

## **Witness testifies proposed Berkshire Gas contract not needed**

### **Expert witness for Montague testifies before state DPU**

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- Instead of relying on Tennessee Gas Pipeline's Northeast Energy Direct project to augment its winter supply, Berkshire Gas Co. would be better off looking elsewhere for its peak needs, an expert witness for Montague testified recently before the state Department of Public Utilities.

The additional supply could come from Berkshire Gas' liquefied natural gas facility in Whately, combined with a smaller augmentation of its natural gas supply and expansion of its own distribution line for "substantial near-term benefits for customers," said John A. Rosenkranz, a principal with North Side Energy LLC, an Acton-based natural gas supply planning and pipeline project management consultant.

He testified last week about Berkshire Gas Co.'s proposed long-term contract for gas from the Northeast Energy Direct pipeline, which the state must approve.

Whether Berkshire gains approval to use NED gas is of concern to opponents of the controversial pipeline through eight Franklin County towns, because TGP contends its pipeline is needed to meet New England demand and is not for export, as its critics contend.

Rosenkranz, testifying on behalf of intervenor Montague, said over the long term, his alternatives would mitigate Berkshire customers' exposure to potential gas price volatility by allowing Berkshire to dispatch LNG when gas prices spike. In addition, as compared to the NED Supply Path proposal for the company to get 14,650 dekatherms a day from the project, these alternatives lower the risk that customers' gas costs will increase if the gas price differential between the Marcellus Shale gas producing area and markets in eastern New York decreases."

While Berkshire should still consider contracting for other pipeline capacity to diversify its resources, the amount should be "substantially less" than what's proposed, because of the risk of changing price relationships between the Marcellus production area and other markets and "uncertainty about Berkshire's future planning load growth," he says, adding that it would be "reasonable" to add pipeline capacity in increments, instead of a single large commitment to a single development.

The DPU approved last year the long-term 36,000 Dth/day capacity contract for Berkshire to get gas from the proposed pipeline's "market path," which would

cross eight Franklin County towns on its route from Wright, N.Y. to Dracut and beyond. At issue in Rosenkrantz's remarks was a request filed last Dec. 16 for additional capacity from the "supply path" between the Marcellus shale fields in Pennsylvania and Wright, N.Y. "to provide liquidity, diversity and reliability," according to testimony presented at the time.

Berkshire Gas is an investor in the NED project and has had a moratorium in place on new and expanded service until NED is on line.

Rosenkrantz, who has consulted with natural gas distribution companies like Berkshire as well as electricity generators to help them evaluate gas-supply options, recommended against approving the proposed 14,650 Dth/day contract, saying the company has not shown that the proposed contract quantity is "necessary or reasonable."

Because alternatives to reduce gas purchases at Wright, N.Y., are expected to be available, there is also no reason for Berkshire to contract for more service than it requires to meet customers' near-term needs. In fact, Rosenkrantz says that a benefit of contracting for a lower amount of NED Supply Path capacity is that "it allows the Company to take advantage of other gas resource opportunities in the future."

[**Correction:** The above quote was not Mr. Rosenkrantz' statement; he was quoting something Berkshire Gas said in a document filed in the case.]

Rosenkrantz recommends that the company "should immediately undertake the distribution system upgrades needed to increase the gas take-away capacity from the Whately LNG facility by at least 1,700 Dth/day" and also evaluate adding a third LNG storage tank at Whately.

More information is available at [www.bit.ly/1TCsTPJ](http://www.bit.ly/1TCsTPJ)

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