EMT FAWG

FINDINGS OF RELEVANCE

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1. **Role of EMT:** EMT is a major gas supply resource that provides several services to the regional gas and electric systems. These services include

    a. *Vapor supply into both the Boston Gas (National Grid) gas distribution system and interstate gas pipeline transmission systems:* the molecules at EMT are physically sent out into both systems.
    b. *Liquid natural gas supply via trucks:* used to provide supply, pressure support, and redundancy at various LNG storage and injection facilities located throughout the region.
    c. *Pressure support:* independent of volumetric supply, EMT maintains sufficient pressure in the gas interstate and local distribution pipeline systems for the delivery of gas via the interstate pipeline system and local distribution system.
    d. *System redundancy and reliability services:* if other supply pipelines go offline, whether due to a planned or unplanned outage (e.g., equipment failure), EMT can provide pressure and supply to prevent interruption of gas service to customers.
    e. *Regional energy storage:* EMT's 3.4 billion cubic feet of storage capacity represents a buffer against supply delivery disruptions and pipeline constraints.

    Removing EMT from today's system, without providing alternative sources of supply sufficient to meet peak gas system demand net of demand reductions, would pose risks to distribution system operators, specifically those that serve the core Boston and Cambridge operational areas. The retirement of EMT would also result in the loss of the reliability services it can provide during planned or unplanned gas transmission system outages.

2. **LDC Utilization of EMT:** In 2024, the Department of Public Utilities (DPU) approved four long-term contracts between Eversource Gas of MA, NSTAR, National Grid, and Unitil (together, the "LDCs") and Constellation LNG LLC ("Constellation), EMT's owner.[1] The volumes of supply the LDCs may take pursuant to those contracts are based on each LDC's projected customer demand as stated in their Forecast and Supply Plans, which must be submitted to the DPU every other year for review and approval. The four LDC supply contracts specify maximum daily quantities (MDQs) and maximum seasonal quantities (MSQs) of supply and include additional provisions for delivering LNG to meet forecasted demand alongside other resources. EMT provides marginal system supply as a vapor (i.e., gas injected directly into the pipeline) and as a liquid (i.e., trucked

[1] DPU dockets 24-25, 24-26, 24-27, and 24-28, respectively.

LNG) to provide system support on an hourly-to-daily basis. Any residual seasonal allotment can be used to replenish regional LDC LNG storage tanks at the end of the season. Constellation is responsible for securing the delivery of LNG shipments to EMT to fulfill these contracted LDC allotments. The LDC contracts are based on supply but provide pressure support and system redundancy services to utility distribution and interstate transmission pipeline systems serving the core Boston, Cambridge, and southeastern Massachusetts operational areas.

3. **EMT's Support for the Regional System**: EMT is utilized by other gas utilities other than the LDCs and power generators that purchase gas via firm contracts and the spot market. In addition to supplying LDCs and other regional customers, EMT provides system redundancy to the interstate pipeline system but does not receive reliable, commensurate compensation for serving as a regional reliability resource.

   In the near term, ISO-NE does not see "clear quantitative evidence of the need to retain Everett for electric system reliability."[2] However, ISO-NE noted that there may be "qualitative reasons to retain EMT" and "has urged the New England region to retain EMT"[3] observing that a lack of EMT would make the region more reliant on oil and natural gas imports from the Repsol Saint John LNG Terminal, though generators already rely on Repsol, rather than EMT, for the bulk of their LNG supplies. With respect to the long-term, ISO-NE further observes, without noting specific implications for EMT, that "reducing fossil fuel consumption in the heating and transportation sectors by converting these sectors to electricity will thereby increase electricity consumption and require a significant increase in the available resources to the electric system and investment in the transmission and distribution systems."

