

Wholesale Investigation (IR 15-124) Questions for NEPGA, July 9, 2015

Instructions for responses: Please e-mail responses in PDF format to [alexander.speidel@puc.nh.gov](mailto:alexander.speidel@puc.nh.gov); responses will be promptly posted to the NHPUC website here:

[http://puc.nh.gov/Electric/Investigation\\_into\\_Potential\\_Approaches\\_to\\_Mitigate\\_Wholesale\\_Electricity\\_Prices.html](http://puc.nh.gov/Electric/Investigation_into_Potential_Approaches_to_Mitigate_Wholesale_Electricity_Prices.html)

1. Page 2. NEPGA states that there are currently over 1,700 MW of new power plants that have been selected in the recent Forward Capacity Auctions (FCAs) and are expected to come online in the next several years. Please explain how these new power plants will mitigate the region's high winter period wholesale electricity prices.
2. Page 2. What percentage of the 16,000 MW of new resources which have provided expressions of interest for the 10<sup>th</sup> FCA will be fueled with natural gas? Also, what percentage of the gas-fired generators is likely to utilize firm transportation services to deliver the natural gas commodity?
3. Page 3. What percentage of the 842,000 Dth/day of firm pipeline capacity is subscribed to New England gas-fired generators? If the answer is zero, please explain how such incremental pipeline capacity will meaningfully benefit electricity consumers by reducing the winter basis differentials in New England.
4. Page 3. Is the new 10-year supply of LNG for the region expected to eliminate or substantially reduce the winter period natural gas basis differentials? If so, please explain how such reductions are likely to occur focusing in particular on how LNG commodity is priced in New England energy markets.
5. Page 4. Regarding the referenced electric transmission projects, is it NEPGA's position that each will substantially reduce winter period wholesale electricity prices in New England? If so, please: (i) explain in detail how these projects will lower LMPs for wholesale electricity customers; (ii) provide for each the estimated average winter period price reduction; and (iii) state whether NEPGA supports the development of such projects.
6. Page 5. Please identify the "critical wholesale electricity market improvements" made prior to the 2014/15 winter and comment on the impact each had in lowering winter prices.
7. Page 5. Please expand on why NEPGA believes the power generation and fuel infrastructure projects currently under development will cause the intense price volatility to subside.
8. Page 6. NEPGA asserts that subsidizing the competitors of oil, coal and nuclear facilities will lead to accelerated retirements with price and environmental impacts. Please document these price and environmental impacts.
9. Page 6. NEPGA contends that subsidizing natural gas pipelines through electric utility rates would also have a detrimental commercial impact on many natural gas power plants. Specifically, NEPGA argues that gas-fired generators connected to or in close proximity to the winning pipeline project selected will have their fuel supply subsidized while other generators will suffer. While Staff agrees that this is a valid concern it questions whether it could be addressed by the use of a competitive solicitation that provides for multiple projects to supply the needed incremental capacity. Does NEPGA have any thoughts on how a competitive solicitation might be designed to achieve this outcome?