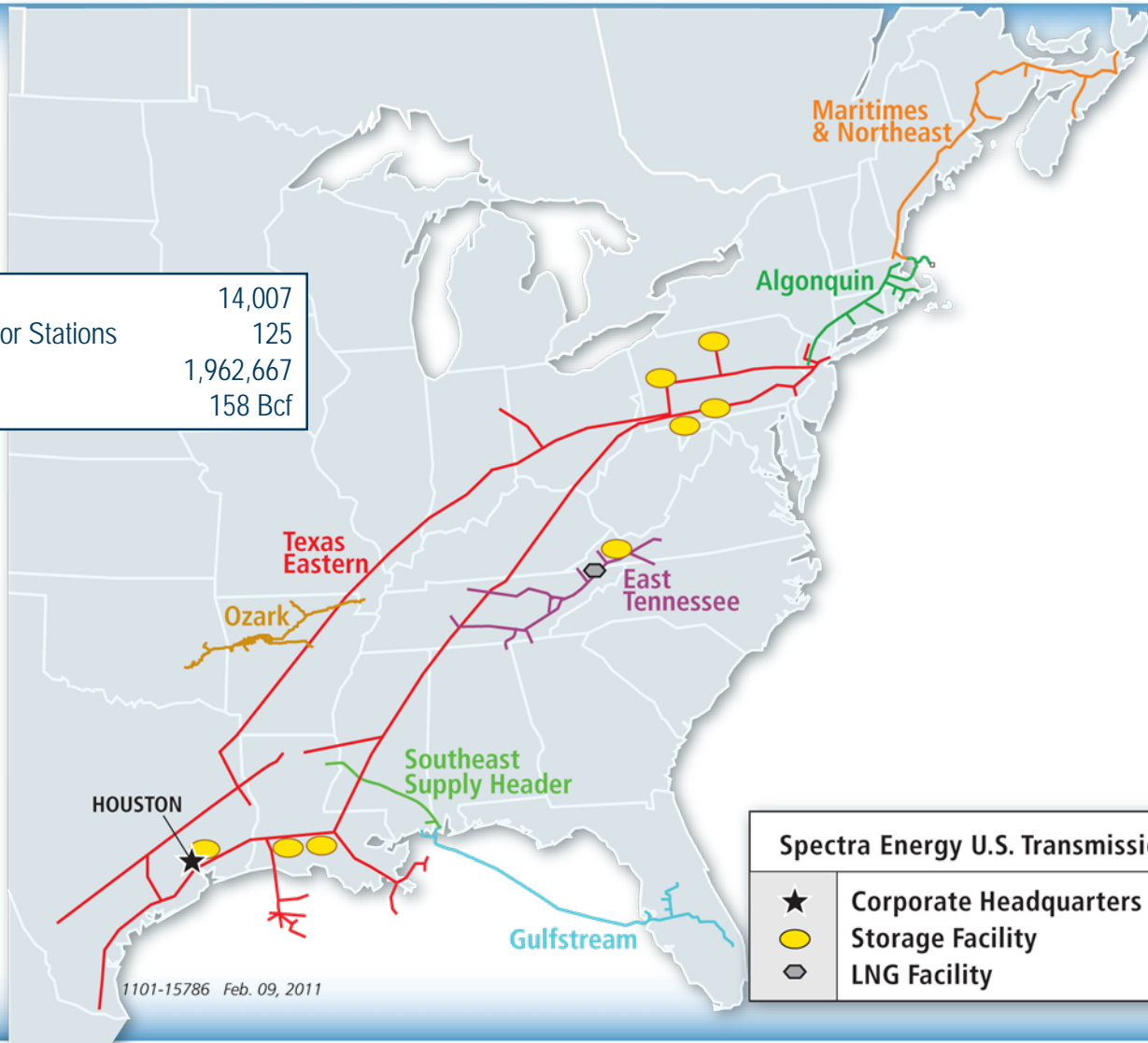


Present & Future Role of Natural Gas in New England's Energy Marketplace

CLG Meeting
March 8, 2012

Rich Paglia
Vice President
Northeast Marketing

Spectra Energy U.S. Transmission Map

