Maine Energy & Environmental Policy: Priorities for the 126th Legislature

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Marcellus gas production skyrocketing
Key Market Trends

- Shale gas boom
- Deterioration in New England’s P/L portfolio diversity
- Increased P/L congestion along Algonquin / Tennessee
- Decline in production from Atlantic Canada
- Inexpensive gas at the wellhead ≠ low delivered prices
  - Price volatility effects
  - Uncertainty about timing of new infrastructure
Basis in New England has skyrocketed

Algonquin CG minus TZ6 NY ($/MMBtu)
Potential Infrastructure Additions

- Algonquin Incremental Market Project
  - +450 MDth/d into New England from Ramapo, NY

- Tennessee Northeast Exchange Project
  - +600 MDth/d into New England from Marcellus/Utica shales

- Deep Panuke
The challenge for the 126th Legislature

- Support the development of new P/L capacity

- Benefits include:
  - Reduced costs for both gas and electric customers
  - Reduction in uplift
  - Increased electric reliability
  - Environmental benefits
  - Enhanced adaptability when electric and gas side contingencies arise
What’s to be done?

- Pipelines need anchor shippers
- Structural changes to the Forward Capacity Market
- Producers not cultivating New England market
- Cost allocation and the missing money problem
- State jurisdictional issues