

Public Act No. 02-95 Legislative Task Force

Preliminary Position Statement by Yankee Gas Services Company

July 26, 2002

Yankee Gas Services Company's Involvement on the Task Force:

Yankee Gas Services Company (Yankee Gas) is Connecticut's largest natural gas distribution company, servicing over 191,000 customers in 70 cities and towns. Yankee Gas is a leader in safety and reliability, customer service and operational excellence. Its commitment is to grow and continuously improve the efficiency and quality of its natural gas distribution system.

Yankee Gas purchases natural gas from a variety of sources, including the Gulf of Mexico and Eastern and Western Canada. Natural gas purchased in these supply basins is transported on the interstate pipeline system under contracts that Yankee Gas maintains to ensure that customer demands can be met, regardless of weather conditions. Yankee Gas' philosophy in managing its supply portfolio is to maintain a diverse mix of assets that are cost effective, are coincident with customer demands, and ensure the continued reliability of its distribution system.

The availability of natural gas provides more choices and promotes fuel diversity. More choices result in greater competition which then results in lower costs to consumers. Commercial and industrial customers prefer a choice in fuels so that they may optimize the economics of their operations, making them more competitive. Cities and towns throughout Connecticut find that by having natural gas available in their communities they may have an advantage in promoting desired economic development opportunities. Builders and property managers may prefer natural gas because it eliminates the need to have on-site fuel storage.

Natural gas is the cleanest, most efficient of all fossil fuels. The inherent cleanliness of natural gas, coupled with the high efficiency of natural gas equipment, can reduce the emission of air pollutants that produce smog and acid rain. The growth of the natural gas infrastructure in Connecticut, accomplished in an environmentally responsible manner, is important to providing the widest range of fuel choices to consumers.

Being a local gas distribution company, Yankee Gas is a member of the Task Force created by Section 3 of Public Act 02-95, An Act Concerning the Protection of Long Island Sound. Section 3 requires that "a comprehensive environmental assessment and plan" be developed by the Task Force under the direction of the Institute for Sustainable Energy (ISE). Multiple mechanisms, including focused, factual workshops, public hearings, written public comments, and the contemplated collaborative process, satisfy the statute's further direction to solicit the input of others in addition to the members of the Task Force in this development process.

The Work of the Task Force:

The Task Force is charged by statute to develop a framework that will assure an evaluation of project proposals, which balances appropriately the need for cost-effective and reliable utility resources and the commitment to continued protection of Connecticut's environmental resources. This framework is not intended to substitute for or otherwise direct the outcome of the regulatory approval processes that apply to existing proposals. Rather the hope would be that the framework would guide these regulatory approval processes, detailing and potentially sequencing the considerations in a generic manner, lending itself to ready application in the context of individual proposed projects. Should the adherence to this guidance suggest the need for revisions to the current regulatory approval processes for individual projects, including the available mechanisms for defining the balance among multiple needs and multiple environmental resources, such revisions may be identified by the Task Force.

Incorporating by reference issues listed in Executive Order Number 26, Public Act 02-95 sets forth the criteria to be reviewed and analyzed when developing the assessment and plan. The Task Force's assessment and plan, with reference to these criteria, will provide the regulatory authorities, the applicant and other interested entities with the end product of this statutorily-directed development process. These criteria are to be reviewed during the collaborative process.

The specific issues that the task force is required to address in regard to gas transmission lines are as follows:

1. An evaluation of methods to minimize the number and impacts of energy crossings within Long Island Sound (LIS);
2. Recommendations for providing regional energy needs while protecting LIS;
3. An assessment of the present status, future potential, and environmental impacts of proposed methods for laying power line, pipeline or cable;
4. An identification of possible measures to mitigate environmental impacts and maintain aesthetic integrity of regions in Connecticut where it has been determined transmission must be sited;
5. A comprehensive inventory and mapping of existing environmental data on the natural resources of LIS;
6. An evaluation of the relative importance and uniqueness of natural resources and an identification of the most ecologically sensitive natural resources of LIS;
7. An assessment of the present status, future potential and environmental impacts on LIS of meeting the region's energy needs that do not require the laying of a power line or cable within LIS;
8. An evaluation of methods to minimize the numbers and impacts of electric power line crossings, gas pipeline crossings, and telecommunications crossings within LIS, including the individual and cumulative effects of any such crossings;
9. An inventory of current crossings of LIS and an evaluation of the current environmental status of those areas;

10. An evaluation of the reliability and operational impacts to the state and region of proposed LIS crossings and an evaluation of the impact on reliability by recommended limitations on such crossings;
11. Recommendations for providing for regional energy needs while protecting LIS to the maximum extent possible; and
12. Recommendations on natural resource performance bonds.

The clear focus of this mandate is to review issues related to LIS. Several of these issues, which can be grouped into information inventory and technical assessment, require the gathering and analysis of data related to technical aspects of LIS data and electric cable, gas pipeline and telecommunications cable crossings. Several issues, including item 4, which appears to focus primarily on overland transmission projects, suggest process changes.

Proceeding with the Work of the Task Force:

Within this statutory framework, the Task Force should proceed on two tracks toward the development of the assessment and plan. The first track would be discussions and collaboration among Task Force members on elements of an enhanced process that may be appropriate to facilitate the regulatory review in connection with the siting of projects. The Task Force's plan would then include these agreed-upon process enhancements. The Task Force can note any significant unresolved issues in the plan or an appendix to the plan.