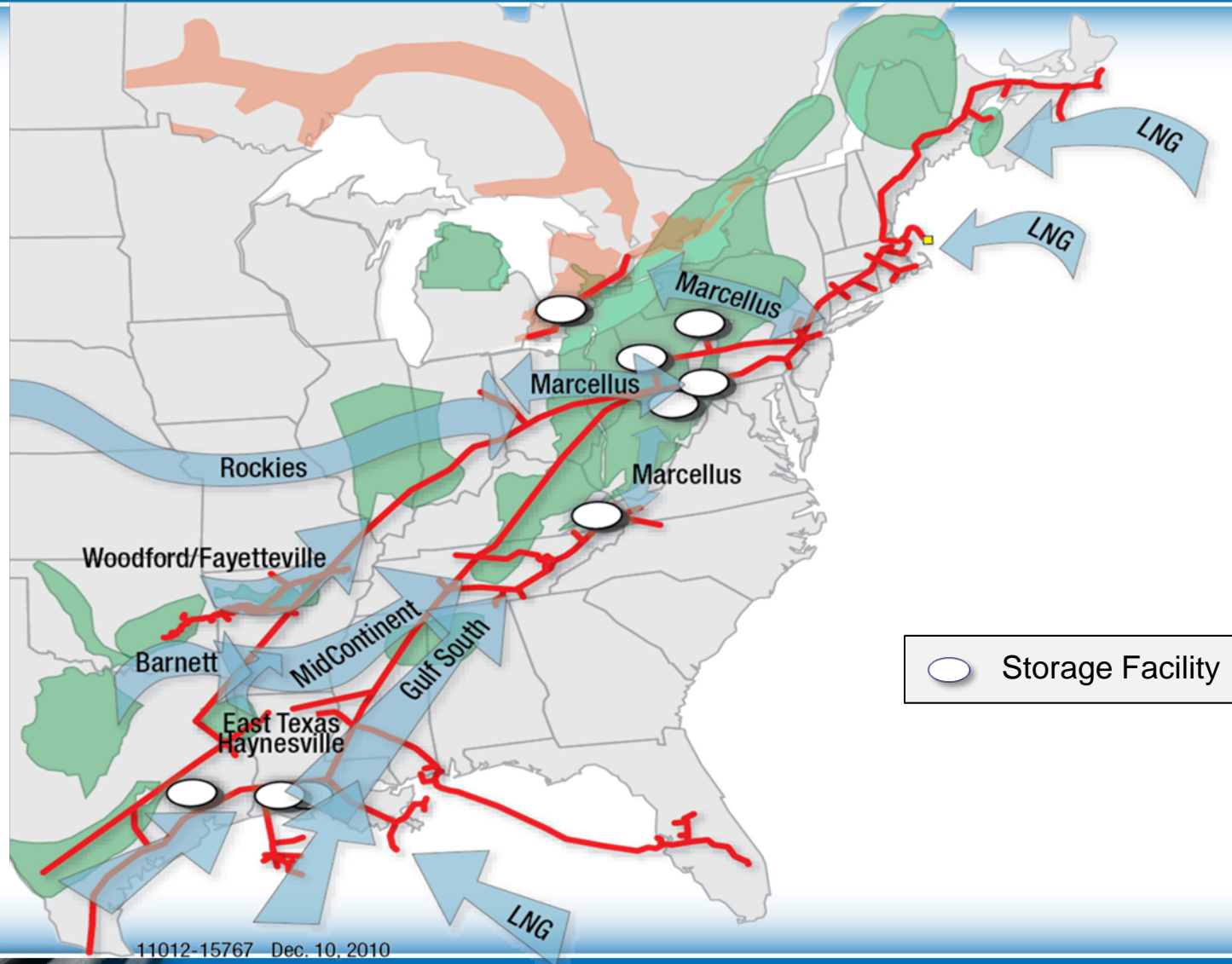


Miles of Pipe	14,007
Number of Compressor Stations	125
Total Horsepower	1,962,667
Storage Capacity	158 Bcf

Spectra Energy U.S. Transmission	
★	Corporate Headquarters
●	Storage Facility
⬡	LNG Facility

