Spectra and NU Announce Access Northeast Project
Brownfield project to expand Algonquin, Maritimes by 1 bcf/day

Pipeline Specifically Developed for Gas Generators
Spectra and Northeast Utilities announced today a proposal to build a 1 bcf/day pipeline that could ease the winter gas generator deliverability constraints in New England. Like the Kinder Morgan Northeast Direct project, this project named Access Northeast is relying on firm commitments from gas generators to finance the project.

Gas generators, on the other hand, are waiting on a NESCOE proposal to subsidize firm gas purchases. We think it is unlikely that FERC will approve the NESCOE proposal in its current form. Therefore, we think Access Northeast, along with the Northeast Direct and Atlantic Bridge projects, will have difficulty securing financing. However, unlike the Northeast Direct project, the Access Northeast project is a brownfield expansion, which is much easier to construct, gain easements and environmental approval.

There is no question that New England is in dire need of a gas infrastructure buildout, especially with growing gas generator demand alongside the retirements of Salem and Vermont Yankee plants. ICF is projecting less than 500 mmcf/day for 20 days this winter, which will force most gas generators in New England to go on outage and possibly cause severe reliability issues. We think the best hope of gaining FERC approval and financing for a gas infrastructure buildout is to implement market design changes in ISO-NE capacity market to cover the costs of firm gas, similar to what PJM is proposing.
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