

141 Tremont St., Boston, MA 02111

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# Interesting Times in New England

**IPPNY Fall Conference**  
Regional Perspectives

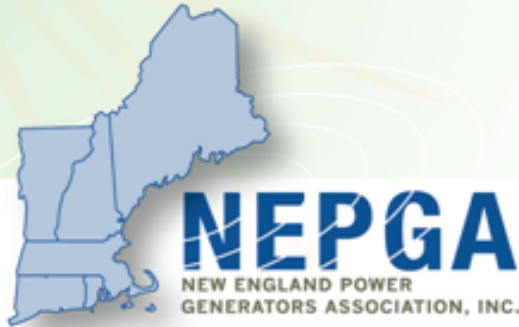
**New England Power Generators Association**

Dan Dolan, President

September 10, 2013



May you live in  
interesting times



# Natural Gas Use

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- ***Dominant Generation Fuel*** – nearly 60% of MWh are generated from natural gas. Recent non-gas plant retirement announcements. More are likely coming.
- ***Gas Transportation Challenges*** – shale production brings gas closer to New England, but it still has to get there. New pipelines are being proposed to increase transportation capability.
- ***Who Pays*** – generators can't rationalize 20-year firm transportation contracts. States exploring alternatives.



# Gas, Gas, Gas...

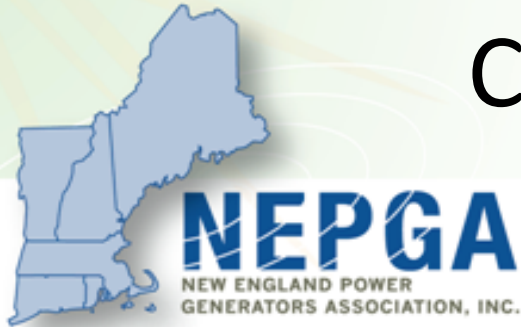
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## Natural Gas Issues Overhang Everything

- Capacity Market Redesign
- Generator Performance Obligations
- Increased Imports of Provincially-Owned Canadian Hydro



# Capacity Market Redesign

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## ISO New England “Performance Incentive” Forward Capacity Market

- 3-year forward, 1-year commitment auction
- During shortage events:
  - Units that outperform their capacity obligations receive a performance payment
  - Units that underperform pay a penalty
- Designed to drive generator performance



# Generator Obligations

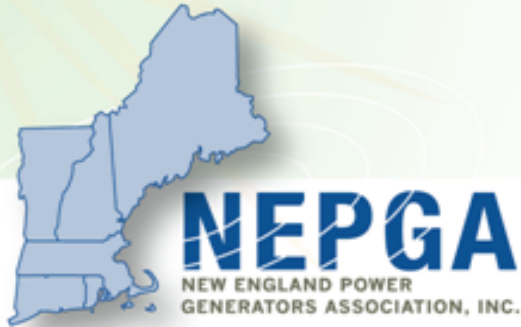
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## What Did Gas Generators Sign Up For?

- Nov. 5, 2012, ISO-NE Memo required “firm fuel”
- May 17, 2013, NEPGA Complaint at FERC – physical lack of fuel is not a tariff violation
- Aug. 27, 2013, FERC Order found no tariff violation for physical fuel unavailability for units dispatched in real-time or beyond day-ahead commitment



# Canadian Hydro

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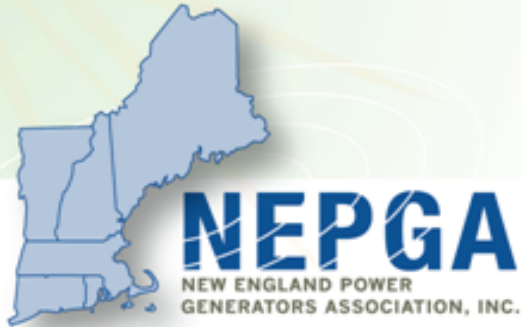
## Proposals to Increase Provincially-Owned Large-Scale Hydro Imports

- Troubled and controversial Northern Pass transmission line project
- Northeast Energy Link in the wings
- Seeking subsidies – long-term contracts, RPS qualification and meeting CO<sub>2</sub> reduction goals



We live in "interesting" times.  
But that doesn't mean we have to be cursed.





# Competition Works

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- ***Low Wholesale Prices*** – combination of low natural gas prices and intense competition have led to lowest wholesale electricity prices in a decade
- ***Momentum to End Rate-Base Generation*** – PSNH under pressure from customer migration and low wholesale prices to complete restructuring.
- ***Emissions Down, Renewables Up*** – CO<sub>2</sub> down 18%, NO<sub>x</sub> down 66% and SO<sub>2</sub> down 71% – Tremendous regional investments in wind, solar and biomass.

**Competitive prices with innovation occurring.  
Focus now on a commercially-sustainable marketplace.**