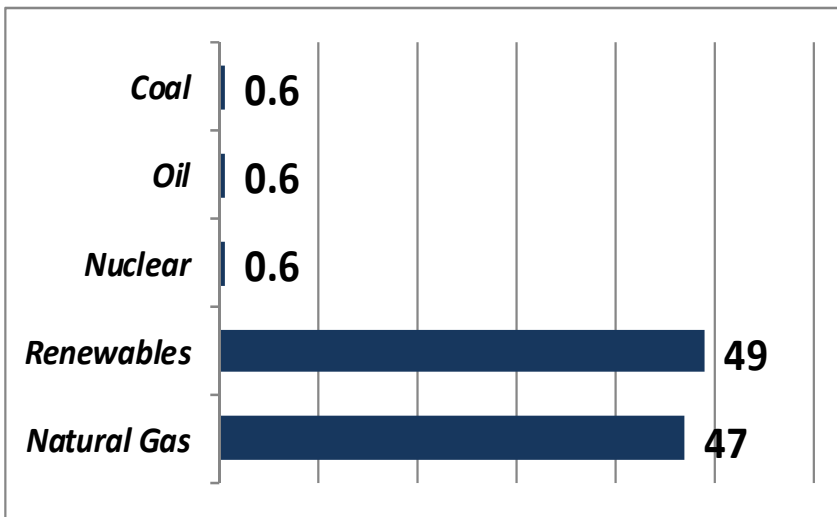
1101-15786 Feb. 09, 2011

Diverse Sources of Supply = OPPORTUNITY!

