



***Federal Energy Regulatory Commission
Algonquin Gas Transmission, RP16-618-00***

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Tenaska: Active in the Natural Gas Market

- ❑ Moves over 8 BCF of natural gas daily
 - ❑ Equal to ~10% total US gas consumption sold or managed in 2015
- ❑ Holds firm transportation on over 130 interstate and intrastate pipelines throughout North America
- ❑ Manages over 125 BCF of natural gas storage
- ❑ Trades with over 740 counterparties
- ❑ Over 162,000 transactions per year





Tenaska: Active in the Natural Gas Market

- ❑ **Manages customer transport and storage**
 - ❑ For generators and others
 - ❑ FERC Order 712 AMAs

- ❑ **Maximize asset optimization to minimize costs for customers**

- ❑ **Owns and operates 6.7 GW of power generation**

- ❑ **Manages 16.3 GW of power generation**



Commission's Capacity Release Regulations Critical Component of Efficient Market

- ❑ **Tenaska is neutral on the planned EDC-supported pipeline expansion projects**
- ❑ **Tenaska has significant issues with the proposed exemption from the Commission's capacity release regulations**

Proposed Tariffs Limit Access, Competition and Transparency



- ❑ **Proposed exemption is premature, unnecessary and would result in restrictions on competition and reduced market efficiency**
 - ❑ Electric Reliability Service Programs (ERSP) have not been approved by State regulators
 - ❑ EDCs acknowledge that the benefits of proposed pipeline contracts would still be realized absent the proposed exemption from the Commissions capacity release regulations

Proposed Tariffs Limit Access, Competition and Transparency



Based on limited details to date:

Capacity initially only releasable to power generators

- Shipper defined as EDC or Power Generator only
- 100% of Access Northeast capacity is intended to be acquired by EDCs

Power generators, whose core business is converting gas to electricity, cannot:

- Re-release to an optimizer
- Sell to 3rd party markets off-peak (when not generating)



Proposed Tariffs Limit Access, Competition and Transparency

- ❑ **Capacity inflexible; may limit segmentation, secondary point access and 3rd party transactions**

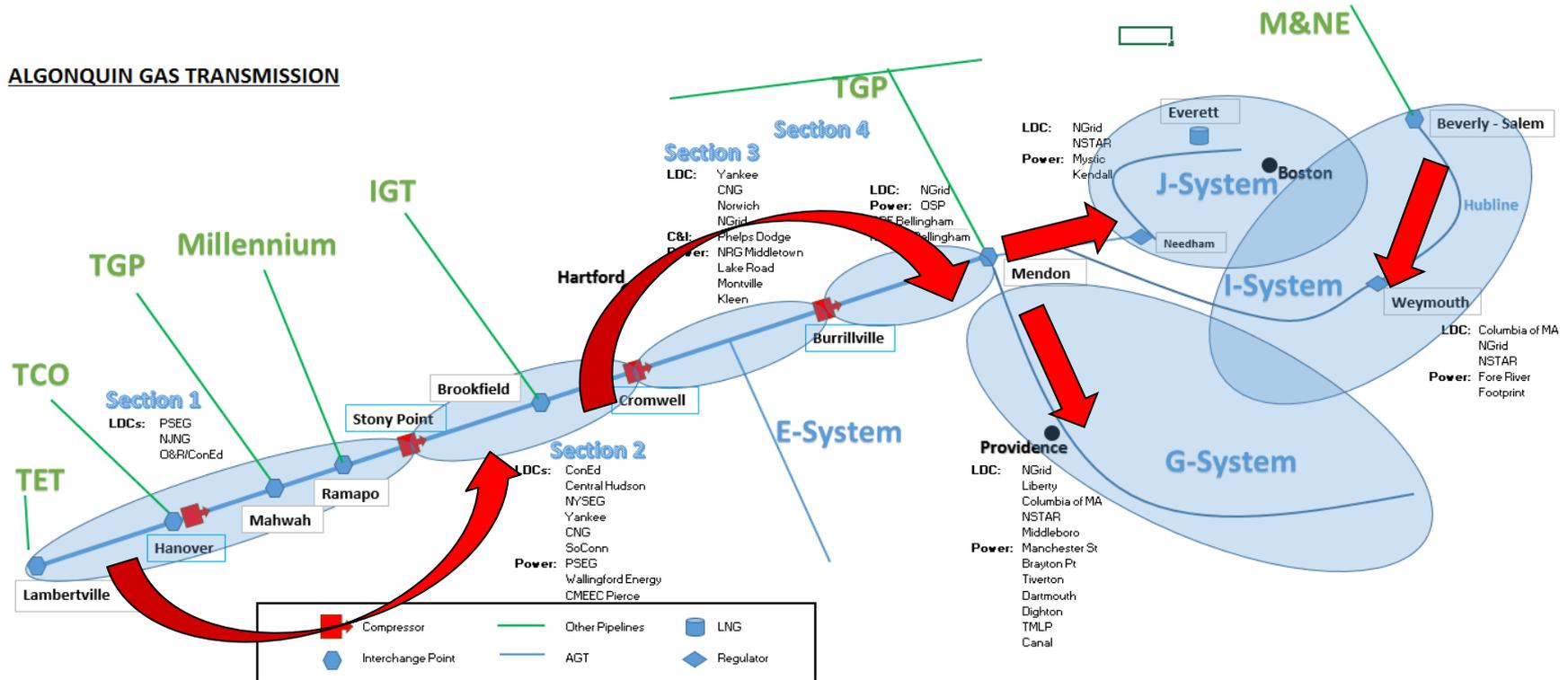
- ❑ **Power generators can't reallocate capacity to other shippers even if:**
 - ❑ Suppliers at the primary point are uneconomic or fail to deliver
 - ❑ Cheaper supply points arise
 - ❑ Gas prices exceed alternate fuel