The second track would consist of the preparation of an assessment by the consultant retained by ISE. As required by the Request for Proposal (RFP), this consultant would gather and summarize existing data to fulfill the assessment directives of Section 3 of Public Act 02-95. Once the draft assessment is completed, the members of the Task Force will review it. At his or her option, any Task Force member may comment on the draft assessment. The draft assessment would be an appendix to the Task Force's plan. The Task Force can note any significant unresolved issues with the draft assessment in the plan or an appendix to the plan.

Addressing the Final Assessment and Plan:

During the collaborative phase of its task, the Task Force should address three components in the final assessment and plan. These three components (information inventory, technical assessment and process assessment) derive from the directives of Section 3. Below Yankee Gas identifies potential key questions for the Task Force, to be addressed either directly or utilizing the consultant preparing the draft assessment.

1. Inventory of Existing Database of Long Island Sound Resources

a) Key Questions

What data currently exists on the natural resources of LIS? Where is it located?

Where are there gaps in the current database? Is the missing data potentially relevant? Is it reasonably attainable?

What are the most ecologically sensitive natural resources of LIS?

What are the existing crossings of LIS?

What is the status of these crossings?

b) Yankee Gas Proposal

Yankee Gas proposes that:

(i) The ISE consultant complete a survey of existing data on LIS natural resources, which collects, categorizes and summarizes existing data within the public domain, primarily from governmental entities;

(ii) The ISE consultant identify the most ecologically sensitive natural resources, based upon a review of the existing data and the literature;

(iii) The ISE consultant identify the gaps in the existing data on LIS natural resources; and

(iv) The ISE consultant identify the existing crossings of LIS.

2. Technical Assessment

a) Key Questions

What are the technical considerations of laying electric power lines, gas pipelines and telecommunications cables in LIS? How do they affect the environment?

What are the relative effects of laying electric power lines, gas pipelines and telecommunications cables in LIS compared with other activities within LIS?

To what extent is the laying of electric power lines, gas pipelines and telecommunications cables compatible with each other, thereby making it possible to minimize the number of LIS crossings by the use of corridors?

Should there be a limitation on or identification of corridors for purposes of laying electric power lines, gas pipelines and telecommunications cables? If so, what is the basis for limitation?

Are there reliability and operational impacts with a limitation on corridors for purposes of laying electric power lines, gas pipelines and telecommunications cables?

What measures can be taken to mitigate the impacts of LIS crossings?

b) Yankee Gas Proposal

Yankee Gas proposes that the ISE consultant review materials which are part of the Task Force's record, the data systems of DEP and other governmental entities and other sources for the purpose of providing a summary analysis of these technical issues. After the ISE consultant has either made significant progress or completed its initial assessment and analysis, the Task Force can then work toward finalizing this assessment and making and recommendations.

3. Regulatory Considerations

a) Key Questions

What are the existing regulatory programs, processes and standards that apply to the regulatory agency evaluation and approval of projects that cross LIS?

What information needs to be considered if we are to responsibly manage the ecology of LIS?
What information do we currently have (see above in inventory)?

What does the information we have say about how well we are managing LIS?

Are individual property rights adequately and appropriately considered under the current state regulatory structure?

What is the viability of and potential role for natural resource performance bonds?

How, when and to what extent are the cumulative, incremental, direct impacts of additional, multiple crossings of LIS?

When, what and how are measures taken to mitigate environmental impacts?

When, what and how are measures taken to enhance environmental benefits?

What mechanisms currently assure coordination of approval processes for individual cross LIS projects?

Are there better mechanisms that could better assure coordination of approval processes for individual projects?

What mechanisms currently consider the incremental and direct impacts of individual projects in the context of the existing infrastructure and future needs?

What mechanisms currently assure public participation in the evaluation and approval processes for individual projects?

What is the role of the Connecticut Department of Environmental Protection?

What is the role of the Connecticut Siting Council?

What is the role of FERC?

Is there federal pre-emption of any regulatory considerations?

Are security and privacy among the considerations when evaluating the alternatives commercially available to meet regional energy needs?

b) Yankee Gas Proposal

Yankee Gas proposes that:

(i) The Task Force review the existing regulatory process in which LIS crossing projects are reviewed;

(ii) The Task Force, to the extent possible, recommend policy changes or adjustments or construction or maintenance approaches, if any may be appropriate, consistent with agreed upon approaches to facilitating projects in an environmentally compatible way;

(iii) The Task Force ensure that any recommended policy changes or adjustments are consistent with federal requirements and mandates;

(iv) The Task Force review the extent to which the Siting Council's current process for review of, and receipt of comment on, individual projects' development and management plans provides the analysis (or the opportunity for analysis) of methodologies for mitigation of environmental impacts and enhancement of environmental benefits and the balancing of competing environmental resource considerations; and

(v) The Task Force review the mechanisms for public participation in the Siting Council regulatory approval process.

Moving forward, as a fully engaged member of the Task Force, Yankee Gas looks to the further refinement of the process, with discrete steps and milestones. These steps and milestones will facilitate the development of the required assessment and plan in an orderly, efficient and timely manner. The mechanisms for input, by both nonpartisan sources of information and advocates, should be specific, finite and understood by all involved in the process. With the assistance of the consultant hired by ISE, the data gathering process should be defined in scope

and time. While any current project proposals may be instructive as to the appropriate elements of the assessment and plan, the Task Force should not become a forum for decisions on specific projects; these projects will be reviewed and analyzed in detail by the regulatory authorities, each of whom will afford adequate opportunity for meaningful public input. To be of greatest value to the greatest number, this assessment and plan should be usable by the agencies when reviewing projects, proposed, contemplated and not yet contemplated.