* \_\_\_\_\_

Joan Dreskin  
General Counsel  
Interstate Natural Gas Association of America  
20 F Street, N.W., Suite 450  
Washington, D.C. 20001  
Phone: (202) 216-5928  
[jdreskin@ingaa.org](mailto:jdreskin@ingaa.org)