Pipeline Capacity Optimization Currently Competitive & Transparent



OPTIMIZATION AND SEGMENTATION = VALUE CREATION = RATE PAYER COST REDUCTION

ALGONQUIN GAS TRANSMISSION

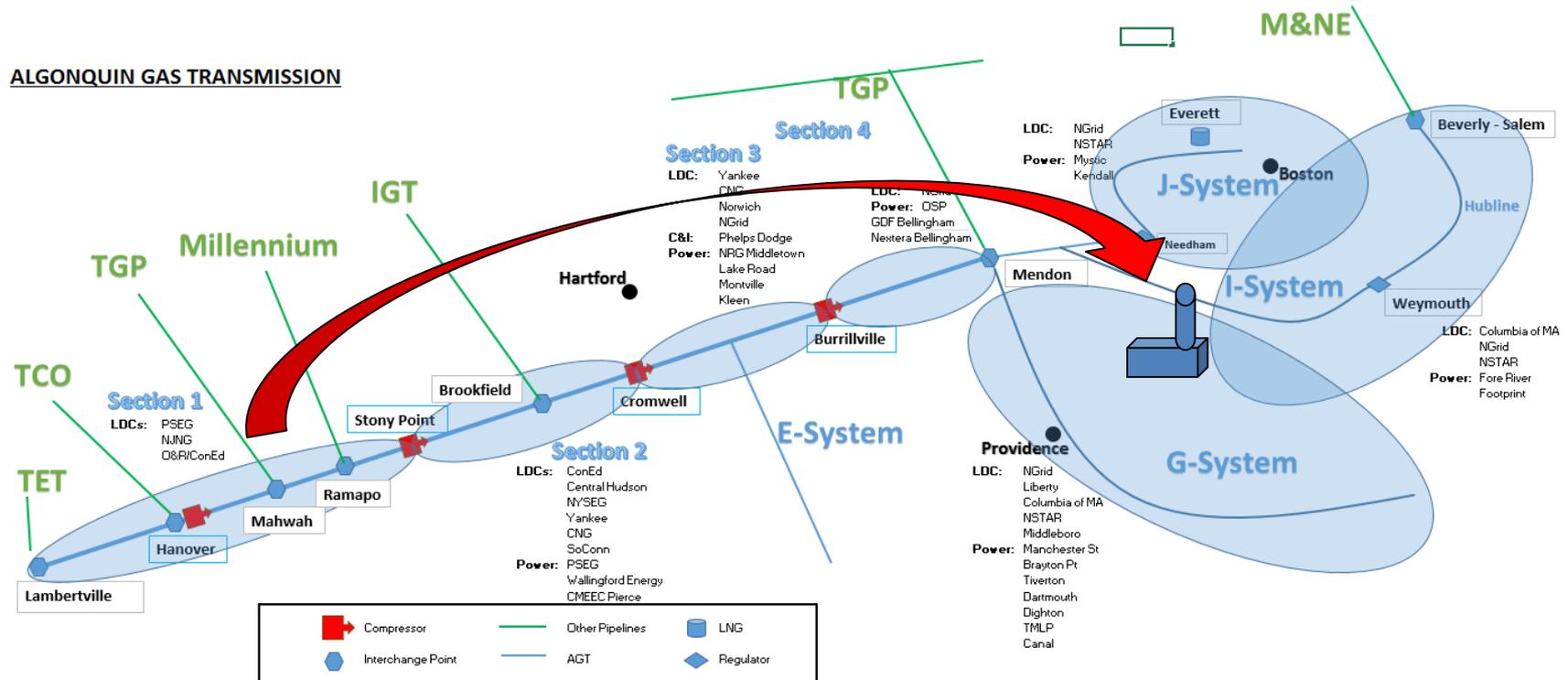


- Current natural gas market is efficient, competitive and reliable
- Keep open access, competition, value creation and rate payer benefits

Proposed Tariffs Restrict Optimization And Reduce Value for Ratepayers

- Open access, competition and optimization will be severely restricted
- Proposed market will be point-to-point only
- Ratepayer benefits will be vastly suppressed

ALGONQUIN GAS TRANSMISSION





Algonquin's Tariff Filing Should Be Rejected

- No justification for applying the new open access exemption to existing capacity**
- When/If detailed ERSP developed/approved, the issue of applicability of capacity release regulations can be explored**
- Burden must be on the pipeline to establish the need for waiver from Commission's capacity release regulations**