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COMMENTS BY WGP-TRANSCO ON THE NEW YORK STATE ENERGY PLAN

INTRODUCTION

Williams is an integrated natural gas company that produces, gathers, processes and transports clean-burning natural gas to heat homes and power electric generation and businesses across the country.

Williams operates three natural gas pipelines, which together transport 12 percent of the nation's natural gas. The largest of these three pipelines is the Transco pipeline – a 10,500-mile pipeline system which extends from South Texas to New York City. The Transco pipeline transports natural gas, primarily produced in the Gulf Coast region of Texas and Louisiana, to markets along the Eastern Seaboard.

The Transco pipeline has reliably served the New York City market since its original construction in 1951. Today it transports more than half of the gas used by New York City through two major local distribution companies, National Grid and Con Edison.

THE ENERGY PLAN

Transco supports the New York State Energy Planning Board's objectives in the current draft of the 2009 State Energy Plan. Natural gas currently plays a key role in meeting the State's energy requirements and looking to the

future it can contribute significantly toward achieving the State's energy objectives. Increased natural gas usage to serve the State's energy requirements will help make the New York energy system cleaner, greener and more reliable. Importantly, natural gas will allow the State to reduce its dependence on oil and other fuels, such as coal.

The 2009 State Energy Plan recognizes that there are additional steps that should be taken to deliver natural gas more effectively to New York State, especially the downstate region.

Transco believes that such energy planning at the state level provides a "road map" for regulators and legislators -- along with the business community -- to find workable solutions for energy markets and to provide low-cost reliable energy services to consumers. Through such effective planning, both New York and the energy companies doing business in the State can achieve positive outcomes.

Downstate natural gas pipeline capacity needs to be expanded to facilitate the growing demand for natural gas. As the plan notes, the demand for natural gas will continue to rise in New York State over the next ten years, in both the residential and commercial sectors, by as much as 1.25 percent annually. Demand growth is expected to be even greater in the downstate area, and additional pipeline capacity is necessary in constrained areas, such as Brooklyn and Manhattan.

TRANSCO WELL POSITIONED

The Transco pipeline system was configured to serve the downstate region and has more connections into the New York City area than any other pipeline serving the area. As a result of its existing facilities in the region and its record of reliable service, Transco is well positioned to meet both the region's growing natural gas needs and the State's clean energy objectives

while doing so with the least possible physical footprint and environmental impact. In fact, Transco recently announced plans to build a new pipeline lateral to serve National Grid on the Rockaway peninsula, adding significant capacity and flexibility to meet natural gas demand growth in National Grid's service territory.

Natural gas is the cleanest burning fossil fuel, emitting about 28 percent less carbon dioxide than oil and 43 percent less than coal. And natural gas supplies in the United States are abundant. As such, increased usage of natural gas in New York can serve to quickly reduce greenhouse gas emissions and cut the State's carbon footprint in a significant way.

Furthermore, natural gas can be produced, transported and utilized efficiently allowing this already cleaner burning fuel to help meet New York's energy needs, positively impacting both the environment and the economy. Natural gas is also the perfect complement to increased use of renewable resources such as wind and solar power, providing a clean, reliable supplemental supply when these resources are not available.

NATURAL GAS MORE THAN A "BRIDGE" FUEL

Natural gas is sometimes viewed as a "bridge fuel" as utilities search for other ways to provide electricity and heat. Such technologies may one day be available. However, for the foreseeable future, clean burning natural gas will continue to light the way toward a cleaner environment.

Aside from its clear environmental advantage through reducing greenhouse gas emissions, and the cost savings from the efficiencies associated with natural gas, increased natural gas use will decrease our dependence on foreign oil. The natural gas that the Transco pipeline transports is primarily from abundant, reliable domestic sources, which not only lessens our dependence on foreign oil, but also helps create jobs here in the United States. The cost savings from the increased ability to use natural gas will

translate into energy savings across the board by stabilizing and expanding the State's energy supply.

Transco thanks the New York State Energy Planning Board for understanding that natural gas is an essential part of the State's future energy plans. We believe it is, quite simply, the quickest, most cost effective way to reduce both carbon emissions and our dependence on foreign oil.

Transco appreciates the work of the New York State Energy Planning Board and the efforts of Gov. David Paterson in providing a framework for regulators and legislators to build a brighter energy future for all New York. For additional information, please contact Joan Harris, Manager, Business Development, WGP-Transco (713.215.2904).