

**PIPE LINE AWARENESS NETWORK
FOR THE NORTHEAST, INC.**

April 8, 2015

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20216

Re: Docket No. PF14-22, TGP Northeast Energy Direct – Precedent Agreements

Dear Secretary Bose:

In reviewing the precedent agreements filed to date in connection with the proposed Kinder Morgan Northeast Energy Direct pipeline (“NED”), several numbers surfaced that the Pipe Line Awareness Network for the Northeast, Inc. (“PLAN-NE”) would like to bring to the Commission's attention. In sum, Kinder Morgan's publicly stated customer demand for this pipeline project appears to be seriously overstated.

As background, on March 5, 2015, Kinder Morgan issued a press release (the “Kinder Morgan Press Release”) listing the amounts of capacity contracted for by the three largest NED anchor shippers, totaling 416,263 dekatherms per day (“Dth/d”), as follows: “Anchor shippers that have executed binding precedent agreements include: National Grid, 186,963 Dth/d; Liberty Utilities, 115,000 Dth/d; Columbia Gas of Massachusetts, 114,300 Dth/d ... [.]”¹

National Grid filed its NED precedent agreement with the Massachusetts Department of Public Utilities on March 31, 2015 (DPU Docket No. 15-34). In that filing, National Grid seeks approval of a contract for **only 151,962 Dth/d, rather than the 186,963 Dth/d specified in the Kinder Morgan Press Release.** It appears that either Kinder Morgan's press release was inaccurate, or, in the course of less than a month, National Grid has renegotiated for less capacity on the pipeline than originally planned. Either way, of the 416,263 Dth/d these agreements totaled according to the press release, only 381,262 Dth/d has in fact been contracted for.

Furthermore, the shippers differentiate between “replacement” capacity, replacing previously contracted-for capacity on other pipelines, and “incremental” capacity – that is new, additional firm capacity.² The Kinder Morgan Press Release states the combined total of all the anchor shipper precedent agreements to be “approximately 500,000 dekatherms per day (Dth/d) of **incremental natural gas supplies.**”³ However, all three of the largest anchor shippers are proposing to use a substantial portion of their contracted-for NED capacity to **replace** contracts on existing pipelines,⁴ rather than for new capacity needs. Of the 416,263 Dth/d these contracts

1 “Kinder Morgan confirms anchor shippers for Northeast Energy Direct,” March 5, 2015 (<http://www.kindermorgan.com/content/docs/0305NEDPR.pdf>).

2 *E.g.*, “The 114,300 Dth per day of transportation capacity would be partly replacement capacity and partly incremental capacity.” MA DPU Docket No. 15-39, Columbia Gas Petition, p. 3.

3 *Kinder Morgan Press Release* (emphasis added).

4 Specifically, Liberty Utilities seeks approval for 115,000 Dth/d on NED, “50,000 Dth per day of which will replace [Liberty's] existing capacity from Dracut to its city gates on the Concord Lateral.” NH PUC Docket No. DG 14-308, Pre-Filed Testimony dated December 31, 2014, p.16. Columbia Gas – with a precedent agreement for 114,300 Dth/d – wants to replace a PNGTS contract and two TGP contracts, so only 61,700 Dth/d would be

totaled in the press release, revised down to the 381,262 Dth/d actually contracted for (because of the National Grid decrease), **only 235,462 Dth/day** is for pipeline capacity that is not simply replacing contracts for capacity on existing pipelines – **barely half of the amount of incremental capacity claimed in Kinder Morgan's press release.**

It must be noted that the Commission's policy on the Certification of New Interstate Pipeline Facilities states:

In considering the impact of new construction projects on existing pipelines, the Commission's goal is to appropriately consider the enhancement of competitive transportation alternatives, the possibility of overbuilding, the avoidance of unnecessary disruption of the environment, and the unneeded exercise of eminent domain.

88 FERC ¶ 61,227 (1999). **NED fails on all counts:**

- Competitive alternatives to this proposed greenfields pipeline have been discussed throughout this docket and widely in the press.
- With respect to overbuilding, as discussed above, Kinder Morgan and the anchor shippers' case for the “need” for this pipeline is built upon abandoning pipeline contracts that are already in place, creating unused capacity elsewhere.
- The disruption to the environment this project would cause, with over 400 miles of pipeline and nine new compressor stations totaling over 373,000 horsepower in four states, is vastly out of proportion with any need the project might serve.
- As for eminent domain, notes from an interagency pre-filing call dated April 2, 2015 indicate that Kinder Morgan has received survey permission from under one-third of landowners along the proposed route.⁵ This project is facing an unprecedented degree of landowner resistance, on a trajectory towards hundreds of eminent domain proceedings for a project that is not needed and cannot be appropriately scaled or sited.

Please encourage Kinder Morgan to rethink its pursuit of this project.

Respectfully submitted,



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for additional incremental (not replacement) capacity. MA DPU Docket No. 15-39, Petition, p. 3. And for National Grid, "Of the 151,962 Dth/day of capacity, 43,200 Dth/day is replacing an existing pipeline path originating at Dracut, MA and delivering to several of the Company's city-gates." MA DPU Docket No. 15-34, Pre-Filed Testimony dated March 31, 2015, p. 13.

⁵ Kinder Morgan's inconsistent reporting regarding survey permission makes status comparisons over times difficult, but the April 2nd notes state “Tennessee Gas has contacted 87% of the landowners along the route. Of these landowners 36% have given survey access.”