



## KINDER MORGAN APPROVES PROCEEDING WITH TENNESSEE GAS PIPELINE'S NORTHEAST ENERGY DIRECT PROJECT

**KMI Board Approves \$3.3 billion investment in Mainline Pipeline Project With Delivery Capacity Totaling Up to 1.3 Billion Cubic Feet per Day of Natural Gas to Serve New England's Natural Gas Utilities and Electricity Generation Customers**

HOUSTON, July 16, 2015 – Kinder Morgan, Inc. (NYSE: KMI) today announced that its board of directors authorized KMI's subsidiary, Tennessee Gas Pipeline Company (TGP) to proceed with TGP's Northeast Energy Direct (NED) project's "market path" segment from Wright, New York, to Dracut, Massachusetts, a \$3.3 billion investment designed to serve natural gas utilities and electricity generation customers in New England. NED is designed to supply a critical energy resource, domestically produced, abundant and clean natural gas, to help alleviate New England's uniquely high natural gas and electricity costs caused by the severely limited natural gas transportation capacity currently serving the region. NED will be an extension off of KMI's existing TGP pipeline, which has safely delivered natural gas to New England since the 1950s.

"We are excited that the market path component is moving forward and a determination now has been made on mainline capacity for the project, which is specifically targeted at serving the Northeast and New England's identified future market needs," said Kinder Morgan East Region Pipelines President Kimberly S. Watson. "At 30 inches in diameter, a 1.3 Bcf/d pipeline will serve the commitments we have received from New England local gas distribution companies (LDCs) and commitments we expect to receive from other LDCs and electric distribution companies (EDCs) to provide domestic, low cost and environmentally cleaner natural gas as a fuel for New England's residential and industrial consumers, and to meet New England's existing and anticipated gas-fired electricity generation demand."

According to the independent electric system operator ISO New England, New Englanders paid over \$7 billion more for electricity during the winters of 2013/14 and 2014/15 than what they paid for electricity during the winter of 2011/12, largely as a result of the existing lack of pipeline capacity servicing the region. Independent studies have concluded that the New

England region will require 2 Bcf/d of gas capacity over the coming years. NED is indispensable to meet these existing and future supply requirements. NED will help to lower natural gas and electricity costs by providing additional scalable transportation capacity attached to low cost, nearby domestic and abundant natural gas that is already available to and benefiting other regions of the United States.

The additional supply of natural gas that will be transported by NED is also essential to facilitating the region's ability to continue to reduce carbon emissions by replacing existing older coal- and oil-fired electric generation plants with cleaner natural gas-fired electricity generation, and increasing deployment of renewable energy sources such as wind and solar. Natural gas and renewable energy have a symbiotic relationship. Solar and wind resources are only available when the sun is shining or the wind is blowing. To ensure that electricity is available for homes, businesses and industry on a reliable basis, operators of the electric grid need reliable sources of power to account for the variability associated with increased reliance on renewable energy. Because of its flexibility and reliability, natural gas-fired electric generation serves as the ideal reliable source of electricity to support renewable energy. As the White House has recently noted, "Natural gas is already playing a central role in the transition to a clean energy future." ISO New England has stated that as a result of New England's transition from coal and oil to natural gas from 2001 to 2013, regional emissions of CO<sub>2</sub> fell by 23%, regional emissions of NOX fell by 66% and regional emissions of SO<sub>2</sub> fell by 91%.

Since first proposed in 2014, TGP has said that the NED project could involve a combination of 30-inch and 36-inch diameter mainline, and provide between 1.3-2.2 Bcf/d of incremental capacity for the region's needs. According to Watson, "Our decision to proceed with the 30-inch pipeline option stems from continual outreach and dialogue that began in 2014, including ongoing negotiations with customers, reviewing various state initiatives designed to address the high cost and volatility of natural gas into the New England region, and continuing discussions with stakeholders. As a result of our dialogue and feedback, we have made numerous adjustments to the proposed right-of-way in order to minimize potential impacts on nearby towns and communities, resulting in approximately 91% of the proposed NED market path segment being co-located along existing utility corridors, and we have also eliminated the need for two of nine proposed lateral lines and related facilities. TGP also plans to make additional adjustments to NED's proposed scope, including reducing horsepower requirements at

proposed new compressor station locations, and will continue to review routing alternatives as the pre-filing process moves forward. We are mindful of preserving the environmentally sensitive and aesthetically beautiful nature of the New England communities in which we operate and our employees live. TGP has maintained safe, respectful, mutually beneficial relationships with landowners along our existing pipeline rights-of-way throughout New England for nearly 60 years, and we are committed to continuing to do so.” The revised project scope will be the basis for environmental reports to be addressed in an upcoming submittal of TGP’s revised draft Environmental Report to the Federal Energy Regulatory Commission (FERC) later this month.

“While TGP is now moving forward with a 30-inch pipeline design, circumstances could arise in the very near term as more capacity commitments are made that would necessitate a design modification to a 36-inch pipeline design, and that would require us to file an amended application with the FERC,” Watson said. TGP intends to file the certificate application for the project in October 2015 to meet the full design capacity of 1.3 Bcf/d. Kinder Morgan will scale the facilities to match the firm subscription obtained by seeking authorization to install the compression on an “as needed” basis, with the ability to add additional compression later up to the full design capacity as additional capacity is subscribed. Subject to the timely receipt of necessary regulatory permits, NED is anticipated to commence service in November 2018.

Kinder Morgan, Inc. (NYSE: KMI) is the largest energy infrastructure company in North America. It owns an interest in or operates 84,000 miles of pipelines and 165 terminals. The company’s pipelines transport natural gas, gasoline, crude oil, CO<sub>2</sub> and other products, and its terminals store petroleum products and chemicals, and handle bulk materials like coal and petroleum coke. Kinder Morgan is the largest midstream and third largest energy company in North America with an enterprise value of more than \$130 billion. For more information please visit [www.kindermorgan.com](http://www.kindermorgan.com).

*This news release includes forward-looking statements. These forward-looking statements are subject to risks and uncertainties and are based on the beliefs and assumptions of management, based on information currently available to them. Although Kinder Morgan believes that these forward-looking statements are based on reasonable assumptions, it can give no assurance that such assumptions will materialize. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include those enumerated in Kinder Morgan’s reports filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they were made, and except to the extent required by law, Kinder Morgan undertakes no obligation to update or review any forward-looking statement because of new information, future events or other factors.*

*Because of these uncertainties, readers should not place undue reliance on these forward-looking statements.*

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