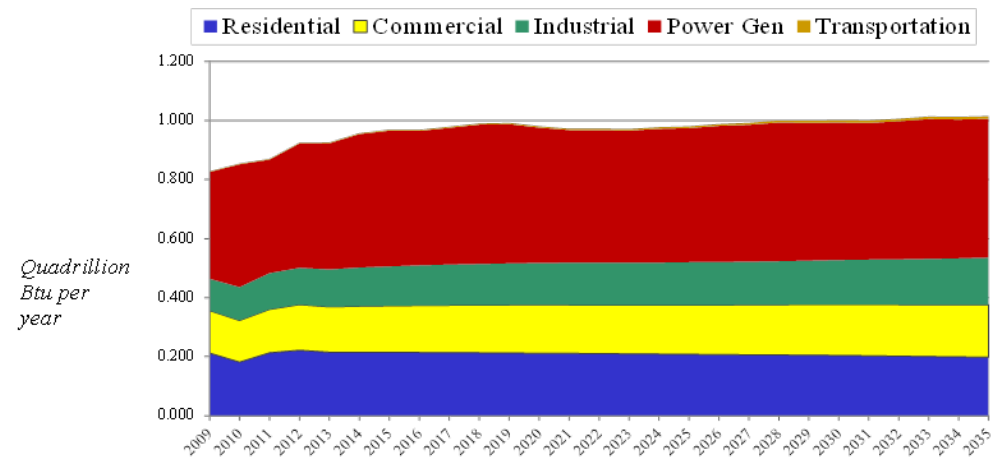


Increasing Natural Gas Consumption... Power Generation Sector Leading the Charge

**PROPOSED GENERATOR ADDITIONS,
Percentage (Source: ISO-NE, 6-11)**

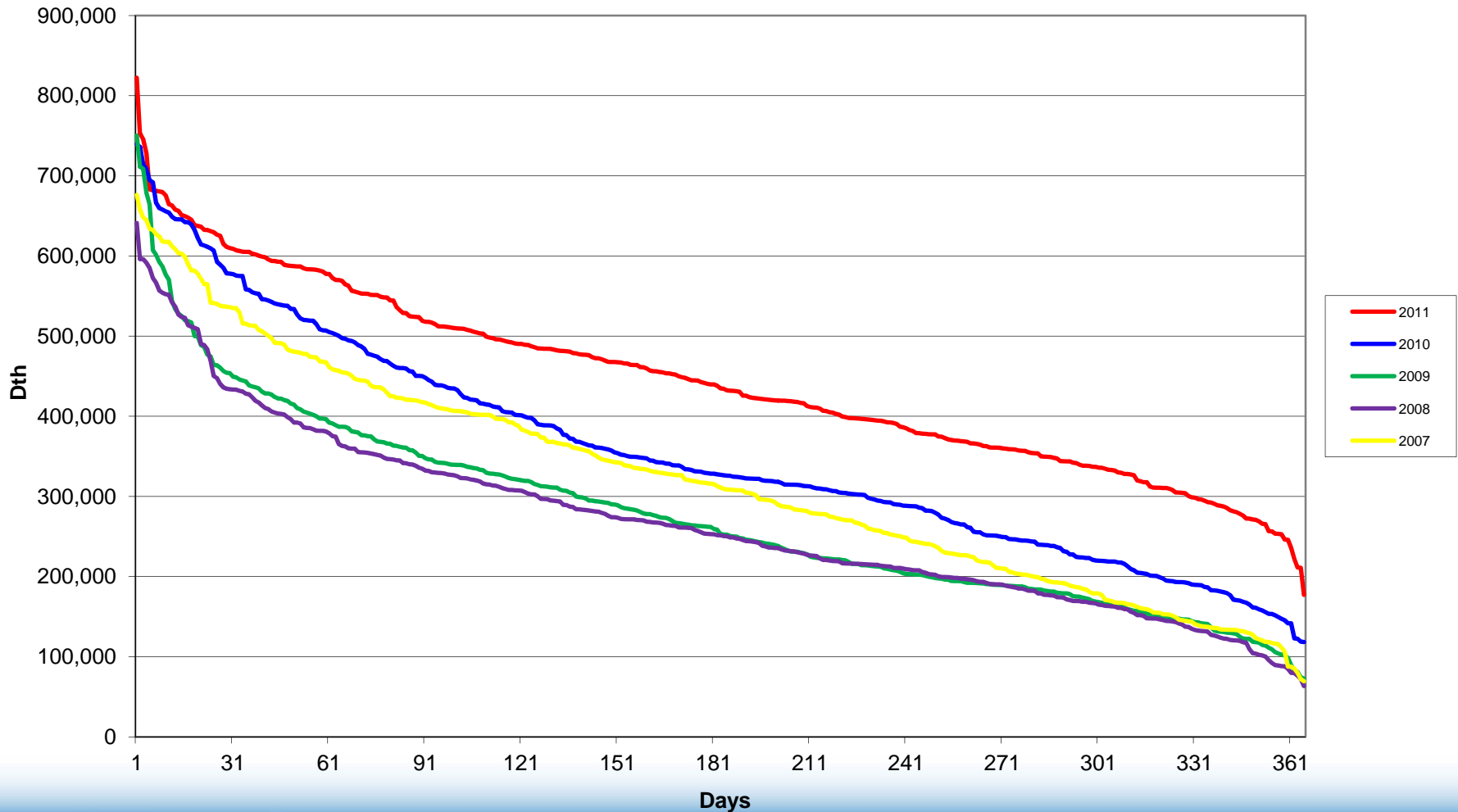


**Projected New England
Natural Gas Market Growth**



Source: U.S. Energy Information Administration, "2012 Annual Energy Outlook"

Growing Power Generation Demand Algonquin Gas Transmission - Annual 2011/12



- Why do reliability concerns exist?
 - Natural gas reliability is a function of contracting practice:
 - Pipeline capacity is designed to meet firm contractual obligations on peak days
 - On peak days, only firm services will be assured flow
 - Absent firm commitments, during peak periods of consumption generators will not have gas supplies to meet electric generation needs

Majority of power generators still opting for non-firm, or interruptible pipeline capacity/supply given that the electric market does not provide a proper valuation for such services

Connecting the Dots...

- There are no operational impediments to serving electric generators – provided that the generator has contracted for the appropriate pipeline transportation service
- Pipelines can meet generator pressure requirements and load variations – when properly contracted
- When a pipeline cannot schedule interruptible/non-firm transportation, it is not a gas reliability issue. It is a customer contracting issue.
- Pipelines will readily build infrastructure for additional capacity based on a customer's firm contract commitment
- If power plants receive incentives to secure firm service, they will have the surety of firm delivery to their plants