

New England States
Committee on Electricity

To: NEPOOL
From: NESCOE
Date: March 27, 2014
Subject: Sector Conversations on Governors' Infrastructure Initiative

NESCOE appreciates the upcoming opportunity to discuss the Governors' Energy Infrastructure Initiative with NEPOOL sectors. As NESCOE discussed at NEPOOL Participants Committee meetings earlier this year, the Governors share ISO-NE's and others' interest in solving the ongoing reliability risks to our power system given current infrastructure constraints. The Governors also have an acute interest in relieving the economic disparity that New England residents and businesses face compared to consumers in other regions of the country. As noted in their December 2013 statement, the Governors believe that limited, coordinated, and strategic investments in additional energy infrastructure are necessary to improve our region's economic competitiveness. NESCOE looks forward to continuing discussion of means to develop incremental natural gas capacity that would improve system reliability and help alleviate the economic disparity noted above, as well as new transmission infrastructure that could increase the level of no- and low-carbon energy serving New England consumers.

Since 2010, NEPOOL, ISO-NE, states and other stakeholders have spent considerable time discussing these challenges and potential solutions at NEPOOL meetings, FERC technical conferences, and through New England's Gas Electric Focus Group. Despite those efforts, risks to power system reliability and the associated economic disparity continue. The challenges, and the Governors' thinking, have been further informed by several publically available studies and analyses, as well as operational and economic experience that is unsustainable. NESCOE has previously invited stakeholders to provide ideas about - and importantly, alternatives to - the concepts that underlie the Governors Infrastructure Initiative. The invitation to share such ideas at any time remains. NESCOE hopes that the sector meetings will be another useful venue for detailed input and discussion that will help move preliminary concepts to more concrete proposals for NEPOOL's further consideration.

The last several years have made clear that neither ISO-NE, state or federal governments, nor any market participant can solve New England's pressing power system challenges unilaterally. The Governors appreciate NEPOOL's willingness to constructively engage in sector meetings, and in subsequent NEPOOL processes, to bring the benefit of stakeholders' diverse expertise to energy infrastructure proposals that, in final form, will be presented to FERC for its consideration.