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July 21, 2023

James M. Van Nostrand, Chair
Department of Public Utilities
Pipeline Safety Division
One South Station, 5th Floor
Boston, MA 02110

Dear Chair Van Nostrand,

Impact of Everett Marine Terminal

On June 30, 2023, the Department of Public Utilities (“Department”) sent a Letter (“Letter”) to Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty (“Liberty” or the “Company”) regarding the impact of the potential closure of the Everett Marine Terminal. The Department requested Liberty respond to the questions raised in the Letter. By way of this writing, the Company responds to the Letter.

Given the nature and format of the Letter, the Company has responded to each question enumerated in the Letter in a question and answer format in the body of this letter with language from the Department’s Letter **bolded and underlined**.

Please see below for the Company’s response to each of the Department’s enumerated questions:

- 1) **Indicate whether the LDC relies on the Everett LNG facility for gas supply for its customers, including whether the LDC may rely on the Everett LNG facility on a design day.**

Liberty does not currently rely on the Everett LNG facility for gas supply for its customers.

- 2) **Describe in detail your LDC’s plans to replace the gas supply currently sourced from Everett, if any, if Everett ceases operations next year. Please include a discussion of whether expanded demand-side resources will be explored.**

Liberty does not currently rely on the Everett LNG facility for gas supply for its customers.

- 3) **What are the cost implications for LDC consumers if Everett ceases operations next year?**



The cost implications for Liberty's consumers are unknown if the Everett LNG facility ceases operations next year. While Liberty does not currently rely on the Everett LNG facility for gas supply for its customers, with the potential closure of the Everett LNG facility, Liberty would expect increased demand on other available gas supply options that could potentially increase cost. Some of the factors that will influence the scale of those cost implications for Liberty customers, include but are not limited to, upstream pipeline constraints, a lack of viable alternatives, and reduced reliability in the event of outages or supply disruptions impacting deliveries into the Commonwealth.

- 4) What, if any, new DPU-jurisdictional distribution infrastructure would be required to maintain gas system reliability if Everett ceases operations? What, if any, new FERC-jurisdictional pipeline infrastructure would be required to maintain gas system reliability if Everett ceases operations?

Since the Company currently does not rely on the Everett LNG facility for gas supply for its customers or have knowledge of the operational requirements of the LDCs that do, it is not in a position to speculate on what potential new FERC-jurisdictional pipeline infrastructure would be required to maintain gas system reliability if the Everett LNG facility ceases operations.

- 5) What is the current status of negotiations, if any, between the LDCs and Constellation regarding continued operation of Everett? Please provide a proposed schedule for providing the Department with regular updates on the status of any negotiations with Constellation.

Since Liberty does not currently rely on the Everett LNG facility for gas supply for its customers, the Company is not in conversation with Constellation regarding the continued operation of the Everett LNG facility.

- 6) How would any contractual agreement with Constellation supporting Everett's continued operation ensure that the costs are shared fairly and equitably among gas and electric entities across New England that benefit from Everett's continued operation including, without limitation, wholesale pipeline operators, natural gas-fired generation facilities, and LDCs?
- a. To inform such cost sharing arrangements, please indicate whether there is interest in undertaking, with the Department's participation and oversight, an expedited analysis quantifying the services provided by the Everett facility and the extent to which entities on the gas and electric systems receive these



benefits. If this expedited analysis is of interest, please include a proposed scope of work and timeline for draft and final results.

- b. **If and to the extent LDCs outside of Massachusetts benefit from retaining Everett, how are costs proposed to be allocated between the respective jurisdictions? What is the basis for such inter-jurisdictional cost allocation?**

Though Liberty's New Hampshire-based local distribution natural gas company affiliate has been in contact with Constellation regarding this issue, Liberty does not currently rely on the Everett LNG facility for gas supply for its customers in Massachusetts; therefore, the Company is not in conversation with Constellation regarding continued operation of the Everett LNG facility.

Broadly, almost all natural gas infrastructure in New England is financially supported by local distribution companies ("LDC") long-term contracts, and ultimately the LDC customers, because the infrastructure is needed to meet customer winter peak and design day requirements to ensure that sufficient gas-supply resources are available under all forecasted operating conditions.

Sharing of costs to preserve capabilities of the Everett LNG facility is not within the purview of the LDCs to control. However, Liberty does optimize its resources through an asset management agreement which allows other market participants to use the resources when the Company does not need them to serve firm customers while offsetting some of the costs to Liberty customers.

Liberty is ready and willing to participate in any study the Department deems necessary or useful.

- 7) **If Everett continued operating, what measures would your LDC take to systematically transition away from reliance on Everett during any retention period? Please discuss plans for securing demand-side solutions to reduce your LDC's dependence on Everett instead of supply-side resources.**

Liberty does not currently rely on the Everett LNG facility for gas supply for its customers. With respect to demand-side solutions, Liberty is committed to its energy efficiency efforts, as approved by the Department, in order to develop and provide programs for customers to accelerate energy efficiency improvements to buildings through initiatives that include traditional energy efficiency measures that reduce peak gas demand, deep energy retrofits, and the installation of air source heat pumps. Liberty continues to be an active partner in achieving the Commonwealth's climate goals in a prudent fashion that avoids forcing its



most vulnerable customers to bear a disproportionate share of the costs and externalities associated with the energy system. Liberty looks forward to opportunities to work together on creating a reliable, affordable, and clean energy future for the Commonwealth.

In conclusion, by way of this response, the Company has endeavored to respond to the Department's questions identified in the Letter. Please feel free to contact me directly should you have any questions.

Very truly yours,



Ronald J. Ritchie, Esq.

Enclosures:

cc: Tatiana Roc, President