



November 6, 2023

Comments of Chairman Willie L. Phillips and NERC CEO James B. Robb

We remain concerned about the potential loss of the Everett Marine Terminal (Everett) in New England and the consequences that it might have for the reliability and affordability of the region's energy supplies.

At the September 2023 Open Meeting, Federal Energy Regulatory Commission (Commission) and North American Electric Reliability Corporation (NERC) staff presented preliminary findings and recommendations regarding Winter Storm Elliott. During the storm, both electric and natural gas systems throughout much of the eastern half of the United States were subjected to significant stress, resulting in significant unplanned generating unit losses, with nearly 90,000 megawatts out at the same time. Indeed, the Winter Storm Elliott findings demonstrate the importance energy infrastructure plays in ensuring that we have reliable, affordable supplies of all types of energy.

While the New England Winter Gas-Electric Forum (Forum) largely focused on the Commission-jurisdictional bulk power system and interstate natural gas system, the Winter Storm Elliott report illustrates the extent to which such winter events can also have significant consequences for infrastructure subject to state jurisdiction, such as the local gas distribution system.

For example, although much of the attention has focused on the electric outages, the storm's effects on the natural gas system, and the local gas distribution system in particular, cannot be overlooked. During the storm, flows of natural gas into the pipelines were reduced, while at the same time, shippers requested increased volumes of natural gas, which dramatically lowered line pressures. That dynamic put significant stress on the natural gas system, which only narrowly avoided significant outages. By way of illustration, Consolidated Edison, Inc. (ConEd) faced reliability-threatening low pipeline pressures during the storm, forcing it to declare an emergency and use its own liquid natural gas facility to maintain necessary pressure. Without those emergency efforts, ConEd potentially faced system collapse, and it would have taken "many months" to restore service, leaving hundreds of thousands of natural gas customers without heat in the middle of winter.

This point is especially relevant considering the evidence presented at the Forum regarding Everett. With respect to the natural gas system, the evidence raised what we view as serious concerns about certain local gas distribution systems' ability to ensure reliability and affordability in the region without Everett. And, although there was evidence that the retirement of Everett would be "manageable" for the electric system, at least in the near-term, given anticipated new resource deployments and transmission development, minimal load growth, limited resource retirements, and increased reliance on non-natural gas generators, the evidence indicates that, should those expectations not materialize as anticipated, ensuring reliability and affordability could become challenging in the face of a significant winter event.



As discussions regarding the future of Everett continue, we encourage all parties to keep reliability and affordability at the center of those negotiations. With respect to electric reliability, we encourage ISO-New England and its stakeholders to pursue reforms aimed at ensuring that the electric system remains reliable by incentivizing resources to obtain the energy supplies, e.g., fuel, necessary to perform during extreme weather conditions. To the extent that Everett or other infrastructure plays a role in supporting electric reliability by making needed energy supplies available, in the near-term or the future, such reforms should consider how to ensure that any needed reliability contributions are appropriately valued.

With respect to the natural gas system, we recognize that the reliability needs turn, at least for the foreseeable future, largely on facilities subject to the New England states' jurisdiction. If our organizations can be any help to state regulators and other stakeholders as they address those needs, we are, of course, available to assist in any way we can.

A handwritten signature in blue ink, reading "Willie Phillips".

Willie L. Phillips Chairman

A handwritten signature in blue ink, reading "James B. Robb".

CEO James B. Robb