



TOWN OF GROTON

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TENNESSEE GAS PIPELINE WORKING GROUP COMMITTEE

Officers

Chair John Giger, G-D School Committee
Vice Chair Peter Morrison, Cons. Comm.
Secretary John Llodra, Citizen at Large

Members

Peter Cunningham, Selectman
John Petropoulos, Selectman
Kevin Kelly, GELD Manager
Dennis Eklof, Citizen at Large

Advisors

Mark Haddad, Town Manager
Takashi Tada (Cons. Comm. Alternate)
Groton Fire Department Chief

Meeting Date: July 28, 2014
Location: Town Hall, First Floor Meeting Room, 173 Main Street, Groton
Members: Peter Cunningham, Kevin Kelly, John Llodra, Peter Morrison, John Petropoulos, John Giger
Advisors: Mark Haddad, Takashi Tada
Others: Michelle Collette, Pierre Comtois
Handouts: Agenda, Committee Charge, DOR position on gas pipeline

Mark Haddad welcomed the committee members. He recommended that the group first organize its Chair, Vice-Chair and Secretary and then examine the charge.

Peter Cunningham moved to name John Giger the Chair of the Tennessee Gas Pipeline Working Group Committee. John Petropoulos seconded and motion carried 5:0 (John Giger abstained, Dennis Eklof absent).

John Petropoulos moved to name Peter Morrison the Vice Chair of the Tennessee Gas Pipeline Working Group Committee. Peter Cunningham seconded and motion carried 5:0 (Peter Morrison abstained, Dennis Eklof absent).

Peter Cunningham moved to name John Llodra the Secretary of the Tennessee Gas Pipeline Working Group Committee. John Petropoulos seconded and motion carried 5:0 (John Llodra abstained, Dennis Eklof absent).

John Llodra introduced himself and mentioned that his work experience includes ten years spent advising the energy industry. He is interested in looking at all angles of this topic. Kevin Kelly introduced himself. He is interested in facts that concern energy infrastructure. He sees a need to counter misinformation. John Giger introduced himself as retired high tech executive and involved volunteer in Town government. John Giger disclosed that in his past employment he worked on information systems that served the energy industry. Peter Morrison introduced himself as the Conservation Commission representative and stated that he is interested in learning about these topics. John Petropoulos introduced himself as a Selectman and stated a concern that if the pipeline is going to happen, then he is focused on the importance of how is it going to happen and its impact on Groton. Peter Cunningham introduced himself as a Selectman. He believes that the committee needs to stay focused on what FERC and federal authorities are willing to consider. Keeping the focus on areas such as environmental sensitivity, high school safety concerns and impact on resident homeowners are his aim.

Mark Haddad suggested that Mondays at 5 pm might be the committee's regular meeting time.

Kevin Kelly suggested that an alternative path might be a committee goal. He explained that if it is determined that a pipeline is going through Groton, what would a preferred path be through Groton. If FERC says it is going to happen, then the Town should have a preferred path as this might be a potential win-win. Committee members mentioned that several communities and nonprofits are suggesting alternative routes. Peter Morrison

noted that even in conservation areas, there are greater and lesser areas of sensitivity. The group found support for creation of an alternate route in several areas of the committee's charge.

Mark Haddad noted that the Town of Groton has the most recent map shared by Kinder Morgan posted on the Town website. Mark Haddad arranged on July 25th for a letter to be sent to FERC asking FERC to slow its consideration so that towns can have time to consider and formulate a response.

The group deliberated whether it will perform work in short window and turn over work product to the Board of Selectmen or perhaps the group stays open to directly communicate with the public when there are opportunities for community input. The group might be effective if it extends its operation beyond the original five week push.

The group agreed that attention to and awareness of regional groups' efforts will be important to follow. Dennis Eklof is on the regional group and Groton Selectman Stuart Schulman is even the regional group's chair.

John Petropoulos will work on collecting the calendar of critical milestones. Dennis Eklof is expected to have knowledge of this area as well. John Petropoulos will report back progress at next week's meeting. It is understood that one milestone is the Kinder Morgan submission to FERC which is expected in September. Takashi Tada referenced Kinder Morgan's own slide show presentation to the Commonwealth's Executive Office of Environmental Affairs that mentions a September pre-application.

Michelle Collette mentioned an upcoming political group meeting in Lunenburg on August 5th. State reps have helped to organize that meeting which will be held at the Lunenburg High School. John Giger will attend. He noted that politics may be a nontrivial aspect of this project.

The committee members observed that if a pipeline comes, the Town might negotiate deliverables/concessions to help cope with the impact of the pipeline. John Petropoulos asked for the committee to construct a wish list of possible items:

1. Water testing program for wells for residents concerned about safety of their well water,
2. fire safety equipment,
3. purchase of offsetting additional conservation land,
4. Kinder, Morgan pays personal property taxes,
5. Kinder Morgan amount to compensate for lost property taxes, and
6. Impact on residents for declining property values related to the pipeline.

Mark Haddad explained that landowner residents grant an easement and are compensated for granting the easement. Then the resident is responsible for the taxes. Tax Assessor Rena Swezey might be invited to address the committee. Peter Cunningham distributed Swezey's communications with the Massachusetts Department of Revenue that relate to taxing considerations for natural gas pipelines.

