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January 23, 2025

Gordon van Welie
President & Chief Executive Officer
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040

Re: NPCC Northeast Gas/Electric System Study

Dear Mr. van Welie:

As you know, the Northeast Power Coordinating Council, Inc. (NPCC) recently released a Northeast Gas/Electric System Study (NPCC Study).¹ Among the key findings of the NPCC Study is that the Everett Marine Terminal (EMT) plays a critical role in supplying the region's gas-fired generators and that electric system reliability will be at risk if EMT is unavailable.² As ISO-NE considers any next steps in response to the NPCC Study consistent with its responsibility for regional electric system reliability, we are writing to provide information about work that our agency has been doing regarding EMT.

NPCC Analysis of EMT Need

The NPCC Study's long-term scenario, looking out to 2032/33,³ found that if EMT is unavailable in later years concurrent with the planned retirement of oil plants, "capacity deficiency actions would be needed to maintain electric system reliability."⁴ The NPCC Study further found that, if EMT is unavailable, send out from the region's remaining liquefied natural gas (LNG) import facilities, located in New Brunswick, Canada and off Massachusetts' shores,

¹ NPCC, Northeast Gas/Electric System Study, Jan. 21, 2025. In its role as regional reliability coordinator, ISO New England (ISO-NE) implements the standards and requirements of the Federal Energy Regulatory Commission (FERC), North American Electric Reliability Corporation (NERC), and NPCC. See <https://www.iso-ne.com/participate/rules-procedures/nerc-npcc>.

² See NPCC Study, at 5, 78.

³ *Id.* at 9.

⁴ *Id.* at 5. See also *id.* at 38, 43, 78.

would be “an imperfect substitute” for EMT given its location at the eastern end of the pipeline system and the instantaneous pressure support and flow that EMT provides.⁵

ISO-NE most recently analyzed the need for EMT for electric system reliability in a December 2023 study. ISO-NE conducted a probabilistic assessment of the potential impact that future extreme weather events could have on regional energy adequacy during modeled winter and summer months in 2027 and 2032.⁶ Study results showed a “similar energy adequacy risk with and without EMT in-service.”⁷ Earlier in 2023, ISO-NE performed an analysis of operational needs for EMT for the 2024-25 winter and found that there was no “clear quantitative evidence of the need to retain [EMT] for electric system reliability.”⁸ In connection with both studies, ISO-NE stated that there may be qualitative factors warranting the facility’s retention for electric system reliability.⁹

Office of Energy Transformation EMT Focus Area Working Group

Through our Office of Energy Transformation (OET), our agency is working actively with stakeholders to develop a coordinated strategy to reduce and ultimately eliminate our local gas distribution companies’ (LDCs) reliance on EMT, aligned with the Department of Public Utilities’ Order 20-80 and the state’s climate and clean energy mandates.¹⁰ This effort follows a separate DPU order in 2024 approving contracts between EMT’s owner and four LDCs for LNG supply from EMT for the period June 1, 2024 through May 31, 2030.¹¹ Beginning this year, the DPU required these LDCs to provide annual reporting to the DPU, including on “efforts to reduce or eliminate their reliance on EMT[.]”¹²

OET’s work on EMT is directly correlated with this DPU order and is sharply focused on local gas distribution needs and alignment with our state’s decarbonization requirements.

⁵ *Id.* at 5, 20, 78.

⁶ ISO-NE, *Operational Impact of Extreme Weather Events: Final Report on the Probabilistic Energy Adequacy Tool (PEAT) Framework and 2027/2032 Study Results*, Dec. 11, 2023 (PEAT Study), at https://www.iso-ne.com/static-assets/documents/100006/operational_impact_of_extreme_weather_events_final_report.pdf.

⁷ *Id.* at Slide 233.

⁸ ISO-NE, *Winter 2024-25 Analysis: With and Without Everett Marine Terminal*, May 4, 2023, at <https://www.iso-ne.com/static-assets/documents/2023/05/npc-2023-05-04-coo-rpt-winter-2024-25-analysis-with-and-without-everett.pdf>.

⁹ *Id.* at Slides 7-8; PEAT Study at Slide 233.

¹⁰ Additional information and materials are available at <https://www.mass.gov/orgs/transitioning-away-from-reliance-on-the-emt-lng-facility-focus-area-work-group>.

In Order 20-80, the DPU set forth a regulatory framework for systematically reducing Massachusetts’ reliance on natural gas. Among other things, the order found that each LDC should begin examining opportunities to minimize gas infrastructure investments and, going forward, to receive full cost recovery for additional investment in gas infrastructure, LDCs must analyze whether such investments are consistent with state emissions reduction targets and that non-pipeline alternatives were adequately considered and found to be non-viable or cost prohibitive.

Investigation by the Department of Public Utilities on its own Motion into the role of gas local distribution companies as the Commonwealth achieves its target 2050 climate goals, D.P.U. 20-80-B (2024), at 97-98.

¹¹ D.P.U. 24-25-B; D.P.U. 24-26-B; D.P.U. 24-27-B; D.P.U. 24-28-B, May 17, 2024 (EMT Order), at <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/19075280>.

¹² *Id.* at 57.

Success in this key OET initiative would thus alleviate the cost burden on Massachusetts gas ratepayers who are effectively serving as anchor customers for EMT. Importantly, however, OET has neither the charge nor the legal authority to mandate the closure of EMT.

The scope of OET's work does not extend to solving challenges related to the relationship between EMT and the reliability of the regional electricity system. That is an issue that the top officials at FERC and NERC—the two entities chiefly responsible for reliability of the nation's bulk power system—encouraged ISO-NE and regional stakeholders to address as part of a broader initiative examining how market reforms can support infrastructure needed for electric reliability.¹³ Two years ago, these officials expressed their concern “about the potential loss of the Everett Marine Terminal . . . and the consequences that it might have for the reliability and affordability of the region's energy supplies.”¹⁴ The NPCC Study directionally affirms these concerns. We expect that ISO-NE is actively considering the implications of this latest study, including how the study's conclusions compare to ISO-NE's prior analysis that failed to identify an electric system reliability need for EMT.

* * *

Massachusetts and its gas ratepayers have done their part to ensure system reliability and the continuity of supply. The DPU has also clearly articulated the state's position that to meet system needs going forward, LDCs must actively pursue alternatives to reduce and ultimately eliminate reliance on EMT, aligned with the state's climate and clean energy laws and the need to provide safe, reliable, and affordable service to customers.¹⁵

We recognize that OET's success in leading a transition away from EMT would likely raise questions about the regional benefits that the facility provides to the electric power system and, in turn, whether EMT would remain economically viable absent alternative financial commitments to the LDC contracts currently in place. As ISO-NE navigates through NPCC's recent analysis of regional electric power system risks and the operation of EMT, we stand ready to work with ISO-NE and regional colleagues on actions needed to ensure a reliable and affordable transition to a future, cleaner power grid.

Sincerely,

/s/ Jason Marshall

Jason Marshall

Deputy Secretary for Federal and Regional
Energy Affairs

Massachusetts Executive Office of Energy and
Environmental Affairs

/s/ Melissa Lavinson

Melissa Lavinson

Executive Director

Office of Energy Transformation

Massachusetts Executive Office of Energy
and Environmental Affairs

¹³ *Joint Statement of FERC, NERC on Reliability*, Nov. 6, 2023, at <https://www.ferc.gov/news-events/news/joint-statement-ferc-nerc-reliability>.

¹⁴ *Id.*

¹⁵ *See* EMT Order at 55-56.