4. **EMT's Costs are Currently Concentrated on the LDCs and their Customers:** EMT has fixed operational requirements that require, in turn, sufficient annual revenue to sustain operations. Prior to its closure, Mystic Generating Station ("Mystic") consumed the bulk of EMT's LNG deliveries, and its payments to Constellation provided most of the revenue needed to sustain EMT's operations. Mystic's payments to Constellation were ultimately absorbed by ratepayers served by the region's electric utilities. Following Mystic's closure, however, the cost of sustaining EMT operations shifted to the LDCs and, ultimately, their ratepayers. The LDCs' long-term contracts with Constellation include fixed fees that, in the aggregate, provide Constellation with sufficient revenue to sustain EMT operations. The four LDCs represent Constellation's only customers with long-term contracts through 2030, and thus, the LDCs' ratepayers currently sustain EMT operations. EMT is a source of supply for other entities (gas utilities and power

[2] ISO-NE, *Winter 2024-2025 Analysis: With and Without Everett Marine Terminal.* (May 4, 2023), https://www.iso-ne.com/static-assets/documents/2023/05/npc-2023-05-04-coo-rpt-winter-2024-25-analysis-with-and-without-everett.pdf

[3] Van Welie, Gordon, *ISO-NE Response Letter Regarding the NPCC Northeast Gas/Electric System Study*, (February 6, 2025), https://www.iso-ne.com/static-assets/documents/100020/combined_eea_npcc_iso_response_letters_02_05_2025.pdf

generators) that purchase supply in the spot market or through separate firm contracts. The share of the fixed costs paid by the LDC's customers would be reduced if additional entities entered into long-term contracts with Constellation to receive EMT supply or related services. Those other potential counterparties for long-term contracts have not materialized under current market and policy conditions, largely because they have other options and do not exhibit direct dependence on EMT for reliability needs (i.e. a generator that has dual fuel capabilities).

In addition, even if the LDCs were to identify alternative sources of supply that would end their reliance on EMT to meet design day requirements, they would nevertheless continue to rely on EMT to serve as a backup source of supply in the event of a planned or unplanned gas transmission pipeline outage. That is, the LDCs may still need to enter into contracts to pay Constellation fixed fees to sustain EMT's continuing operation even if they no longer rely on EMT to meet their design day requirements.

5. **Emissions Associated with LDC Utilization:** Assuming full use of their allotments, the LDC utilization of EMT's gas supply equaled three trillion British Thermal Units (TBtu) in 2024/2025. This contributed ~0.23% of the Commonwealth's aggregate greenhouse emissions (when benchmarked to the MassDEP 2023 inventory). Such consumption and use as a peaking gas asset are consistent with the climate-compliant "All Options" case analyzed in the Massachusetts 2050 Decarbonization Roadmap (44 TBtu of state-wide 2050 residual gas use largely used to meet heating and electric peaking needs).[4] Such consistency requires the implementation of aggressive demand-reduction strategies across the gas system that have not yet been deployed at scale. Further, there is no specific implication that EMT fills this role, despite the 2050 Roadmap highlighting a role for gas capacity resources in general.

6. **EMT, Future Gas Consumption and Emissions Limits:** The LDC's DPU-approved Forecast and Supply Plans, which underpin their ongoing need to rely on EMT through 2030, project increasing gas demand that, without broader policy intervention or changes in usage patterns, would be inconsistent with the Commonwealth's emissions sublimits. If the LDCs' associated new and existing non-peak demand does not decline absent effective demand-reduction programs and policy signals, gas use overall will exceed levels consistent with the Commonwealth's emissions sublimits. If gas demand does decline sufficiently systemwide, but does not decline sufficiently in the LDC's EMT-reliant areas, the LDC's reliance on EMT will persist.

7. **Emergent Risks**. Several sets of distinct risks emerge from the current and evolving policy-market landscape. These risks cannot be attributed solely to policy, but they can be mitigated through robust policy and strategic efforts to shape customer demand and system utilization in EMT-reliant areas.

[4] Evolved Energy Research. *Energy pathways to deep decarbonization: A technical report of the Massachusetts 2050 Decarbonization Roadmap Study*. Commonwealth of Massachusetts. (2020). https://www.mass.gov/doc/energy-pathways-for-deep-decarbonization-report/download