Kevin Kelly explained that Brayton Pointⁱ is going to close and has announced a closing date. It cannot convert; or, there are no plans for them to convert to another fuel. Which is different from Salem Harborⁱⁱ where a new natural gas plant is expected to be built on the same site as the coal plant. To provide needed electricity for the coming year and until other capacity is obtained, ISO NEⁱⁱⁱ may pay hundreds of millions of dollars to get Brayton Point open until a pipeline is completed.

One of the primary purposes of a regional transmission organization like ISO NE is that it has exclusive authority for maintaining the short-term reliability of the grid. The question of tariffs is not apt to stop the pipeline. Relying on the need for reliability, ISO NE is given much latitude. So, a pipeline will probably be built. Whether this pipeline or this route is another question. It is common for ISO NE to socialize a project, giving the example of green transmission projects proposed and approved in Maine that are financed through transmission charges.

Kevin Kelly added that Kinder, Morgan will not invest \$4 billion in a new pipeline if they are not going to get \$4 billion plus out of the deal. He anticipates that ISO NE will have the tariff written or at least proposed by the time Kinder, Morgan submits to FERC.

Vermont Yankee^{iv} announced that it was closing but Kevin Kelly felt ISO NE may do something to keep it going through the winter. Salem Harbor has closed. A published study modeling how the New England region would

cope with reduced generation was only based on closure of Salem Harbor. Two gigawatts represent the power requirements of 154 Grotons or all of Western Massachusetts. All of these planned closures will encourage ISO NE and possibly FERC to approve a new pipeline. John Giger referenced a *Boston Globe* article regarding added proposed transmission projects^v.

Kevin Kelly explained that MMWEC^{vi} is concerned and so is maneuvering to be an agent and own the expanded capacity. MMWEC would float bonds and as a nonprofit this would be less expensive energy for the customer than ISO NE would otherwise usher in.^{vii} For a pipeline, capacity can be increased to a point by adding compressor stations as demand increases.

John Petropoulos offered that he has gathered with several other Grotonians, including Art Campbell and David Melpignano, and put together a TV show about pipeline. He expects at least one more show that focuses on Hopkinton's pipeline experience. He is facilitating and introducing people but not commenting on the pipeline directly.

NEXT MEETINGS: Start more frequently at 5:30 pm and then back off from there as needed. Upcoming meetings will be held on August 4th, 18th and 25th and Sept. 8th.

Agenda item suggestion. John Llodra suggested that the committee collect the positions of major stake holders in synopsis form. He cited a need to have an appreciation of all facets in order to marshal effective positions. John Llodra noted that there has been an unarguable removal of generating capacity.

Main agenda item. John Petropoulos and Dennis Eklof will help to set timeline to help establish committee goals. Kevin Kelly left the meeting.

John Llodra moved to adjourn the meeting at 6:21 pm. John Petropoulos seconded and motion carried 5:0 (Kevin Kelly and Dennis Eklof absent).

Notes by Fran Stanley

ⁱ Brayton Point is a coal and fossil fuel-fired power plant located in Somerset, Massachusetts.

ⁱⁱ Salem Harbor is a coal-fired power plant located in Salem, Massachusetts.

ⁱⁱⁱ ISO NE is a regional transmission organization. Per Wikipedia, RTOs were created by the Federal Energy Regulatory Commission (FERC) as a way to handle the challenges associated with the operation of multiple interconnected independent power supply companies. FERC describes this as a voluntary system. The traditional model of the vertically integrated electric utility with a transmission system designed to serve its own customers worked extremely well for decades. As dependence on a reliable supply of electricity grew and electricity was transported over increasingly greater distances, power pools were formed and interconnections developed. Transactions were relatively few and generally planned well in advance.

However, in the last decade of the 20th century, some policy makers and academics projected that the electrical power industry would ultimately experience deregulation, and RTOs were conceived as the way to handle the vastly increased number of transactions that take place in a competitive environment. About a dozen states decided to deregulate but some pulled back following the California electricity crisis of 2000 and 2001.

RTOs ensure three key free market drives: open access and non-discriminatory services, the continued reliability of a system unequalled anywhere else [reliability sometimes ensured by issuance of reliability must-run contracts (RMRs) to generating plants] and multiple transmission charges that will not negate the savings to the end-use customer. Critics of RTOs counter that the wholesale electricity market as operated through the RTOs is in fact raising prices beyond what would obtain in a truly competitive situation, and that the organizations themselves add a needless layer of bureaucracy.

^{iv} Vermont Yankee is an electricity generating nuclear power plant, located in the town of Vernon, Vermont.

^v <http://www.bostonglobe.com/business/2014/07/19/proposed-transmission-projects-aim-tap-canadian-hydroelectricity/YoVY80MLZ6DVYTxZz401EJ/story.html>.

^{vi} Massachusetts Municipal Wholesale Electric Company (MMWEC), through a public energy partnership established in 1969, provides the services, expertise and strategic vision to help municipal utilities optimize their energy resources and find value in the shifting structure of New England's wholesale power markets.

^{vii} MMWEC 2013 Annual Report, page 9 "Addressing threats to reliability usually results in higher costs for consumers. ... MMWEC is working to ensure an appropriate balance between cost and reliability."