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NHPUC SEP01 '16 PM 4:28

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319

RE: Docket No. DE 16-241, Public Service Company of New Hampshire
Petition for Approval of Gas Capacity Contract, &c.

Dear Ms. Howland:

In connection with the above-referenced docket, I am writing to alert the Commission to the enclosed decision issued yesterday by the Federal Energy Regulatory Commission (FERC) in Docket No. RP16-618, *Algonquin Gas Transmission LLC*.

The FERC decision is relevant in light of the discussion in the prefiled direct testimony of Eversource witness James G. Daly, beginning at Bates page 80 of the February 18, 2016 filing, entitled "Maximizing Price Relief for EDC Customers." In this section, Mr. Daly begins by addressing the question of how Eversource claims it will "administer the release of natural gas pipeline capacity and LNG to the electric market so as to maximize reliability and price-relief benefits for electric customers." Of critical importance here, beginning on line 15 of Bates page 84, Mr. Daly states that the FERC "has declared itself to be open to considering deviations from its capacity release regulations and/or the shipper-must-have-title rule on a case-by-case basis, where it is shown to be in the public interest, and FERC has acknowledged such public interest in, and provided the specific example of, assisting natural gas-fired generators in obtaining access to firm transportation service in a transparent and not unduly discriminatory manner."

The order issued yesterday by the FERC makes clear that the federal regulator is no longer "open" to the preferential release scheme as described in his testimony and as presented to the FERC by Algonquin Gas Transmission LLC as the lead developer of the Access Northeast

pipeline project. At paragraph 34 of its decision, the FERC quoted from its previously issued Order No. 712 and concluded that “Algonquin’s proposed blanket bidding exemption for releases to natural gas-fired generators as part of state-regulated electric reliability programs does not meet the standard of ‘improving the competitive structure of the natural gas industry’ as formulated by the [FERC] in granting bidding exemptions for state retail access programs. . . . [T]he blanket bidding waiver requested by Algonquin would allow potential undue discrimination, as it would unnecessarily shield electric generators from the full effect of market forces acting on the natural gas price by excluding non-generators from the bidding process.” In the subsequent paragraph, the FERC ruled that neither Algonquin nor Eversource have “shown why such a broad exemption is necessary in order for [electric distribution companies] or their agents and asset managers to have a sufficient ability to direct their capacity releases to natural gas-fired generators in order to accomplish the goal of increasing electric reliability.”

The FERC’s ruling speaks for itself and thus this letter will eschew further argumentation. It suffices here to observe that, in light of both this FERC decision and the recent decision of the Supreme Judicial Court of Massachusetts that has been previously brought to the Commission’s attention, the factual premises offered by Eversource in its prefiled direct testimony have eroded in large part and the petition itself is therefore increasingly a work of fiction.

If you have any questions about this filing, please contact our office. Thank you.

Sincerely,



Donald M. Kreis
Consumer Advocate

cc: Service list via electronic mail
Encl.