a. *Changing Demand Risk:* The gas utility's integration with EMT was designed to serve peak winter, design day heating loads. As building electrification scales, gas demand will decline, and heating demand patterns will shift, though the timing, magnitude, and ultimate need for gas peaking capacity remain uncertain, and reductions in peak capacity needs will likely lag reductions in aggregate gas consumption volumes. Simultaneously, heating and transportation electrification will lead to rising electricity demand. Under these conditions, gas capacity resources such as EMT can provide greater system optionality. However, the ability to do so is contingent on how market conditions and policies evolve. ISO-NE is currently evaluating policies that incentivize generators to sign firm gas contracts. This uncertainty itself creates planning challenges for utilities and ratepayers.
b. *Economic Risk:* The departure of Mystic Generation Station required EMT's fixed costs to be borne predominantly by the LDCs and their ratepayers. In September 2025, Eversource Gas of Massachusetts (EGMA) requested DPU approval for a supply contract that would supplant 100% of the EMT supply EGMA currently relies on to serve demand on the Algonquin G-Lateral pipeline in southeastern Massachusetts.[5] This substitution of EMT supply would eliminate EGMA ratepayers' contribution to EMT's fixed costs. In 2030, if the remaining LDCs are still reliant on EMT, the cost of sustaining EMT's operations may need to be spread across a small number of ratepayers.
c. *Regulatory Transition Risk*: State decarbonization mandates create policy pressure on fossil infrastructure investments, while reliability requirements demand maintaining supply adequacy during the energy transition. These tensions require explicit management.
d. *Reliability Risk*: The evolving energy system also introduces new operational contexts that carry with them reliability risks for how EMT and the broader energy system interact. There are potential risks both to maintaining a high reliance on EMT, and in moving away from EMT. The facility directly employs 60 individuals, including those represented by the Utility Workers Union of American Local 369.
e. *Situational Risk:* EMT operates in an environmental justice community that has hosted region-supporting industrial infrastructure for decades. The increasing demand for land in EMT's vicinity extends to sectors such as residential, entertainment, modern energy solutions, and key industries supporting the Commonwealth's economy. The City of Everett also receives tax revenue and additional support from Constellation.

8. **Avenues to Reduce and Eliminate Reliance on EMT**: Eliminating the LDCs' reliance on EMT for supply will likely require a *combination* of demand reduction and some

[5] Language to be updated pending approval of the petitions.

pipeline system infrastructure interventions to address supply and reliability needs. Eliminating reliance on EMT for supply services will require demand reduction and/or alternative supply sources. Eliminating reliance on EMT reliability services would likely require investments in distribution system infrastructure. The cost-effectiveness of system intervention investments depends on the specific need, but could be substantial if needed to address the displacement of EMT as a resource. Further, such investments may face siting barriers and long development timelines.

Demand reduction is foundational for reducing and eliminating supply-related reliance and dependency risks. The large commercial, industrial and institutional sector offers potential opportunities for accelerating demand-reduction for EMT given the (1) large concentration of peak gas demand in a small set of consumers in EMT-dependent operational areas; and, (2) presence of large institutional customers that have an expressed interest in decarbonization and have an asset portfolio with high potential for energy efficiency, electrification, and adoption of thermal networks.

System interventions will be necessary, even if demand reduction reduces the quantity of supply needed to meet design day requirements, due to the LDC's ongoing reliance on EMT as a reliability resource, providing redundancy to the gas system. Distribution system interventions, including the addition of on-system storage and alternative supply resources, can also reduce reliance at lower levels of demand reduction. Certain interventions may be subject to asset continuation risk or may incur costs that are unfavorable when compared to the ongoing utilization of EMT. More analysis is required.

9. **Timeline Constraints on Action Ahead of Contract Renewal:** It is highly unlikely that sufficient demand reduction and system interventions will be deployed by 2030 to avoid the need for continued reliance on EMT for supply. As stated above, the LDCs will continue to rely on EMT as a reliability resource, even if they eliminate EMT as a source of supply to meet design day requirements. Prioritizing demand reduction and system interventions can, however, reduce the risks associated with LDC reliance on EMT.

10. **Integrated Energy Planning May be a Forum for Further Consideration of Issues Related to EMT.** The LDCs and their electric utility affiliates are developing non-pipeline alternative and integrated energy planning strategies through the Climate Compliance Plan proceeding and the Electric Sector Modernization Plan process. These aim to avoid gas system costs through coordinated gas demand reduction and electrification strategies. There is conceptual alignment in the approaches and goals of IEP with the goal of reducing or eliminating reliance on EMT.