

Draft-For-Approval

Electric/Gas Operations Committee

Meeting No. 20

May 2, 2008

10:00 AM

Teleconference

Attendees

M. Aggarwal
M. Babula
T. Dandeneau
M. Taniwha
S. Foley
T. Gwilliam
J. Hedman
S. Leahy
T. Lockett
R. MacInnis
G. McBride
D. Perkins
R. Riga
B. Whaley

Representing

PNGTS
ISO New England Inc.
ISO New England Inc.
ISO New England Inc.
Spectra Energy
Iroquois Pipeline
National Grid
Northeast Gas Association
SUEZ LNG
Unitil Service Corp.
Spectra Energy
Tennessee Gas Pipeline
Spectra Energy
Spectra Energy

Introduction

Mr. Babula and Mr. Leahy welcomed everyone to the twentieth meeting of the Electric/Gas Operations Committee (EGOC). Introductions were made. Mr. Richard MacInnis of Unitil was welcomed to his first meeting, succeeding Mr. David Foote, an original member of the EGOC, who is retiring. Mr. Leahy and Mr. Babula acknowledged Mr. Foote's many contributions to the Committee's activities over the past few years. Mr. Babula offered to Chair the EGOC meeting.

1.0 Administrative Matters

1.1 ISO New England's (ISO-NE) Information Policy and the Northeast Gas Association's (NGA) Antitrust Compliance Procedure

Mr. Babula stated that ISO-NE Staff were bound by the requirements of the ISO New England Information Policy. Mr. Leahy reminded all gas sector representatives that they are bound by the requirements of the Northeast Gas Association's (NGA) Antitrust Compliance Procedure.

1.2 Draft-For-Approval – EGOC Meeting No. 19 Minutes

The "*Draft-For-Approval*" minutes of EGOC Meeting No. 19, held via teleconference on December 20, 2007, were approved as written. It was noted that the EGOC had also organized a workshop on electric and gas operations communications that was held February 20, 2008 at the ISO's Holyoke, MA facility.

2.0 Recap of Winter 2007/2008 Operations

2.1 Electric Sector

Mr. Babula directed the EGOC to his presentation. He summarized the operational experience of the bulk power sector during this past winter. The winter weather was fairly normal, with no major new electrical peaks, and the winter 2007/08 electrical peak load was experienced on January 3, 2008, at approximately 21,774 MW. This winter, there were no implementations of either OP21 (Actions during an Energy Emergency) or Appendix H of MR#1 (Operations During Cold Weather Conditions). Mr. Babula noted the eight production disruptions at the Sable Offshore Energy Project (SOEP); with the early December 2007 disruption as having the most effect on the electric system – primarily in Maine. He said that communications with the regional natural gas pipelines had greatly improved since the first production

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disruption at SOEP. As a result of that event, ISO-NE is considering future actions to minimize fuel risk, such as assessing dynamic operating reserve requirements, reviewing the ramping and storage capability for the system, and evaluating changes that would enable dual fuel unit resources to submit a cost-based offer schedule for alternative fuel operation.

2.2 Natural Gas Sector

Mr. Leahy noted that the natural gas sector's experience was consistent with the electric sector. Throughput was consistent throughout the season; with no new peak-day sendouts being recorded. The peak gas sendout day on the LDC systems appeared to be January 3, 2008. NGA is surveying the regional LDCs and will have final data in the very near future. Spectra Energy reported that throughput on the Algonquin Transmission System (AGT) was 4.5% higher this winter, over the prior 5-year average, and 14% higher compared to the previous year. As noted, the SOEP experienced several production outages from December 2007 through April 2008, varying in length from a few hours to a few days. Iroquois reported that average daily delivery was up 4% over the previous year; daily sendout averaged 1 Bcf/d.

3.0 Discussion on Information-Sharing Between ISO-NE and Regional Pipelines

3.1 Group Discussion

Mr. Taniwha noted that there was improved communications between the regional gas pipelines and ISO-NE following the first SOEP event, and he subsequently thanked the pipeline operators for their cooperation. He noted that the ISO staff visited the control rooms of the regional pipelines over the past few months and supported the enhanced control room to control room communications. He extended an invitation to the regional pipeline companies to send their gas control operators to visit the ISO facility in Holyoke to meet their control room counterparts. He noted that even in the summer, ISO-NE would appreciate it if notice could be given by the pipelines of any emerging gas supply or transmission issues.

4.0 LNG Interchangeability

4.1 Group Discussion

With the plans for new liquefied natural gas (LNG) terminals expected to enter service shortly (Excelerate's Northeast Gateway Project and the Canaport facility of Repsol & Irving Oil), ISO-NE noted that they would appreciate it if any notice could be given on when those new LNG supplies would be vaporized into the regional gas pipeline system. The natural gas sector noted that that may be difficult, due to contract and security issues regarding LNG tanker deliveries, but that non-specific information could be gleaned from receipt point nominations. It was recommended that ISO-NE contact Excelerate directly to establish a communications protocol with those offshore LNG facility operators.

There were discussions concerning gas quality issues and interchangeability related to LNG supplies. Mr. McBride of Spectra Energy reviewed the long-standing collaborative effort performed for the Algonquin System, with a stakeholder process in place to review technical issues relating to new LNG supplies entering the system. At this time, the Algonquin and Iroquois settlement decisions are before the FERC with a decision expected by this summer. Mr. Babula noted that he had participated in several of the Algonquin stakeholder meetings and found it to be a fair process. Mr. Babula noted that in April 2008, NECPUC – the New England Conference of Public Utilities Commissioners – held a meeting at ISO's Holyoke facility and one of the topics was gas quality. Mr. Robert Wilson of National Grid and a representative of the gas turbine manufacturer, Siemens, (Mr. Bruce Rising) gave presentations on gas interchangeability. Mr. Babula noted that ISO-NE has not taken a position on the gas quality issue but was re-assessing the situation now, in light of two recent letters by the New England Power Generators Association (NEPGA) on the topic.

5.0 Summer 2008 Forecast

5.1 Electric Sector

Mr. Babula reviewed a brief PowerPoint presentation on the summer 2008 electric forecast. ISO-NE anticipates adequate supplies to meet demand, although it anticipates that a new, record electric peak might be established this summer. As noted earlier, ISO-NE would appreciate any "heads-up" should significant gas supply or delivery issues emerge during the summer months. ISO-NE also noted the recent summer forecast for the entire NPCC Area.

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5.2 Natural Gas Sector

The pipelines and LDCs noted that outage management is always key during the summer period. The pipelines briefly reported on their maintenance schedules and referred parties to their EBBs for further information. ISO said that gas-side maintenance is an issue they continue to monitor and expressed interest in increased coordination between natural gas transmission, distribution and electric generation and transmission.

6.0 Action Items

It was recommended that ISO-NE contact Excelerate Energy to establish a new operations communications protocol for the Northeast Gateway LNG facility, expected to receive its first cargo in the very near future.

7.0 Other Business

Mr. Foley asked Mr. Babula for an update on ISO's recent auction within its new Forward Capacity Market (FCM). Mr. Babula provided a brief summary and said that he would forward a PowerPoint presentation on that topic with further detail for the next EGOC meeting.

8.0 Next Meeting

The EGOC agreed that their next meeting will likely be held around mid-June, with a focus on summer operations.

Respectfully Submitted,

Mr. Stephen Leahy
Northeast Gas Association