

## Initial Questions for Spectra

1. Page 2. Spectra states that while pending pipeline projects to serve gas utility and industrial customers could alleviate some of the existing system constraints, those projects are unlikely to have a significant impact on electric power pricing. Please identify the projects and explain why they are unlikely to have a significant effect on electricity prices.
2. Page 10. Please describe in greater detail the no notice transportation service that Spectra proposes to offer gas generators (with and without the hourly supply option) including whether such service requires additional investments.
3. Page 18. ICF states that “a project like Access Northeast could have eliminated gas and electric price spikes on 49 days during this past winter and saved \$2.5 billion in wholesale energy costs for New England’s electric consumers.” For each of the 49 days, please provide in Excel format the following information from ICF’s modeling: (i) the date; (ii) the daily gas prices (\$/MMBtu) before and after the hypothetical capacity addition; (iii) the daily average LMPs before and after the hypothetical capacity addition; (iv) the daily wholesale load; and (v) the daily energy cost saving. In addition, please reproduce for each day the information shown in Exhibit 8 and explain how the quantity 2761 MMcf/day was calculated.
4. Page 18. Regarding the phrase “a project like Access Northeast”, please identify the key differences between the Access Northeast project and the project that ICF analyzed.
5. Page 20. Please provide the carrying cost rate used to calculate the \$400 million levelized annual cost and specify the assumed contract term.
6. Page 20. Please explain how the “full cost of the electric portion of the project” differs from the \$2.4 billion investment cost or the \$400 million levelized annual cost.
7. Pages 28-29. ICF states at page 28 that that the proposed Access Northeast project can potentially serve 6,900 MW of natural gas fired generation. At page 29, ICF states that the Access Northeast project is capable of providing fuel for up to 5,000 MW of gas fired generation. Please explain this apparent discrepancy.
8. Page 32. Regarding Exhibit 18, please respond to the following questions:
  - (i) Are the natural gas prices plotted in the exhibit monthly simple averages?
  - (ii) Are the historical prices weather normalized? If no, why does ICF expect 2016 peak winter prices under normal weather conditions to be higher than the corresponding 2014 prices under abnormal weather conditions?
  - (iii) What accounts for the price reduction in January 2015 compared to January 2014?
    - (i) Regarding the peak winter prices from 2019 through 2028 without Access Northeast, why does ICF expect them to: (i) be significantly higher than during the period 2010-2012; and (ii) increase?
    - (ii) The exhibit shows the January price with Access Northeast rising from about \$12/MMBtu in 2019 to about \$20/MMBtu in 2028. Explain the rising peak winter prices. Also, explain why ICF’s model continues to predict high average peak winter prices in New England after the Access Northeast project is in service.
    - (iii) Will the Algonquin pipeline continue to be burdened with significant capacity constraints after the AIM, Atlantic Bridge and Access Northeast projects are in service?

9. Page 34. ICF states that in addition to reducing monthly average prices, the volatility of prices, i.e., the frequency and magnitude of price spikes, *may* be reduced. What is the fundamental driver of reduced price volatility and why is this reduction simply possible rather than certain?
10. Page 35. ICF states that the low volatility assumption produces an additional eight percent reduction in natural gas prices for December and March and a 20 percent further price reduction using the high volatility assumption, which translate into an additional \$330 million and \$750 million a year of cost savings to electric consumers. Please respond to the following:
  - (i) Did ICF mean to say December through March? If no, please explain the reference to December and March.
  - (ii) Do the \$330 million and \$750 million annual cost savings estimates represent 10-year annual averages and do these savings relate largely (or solely) to the winter period?
  - (iii) Is the corresponding 10-year annual average cost saving (excluding volatility) \$450 million?
  - (iv) Regarding Exhibit 21, provide for each year the annual cost saving (excluding volatility) under the low and high volatility assumptions.
11. Page 35. ICF states that the annual average cost savings to consumers for the 10-year period is \$780 million to \$1.2 billion for the low and high volatility assumption scenarios, respectively. Are these savings estimates based on present values of 10-year cost reductions or nominal cost reductions?