

## News : FERC, NERC chiefs urge ISO-NE, states to think twice before letting Everett LNG facility close

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Published on - Mon, 06 Nov 2023 17:06:11 EST

- Everett to lose largest customer in May
- Concerns raised over local gas distribution systems
- ISO-NE urged to consider fuel security reforms

Two top US utility and grid regulators Nov. 6 sounded the alarm over potential reliability and affordability perils New England could face if an LNG import terminal in Massachusetts retires next year, as there appears to be no clear plan for keeping the terminal afloat more than four months after a forum highlighted the critical need for the facility.

Constellation Energy's Everett LNG terminal will lose its single largest customer -- the 1,413-MW Mystic power plant, also owned by Constellation -- in May when the gas-fired plant is set to retire, throwing into question the continued operation of the LNG facility.

The terminal has 3.4 Bcf of LNG storage capacity and includes equipment for the import, storage, local transportation and regasification of LNG delivered to the facility by ship. Everett is capable of supplying 35% of gas demand on peak winter days in New England, where gas supplies are already constrained.

With attention heavily focused on maintaining the reliability of the electric system if Everett were to close, Federal Energy Regulatory Commission Chairman Willie Phillips and North American Electric Reliability Corp. CEO James Robb warned that impacts to local gas distribution systems -- which are beyond their jurisdiction -- may be getting short shrift.

### 'Serious concerns'

"With respect to the natural gas system, the evidence raised what we view as serious concerns about certain local gas distribution systems' ability to ensure reliability and affordability in the region without Everett," they said in a Nov. 6 joint statement.

Stakeholders at FERC's [New England Winter Gas-Electric Forum](#) held June 20 said Everett should be kept around as a reliability "insurance policy" in case there are problems with either the gas or power delivery systems in the future. In addition to providing storage capacity that is otherwise hard to find in the region, the facility also supports the regional gas network and maintains interstate pipeline pressure when maintenance or compressor station issues crop up.

Phillips and Robb added that the blizzard that swept through the Christmas holiday weekend in 2022 and caused nearly 90 GW of outages in the eastern US at one point "illustrates the extent to which such winter events can also have significant consequences for infrastructure subject to state jurisdiction, such as the local gas distribution system."

"And, although there was evidence that the retirement of Everett would be 'manageable' for the electric system, at least in the near-term, given anticipated new resource deployments and transmission development, minimal load growth, limited resource retirements, and increased reliance on non-natural gas generators, the evidence indicates that, should those expectations not materialize as anticipated, ensuring reliability and affordability could become challenging in the face of a significant winter event," they added.

### Retirement plans

Constellation had planned to retire the Mystic power plant at the end of May 2022, prompting a first-of-its-kind cost-of-service deal to keep Mystic Units 8 and 9 operating between June 2022 and May 2024 to address fuel security and grid reliability concerns raised by ISO New England. The agreement also allowed Mystic to recover most of the costs of the adjacent Everett LNG import terminal that provides fuel for the gas-fired plant.

ISO-NE has said it has no intention to retain Mystic after its cost-of-service agreement ends because transmission system upgrades have eliminated the previous reliability concerns. Constellation has indicated that the future of Everett beyond Mystic's cost-of-service agreement hinges on whether gas utilities will sign contracts to support the LNG facility.

The reliability needs of the gas system largely fall to New England states' jurisdiction. Phillips and Robb offered those state regulators their respective agencies' assistance in addressing those needs.

"With respect to electric reliability, we encourage [ISO-NE] and its stakeholders to pursue reforms aimed at ensuring that the electric system remains reliable by incentivizing resources to obtain the energy supplies, e.g., fuel, necessary to perform during extreme weather conditions," they said. "To the extent that Everett or other infrastructure plays a role in supporting electric reliability by making needed energy supplies available, in the near-term or the future, such reforms should consider how to ensure that any needed reliability contributions are appropriately valued."

ISO-NE declined to comment on the joint statement, and Constellation had not responded to a request for comment as of press time.

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