

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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Secretary

January 26, 2011

SENT VIA ELECTRONIC FILING

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Room 1-A209
Washington, D.C. 20426

Re: Docket No. CP11-56-000 - Texas Eastern
Transmission, LP

Dear Secretary Bose:

Attached, for filing, is the Notice of Intervention and Comments of the New York State Public Service Commission in the above-entitled proceeding. The parties have also been provided with a copy of this filing, as indicated in the attached Certificate of Service. Should you have any questions, please feel free to contact me at (518) 473-8178.

Very truly yours,

David G. Drexler
Assistant Counsel

Attachment
cc: Service List

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Texas Eastern Transmission, LP) Docket Nos. CP11-56-000

**NOTICE OF INTERVENTION AND COMMENTS
OF THE NEW YORK STATE
PUBLIC SERVICE COMMISSION**

INTRODUCTION

On December 20, 2010, Texas Eastern Transmission, LP (Texas Eastern) and Algonquin Gas Transmission, LLC (collectively, Petitioners) filed an application seeking Certificates of Public Convenience and Necessity and related authorization from the Federal Energy Regulatory Commission's (FERC or Commission) in connection with Petitioners' proposal to construct, own, operate, and maintain certain natural gas pipeline facilities in the New Jersey-New York City region (NJ-NY Project). The NJ-NY Project would provide an additional 800,000 Dth/day of delivery capacity to the region, and cost approximately \$857 million to construct. Petitioners seek to construct and place the facilities into service by November 1, 2013, so that firm transportation service would be available for the 2013-14 winter heating season.

As discussed below, the New York State Public Service Commission (NYPSC) supports Petitioners' application. There is

a demonstrated need for projects like the NJ-NY Project to meet current and future load growth requirements, particularly in the New York City metropolitan area. Such projects will help relieve existing capacity constraints, increase supply diversity, and enhance reliability. These objectives are consistent with New York State's most recent State Energy Plan. In addition, projects like the NJ-NY Project should promote competition, reduce price volatility, and provide access to lower priced natural gas. Moreover, meeting demands for energy with cleaner burning natural gas, instead of fuel oil, would provide opportunities to improve regional air quality, and reduce emissions of greenhouse gases and other pollutants.

NOTICE OF INTERVENTION

Pursuant to the FERC's Notice of Application, issued January 5, 2011, and Rule 214 of the Commission's Rules of Practice and Procedure, the NYPSC hereby submits its Notice of Intervention and Comments in support of the Application filed by Petitioners on December 20, 2010.

Copies of all correspondence and pleadings should be addressed to:

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DISCUSSION

The NYPSC supports Petitioners' request for the Commission's approvals in connection with the NJ-NY Project. There is a demonstrated need for the NJ-NY Project to meet current and future load growth requirements. Texas Eastern has already obtained commitments for firm transportation service for the total capacity of the NJ-NY Project, comprised of commitments from: Consolidated Edison Company of New York, Inc. (Con Edison) for 170,000 Dth/day, for a minimum of 15 years; and natural gas producers Chesapeake Energy Marketing, Inc. and Statoil Natural Gas LLC for 425,250 Dth/day and 204,750 Dth/day, respectively.

The need for increased natural gas delivery capability into the New York City metropolitan area was also identified in New York's most recent State Energy Plan in 2009 (2009 SEP). As the 2009 SEP noted, "[d]uring peak natural gas demand periods, pipeline capacity into the New York City market area is

constrained.”¹ Adding new pipeline delivery points into that market, such as the NJ-NY Project, “would significantly relieve capacity constraints, increase reliability and reduce the volatility of spot market gas prices and the delivered price of natural gas into the market.”²

A project like the NJ-NY Project would provide significant reliability and economic benefits by providing new points of interconnection for existing and new customers, including New Jersey and New York local distribution companies, such as Con Edison, to deliver natural gas to the high-growth New York City metropolitan area. Expanding access to multiple sources of natural gas will increase supply diversity, and improve system flexibility and reliability. The risk of a severe disruption to Con Edison’s system due to a loss of an existing Manhattan delivery point would be mitigated. Further, this new pipeline project would help alleviate capacity constraints, resulting in increased opportunities to enhance market competition, reduce price volatility, and lower prices. Because the capacity associated with this project would be predominately subscribed to by natural gas production companies,

¹ See, 2009 SEP, Volume III: Issue Briefs, Energy Infrastructure, Section 3.3, p. 32.
<http://www.nysenergyplan.com/stateenergyplan.html>.

² See, 2009 SEP, Volume I: Objectives and Strategies, Section 4.3, p. 68.

the project should provide for increased competition in the New York City metropolitan market, improve reliability and help stabilize or even lower end use customer costs.

The NJ-NY Project would also provide significant environmental benefits. Meeting customer demands for energy with natural gas in lieu of fuel oil or other higher-emitting fossil fuels would assist in improving regional air quality and reducing emissions of greenhouse gases and other pollutants. This is particularly important in New York City, where a significant portion of the generating facilities utilize natural gas as their primary fuel source, and may currently be forced to shut down or switch to dirtier fuel sources during periods when supplies of natural gas are limited.

The NYPSC recognizes and shares other parties' concerns with ensuring the safety of the NJ-NY Project, given its proposed proximity to high population density areas and sensitive infrastructure. To ensure these concerns are adequately addressed, the Commission should thoroughly consider potential alternative routes and impose any conditions necessary to ensure safety, as well as to protect the environment.

CONCLUSION

For the reasons noted above, the Commission should approve Petitioners' application, with appropriate conditions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Peter McGowan". The signature is written in a cursive, slightly slanted style.

Peter McGowan
General Counsel
Public Service Commission
of the State of New York

By: David G. Drexler
Assistant Counsel
3 Empire State Plaza
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(518) 473-8178

Dated: January 26, 2011
Albany, New York

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated: Albany, New York
January 26, 2011



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